

CIRCULAR DATED 11 DECEMBER 2015

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 (the “**Shares**”) in the capital of Annica Holdings Limited (the “**Company**”), please forward this Circular, the Notice of Extraordinary General Meeting (as defined herein) and the accompanying Proxy Form (as defined herein) 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 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 and the SGX-ST assumes no responsibility for the contents of this Circular including the 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.

ANNICA HOLDINGS LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED ISSUE OF UP TO S\$60,000,000 REDEEMABLE CONVERTIBLE BONDS (THE “RCBS”) TO THE SUBSCRIBER (AS DEFINED HEREIN) AND THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 24,000,000,000 CONVERSION SHARES (AS DEFINED HEREIN) PURSUANT TO THE CONVERSION OF THE RCBS (THE “PROPOSED RCB ISSUE”);**
- (2) THE POSSIBLE TRANSFER OF CONTROLLING INTEREST (AS DEFINED HEREIN) TO THE SUBSCRIBER ARISING FROM THE PROPOSED RCB ISSUE; AND**
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 400,000,000 CONSIDERATION SHARES (AS DEFINED HEREIN).**

Important Dates and Times

Last date and time for lodgement of Proxy Form	:	27 December 2015 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	29 December 2015 at 3.00 p.m.
Place of Extraordinary General Meeting	:	The Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887

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DEFINITIONS

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

“Agreement Date”	:	31 July 2015, being the date of the Subscription Agreement
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular, comprising Mr. Augustine A/L T.K. James, Mr. Ong Su Aun Jeffery and Mr. N. Sivagurunathan V. Narayanasamy
“Authority”	:	The Monetary Authority of Singapore
“Board”	:	The board of Directors of the Company as at the date of this Circular
“Bondholder”	:	A person in whose name a RCB is registered in the register of bondholders of the Company
“Business Days”	:	A day (excluding Saturday, Sunday and public holidays) on which commercial banks are open for business in Singapore
“Catalist”	:	The Catalist board of the SGX-ST, the Sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The Listing Manual, Section B: Rules of Catalist issued by the SGX-ST, as may be amended, supplemented or revised from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 11 December 2015
“Closing Date”	:	In respect of each sub-tranche of the RCBs, the date on which such sub-tranche of the RCBs is subscribed for and issued (Please refer to Section 2.4 of this Circular for more information)
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	Annica Holdings Limited (Company Registration No. 198304025N), having its registered address at 9 Temasek Boulevard, #41-01 Suntec Tower 2, Singapore 038989
“Conditions”	:	The terms and conditions of the RCBs
“Consideration Shares”	:	Up to 400,000,000 new Shares to be allotted and issued by the Company pursuant to the Proposed Issue of Consideration Shares
“Consideration Shares Issue Date”	:	Has the meaning ascribed in Section 5.1 of this Circular
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

DEFINITIONS

“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the Company or (b) in fact exercises Control over the Company
“Conversion Date”	:	The date on which the Conversion Notice is received by the Company in accordance with the Conditions
“Conversion Notice”	:	A completed notice of conversion sent by a Bondholder to the Company in accordance with the Conditions
“Conversion Period”	:	Has the meaning given to it in <u>Appendix A</u> to this Circular
“Conversion Price”	:	The price at which each Conversion Share shall be issued upon conversion of the RCBs, which shall be, 85.0% of the average volume weighted average price per Share for any three (3) consecutive Trading Days determined at the sole and absolute discretion of the Bondholder, on which trades are done during the thirty (30) Trading Days immediately preceding the relevant Conversion Date
“Conversion Right”	:	Has the meaning given to it in <u>Appendix A</u> to this Circular
“Conversion Shares”	:	Up to 24,000,000,000 new Shares to be allotted and issued by the Company pursuant to the conversion in full of the RCBs
“CPF”	:	Central Provident Fund
“Directors”	:	The directors of the Company as at the date of this Circular
“EPS/LPS”	:	Earnings per Share or Loss per Share as the case may be
“Equity-linked Securities”	:	Securities (which shall include any securities in the form of debt) convertible into securities of the same class as the Shares or securities substantially similar to the RCBs, which shall exclude any Shares, warrants relating to the Shares, or convertible preference shares issued to Shareholders without preference among the Shareholders (but so that the exclusion of Shareholders who are overseas or on other grounds approved by the SGX-ST shall be deemed not to be a preference of the other Shareholders)
“Event of Default”	:	Has the meaning given to it in <u>Appendix A</u> to this Circular
“Exercise Notice”	:	Has the meaning given to it in <u>Section 2.4.2</u> of this Circular
“Existing Share Capital”	:	The issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of S\$54,574,268 comprising 1,312,279,324 Shares
“Extension Event”	:	The occurrence of any of the following events: (a) the Bondholder becomes aware of any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties or any failure to perform or observe any of the Company’s undertakings, covenants or obligations in the Subscription Agreement;

DEFINITIONS

- (b) there is any change in the condition, financial or otherwise, or in the earnings, business or operations, or in or affecting the properties, of the Company or any of its Subsidiaries and which materially and adversely affects the Company or the Group, taken as a whole;
 - (c) the imposition of a new legal or regulatory restrictions: (i) that are not in force; (ii) which have not been publicly announced as at the date of the Subscription Agreement, and (iii) which have that materially and adversely affect the Company or the Group, taken as a whole;
 - (d) an event of default occurs in respect of any notes, debentures, bonds (including the RCBs) or other similar securities of the Company or any of its Subsidiaries issued and outstanding;
 - (e) a suspension, designation as a designated stock, or material limitation of, trading of any Shares by the SGX-ST for five (5) consecutive Market Days; or
 - (f) an Event of Default (as defined in Appendix A to this Circular) has occurred.
- “EGM”** : The extraordinary general meeting of the Company to be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Tuesday, 29 December 2015, at 3.00 p.m. (or any adjournment thereof)
- “FY”** : The financial year ended or ending 31 December, as the case may be
- “Group”** : The Company and its Subsidiaries
- “Industrial Power”** : Industrial Power Technology Pte Ltd
- “Initial Fee Payment Tranche”** : Has the meaning given to it in Section 5.1.1 of this Circular
- “Irrevocable Undertakings”** : Has the meaning given to it in Section 2.2.7 of this Circular
- “Latest Practicable Date”** : 4 December 2015, being the latest practicable date prior to the printing of this Circular
- “Loan Agreement”** : The loan agreement between the Company and Premier Equity Fund, Sub Fund F dated 19 June 2015 whereby Premier Equity Fund, Sub Fund F has agreed to extend a term loan of an aggregate sum of S\$1,600,000 to the Company
- “Manager”** : Value Capital Asset Management Private Limited (Company Registration No. 200605470H), having its registered address at 133 Cecil Street, #11-02A Keck Seng Tower, Singapore 069535, a fund management company registered with the Authority
- “Market Day”** : A day on which the SGX-ST is open for trading in securities

DEFINITIONS

“Material Adverse Effect”	:	In relation to an event or circumstance, means the occurrence or effect of which has or may have an adverse effect on the condition (financial or otherwise), assets, operations, performance, business or prospects of the Company or the ability of the Company to perform and comply with any of its obligations under the Subscription Agreement or the validity or enforceability of the Subscription Agreement or the rights or remedies of the Subscriber in the Subscription Agreement
“Maturity Date”	:	Has the meaning given to it in <u>Appendix A</u> to this Circular
“Maximum Consideration Shares”	:	Has the meaning given to it in <u>Section 5.1.2</u> of this Circular
“Maximum Conversion Shares”	:	Has the meaning given to it in <u>Section 2.2.4</u> of this Circular
“Maximum Issue Scenario”	:	Has the meaning given to it in <u>Section 3.3</u> of this Circular
“Maximum Threshold”	:	Has the meaning given to it in <u>Section 2.2.2</u> of this Circular
“Memorandum and Articles of Association”	:	The memorandum and articles of association of the Company, as amended, modified or supplemented from time to time
“Month”	:	A calendar month
“Net Proceeds”	:	The net proceeds to be raised from the Proposed RCB Issue. Please refer to <u>Section 6</u> of this Circular for more information
“Notice of EGM”	:	The notice of the EGM dated 11 December 2015 as set out in this Circular
“NTA”	:	Net tangible assets
“Possible Transfer of Controlling Interest”	:	The possible transfer of a controlling interest in the Company to the Subscriber under the circumstances described in <u>Section 3</u> of this Circular as a result of the Proposed RCB Issue
“Proposed Issue of Consideration Shares”	:	The proposed allotment and issuance of the Consideration Shares, in accordance with the terms set out in the Subscription Agreement
“Proposed RCB Issue”	:	Has the meaning ascribed to it in <u>Section 2.1</u> of this Circular
“RCB Issue Price”	:	In relation to, each sub-tranche of the RCBs, the amount equivalent to 100.0% of the principal amount of the RCBs for such sub-tranche
“RCBs”	:	The 2.0% redeemable convertible bonds due 2018 in the aggregate principal amount of up to S\$60,000,000
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions

DEFINITIONS

“Register of Members”	:	The register of members of the Company
“Relevant Transactions”	:	Has the meaning given to it in <u>Section 7</u> of this Circular
“Right of First Refusal”	:	Has the meaning given to it in <u>Section 2.7.1</u> of this Circular
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share”	:	An ordinary share in the capital of the Company
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, in which case the term “ Shareholders ” shall in relation to such Shares mean the Depositors whose securities accounts maintained with CDP are credited with Shares
“Sponsor”	:	Stamford Corporate Services Pte. Ltd.
“Subscriber”	:	Premier Equity Fund Sub Fund F (Company Registration No. HS287780), having its registered office at Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KW1-1002, Cayman Islands
“Subscription Agreement”	:	The subscription agreement dated 31 July 2015 entered into between the Company, the Subscriber and the Manager
“Subsidiary”	:	A company, of which more than 50.0% of the outstanding voting stock is now or hereafter owned by the Company, by one or more other Subsidiaries or by the Company and one or more other Subsidiaries (and, for this purpose, “ voting stock ” means stock or shares having voting power for the election of directors, managers or trustees of such company, other than stock or shares having such power by reason of the happening of a contingency)
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 5.0% of the total votes attached to all voting shares of the Company
“Trading Day”	:	A Market Day on which there were trades in the Shares on Catalist (for the avoidance of doubt, may include one (1) or more intervening Market Days on which there are no trades in the Shares)
“Tranche 1 RCBs”	:	The first tranche of the RCBs of an aggregate principal amount of S\$15,000,000, comprising 30 equal sub-tranches of S\$500,000 each
“Tranche 1 RCBs Net Proceeds”	:	Has the meaning ascribed to it in <u>Section 6.2</u> of this Circular
“Tranche 2 RCBs”	:	The second tranche of the RCBs of an aggregate principal amount of S\$15,000,000, comprising 15 equal sub-tranches of S\$1,000,000 each
“Tranche 3 RCBs”	:	The third tranche of the RCBs of an aggregate principal amount of S\$15,000,000, comprising 15 equal sub-tranches of S\$1,000,000 each

DEFINITIONS

“Tranche 4 RCBs”	:	The fourth tranche of the RCBs of an aggregate principal amount of S\$15,000,000, comprising 15 equal sub-tranches of S\$1,000,000 each
“Tranche 2, 3 and 4 RCBs Net Proceeds”	:	Has the meaning ascribed to it in <u>Section 6.3</u> of this Circular
“%”	:	Per centum or percentage
“S\$” and “cents”	:	Singapore dollars and cents, respectively

The terms **“Depositor”** and **“Depository Register”** shall have the respective meanings ascribed to them in Section 130A 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 and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Catalist Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act 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 be in an aggregate of the figures that precede them.

LETTER TO SHAREHOLDERS

ANNICA HOLDINGS LIMITED

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

Directors

Edwin Sugiarto (Chairman and Executive Director)
Nicholas Jeyaraj s/o Narayanan (Non-Independent and Non-Executive Director)
Augustine A/L T.K. James (Lead Independent and Non-Executive Director)
Ong Su Aun Jeffrey (Independent and Non-Executive Director)
N. Sivagurunathan V. Narayanasamy (Independent and Non-Executive Director)

Registered Office

9 Temasek Boulevard
#41-01 Suntec Tower 2
Singapore 038989

11 December 2015

To: The Shareholders of Annica Holdings Limited

Dear Sir / Madam,

- (1) **THE PROPOSED ISSUE OF UP TO S\$60,000,000 REDEEMABLE CONVERTIBLE BONDS (THE “RCBS”) TO THE SUBSCRIBER AND THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 24,000,000,000 CONVERSION SHARES PURSUANT TO THE CONVERSION OF THE RCBS (THE “PROPOSED RCB ISSUE”);**
- (2) **THE POSSIBLE TRANSFER OF CONTROLLING INTEREST TO THE SUBSCRIBER ARISING FROM THE PROPOSED RCB ISSUE; AND**
- (3) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 400,000,000 CONSIDERATION SHARES.**

1. INTRODUCTION

1.1 Overview

The Company intends to undertake the Proposed RCB Issue, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares, the details of which are set out in Sections 2, 3 and 5 of this Circular.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed RCB Issue, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares and to seek the approval of Shareholders for the same at the extraordinary general meeting of the Company to be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Tuesday, 29 December 2015, at 3.00 p.m. (the “EGM”). The Notice of EGM is set out on pages 38 to 40 of this Circular.

1.3 Conditionality of the Resolutions

Shareholders should note that the Ordinary Resolutions 1, 2 and 3 in the Notice of EGM are inter-conditional. This means that if any of the Ordinary Resolutions 1, 2 or 3 is not passed, none of the other will be passed.

LETTER TO SHAREHOLDERS

1.4 Listing and Quotation Notice

On 25 November 2015, the Company announced that it had received the listing and quotation notice from the SGX-ST for the listing and quotation of the Conversion Shares and the Consideration Shares on Catalist subject to:

- 1.4.1 compliance with the SGX-ST's listing requirements; and
- 1.4.2 Shareholders' approval being obtained for the Proposed RCB Issue and the proposed issue of Consideration Shares at the EGM to be convened.

The listing and quotation notice issued by the SGX-ST for the listing and quotation of the Conversion Shares and the Consideration Shares is not to be taken as an indication of the merits of the Proposed RCB Issue, the Proposed Issue of Consideration Shares, the Conversion Shares, the Consideration Shares, the Company, its Subsidiaries and their securities.

2. THE PROPOSED RCB ISSUE

2.1 Details of the Proposed RCB Issue

2.1.1 The Company had on 31 July 2015 entered into a subscription agreement (the "**Subscription Agreement**") with the Subscriber and the Manager pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for 2.0% redeemable convertible bonds due 2018 in the aggregate principal amount of up to S\$60,000,000 (the "**RCBs**"), which are convertible into Conversion Shares at the Conversion Price (the "**Proposed RCB Issue**").

2.1.2 The RCBs shall be issued in registered form, in denominations of S\$50,000 each and shall comprise four (4) separate tranches, being the Tranche 1 RCBs, the Tranche 2 RCBs, Tranche 3 RCBs and the Tranche 4 RCBs, which shall be issued in sub-tranches of S\$500,000 each for the Tranche 1 RCBs and \$1,000,000 each for the subsequent tranches in the manner described in [Section 2.4](#) of this Circular. A summary of the material Conditions of the RCBs is set out in [Appendix A](#) to this Circular.

2.2 Conversion Price and Conversion Shares

2.2.1 The conversion price shall be 85.0% of the average volume weighted average price per Share for any three (3) consecutive Trading Days (which may include one or more intervening Market Days on which there are no trades in the Shares of the Company) determined at the sole and absolute discretion of the Bondholder, during the thirty (30) Trading Days immediately preceding the relevant Conversion Date (the "**Conversion Price**").

2.2.2 The number of Shares to which the Bondholder is entitled on conversion of the RCBs shall be determined by dividing the aggregate principal amount of the RCBs held by the Bondholders by the applicable Conversion Price. The maximum aggregate number of Conversion Shares issued and allotted to the Bondholder pursuant to the conversion of the RCBs shall be 24,000,000,000, subject to adjustment in the manner provided in [Appendix B](#) to this Circular (the "**Maximum Threshold**"). In the event that the Maximum Threshold is reached, any outstanding RCBs held by the Bondholder shall immediately become due and payable by the Company at 100.0% of their principal amount together with accrued interest at 2.0% per annum.

LETTER TO SHAREHOLDERS

- 2.2.3 The Conversion Price and the Maximum Threshold was determined through negotiations between the Company, the Subscriber and the Manager on a commercial and willing-buyer and willing-seller basis. The Maximum Threshold was determined by dividing the aggregate principal amount of the RCBs of S\$60,000,000 by the Conversion Price of S\$0.0025 (being 85.0% of the average volume weighted average price per Share during the Trading Days in the month of June 2015).
- 2.2.4 For illustrative purposes only, assuming that all 24,000,000,000 Conversion Shares (or such other number as adjusted in the manner provided in [Appendix B](#) to this Circular) are allotted and issued (the “**Maximum Conversion Shares**”), the Maximum Conversion Shares will represent approximately 1,828.9% of the Existing Share Capital. Further examples of the effects of the conversion of the RCBs can be found at [Section 7](#) of this Circular.
- 2.2.5 As at the Latest Practicable Date, the Existing Share Capital comprises 1,312,279,324 Shares. For illustrative purposes only, assuming Maximum Conversion Shares are allotted and issued and that the Maximum Consideration Shares (as described in [Section 5](#) of this Circular) are allotted and issued in accordance to the Subscription Agreement, the Maximum Conversion Shares and Maximum Consideration Shares will represent approximately 94.9% of the enlarged issued share capital of the Company comprising 25,712,279,324 Shares.
- 2.2.6 **Shareholders should note that this could result in a dilution to their shareholding proportions in the Company and a decrease in the trading price of the Shares.**
- 2.2.7 Shareholders should note that the Subscriber and the Manager have provided irrevocable undertakings to the Company and its Sponsor, that the Subscriber will not exercise any Conversion Right in respect of the RCBs such that the conversion of any such RCBs will result in the Subscriber holding 30.0% or more of the voting rights in the Company at any point in time, thereby resulting in the Subscriber incurring an obligation to make a mandatory offer for all the Shares under the Code (the “**Irrevocable Undertakings**”).

2.3 Adjustments to the Maximum Threshold

The Maximum Threshold will be subject to adjustment following the occurrence of certain adjustment events, including, without limitation, the following:

- 2.3.1 consolidation, subdivision or reclassification of Shares;
- 2.3.2 capitalisation of profits or reserves;
- 2.3.3 any form of capital distribution as defined in the Conditions which include payment or making of dividends (including all cash dividends);
- 2.3.4 rights issues of Shares or options over Shares at less than 90.0% of the Current Market Price (as defined in [Appendix B](#) to this Circular) on the relevant Trading Day;
- 2.3.5 rights issues of other securities;
- 2.3.6 issues of Shares or issues or grants of other options, warrants or rights at a price per Share less than 90.0% of the Current Market Price on the relevant Trading Day;
- 2.3.7 issues of other securities at less than 90.0% of the Current Market Price on the relevant Trading Day;
- 2.3.8 modifications of rights on conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than 90.0% of the Current Market Price on the relevant Trading Day;

LETTER TO SHAREHOLDERS

- 2.3.9 issues of securities in the context of an offer to Shareholders of such securities (and there is no adjustment carried out under other provisions of the relevant Conditions);
- 2.3.10 distribution of assets by the Company as fully or partly paid (excluding a capitalisation of profits or reserves); and
- 2.3.11 in respect of conversion rights exercised within a limited period following a change of control of the Company.

A list of the adjustment events is set forth below and the details of the adjustment formula are set out in Appendix B to this Circular.

Save where adjustments are made pursuant to the Conditions, the Company shall obtain Shareholders' approval before making any material alteration to the terms of the RCBs to the advantage of the Bondholders.

2.4 Terms of subscription of the RCBs

2.4.1 Issue and subscription of the Tranche 1 RCBs

The Company shall issue the Tranche 1 RCBs at the RCB Issue Price in the following manner:

- (a) in respect of the first sub-tranche of Tranche 1 RCBs, on the date falling within five (5) Business Days (which shall be determined in the sole and absolute discretion of the Bondholder and communicated to the Company) immediately after the last of the conditions precedents set out in the Subscription Agreement (the material conditions precedents are set out in Section 2.5 of this Circular) is fulfilled or such other date as the Company, the Subscriber and the Manager may agree in writing, such date being the Closing Date for the first sub-tranche of Tranche 1 RCBs; and
- (b) in respect of each of the subsequent sub-tranches of Tranche 1 RCBs, on such date (which may include the Closing Date for the first sub-tranche of the Tranche 1 RCBs) as the Subscriber shall determine in its sole and absolute discretion and communicate to the Company,

such date being the Closing Date for such subsequent sub-tranche of Tranche 1 RCBs. The subscription by the Subscriber of such subsequent sub-tranches of Tranche 1 RCBs shall be at the sole and absolute discretion of the Subscriber and the Subscriber shall be entitled, in its discretion, not to subscribe for any or all sub-tranches of Tranche 1 RCBs beyond the first sub-tranche.

2.4.2 Issue and subscription of the Tranche 2 RCBs

The Subscriber has granted to the Company an option to require the Subscriber to subscribe for the Tranche 2 RCBs at the RCB Issue Price during the period commencing from and including the date when the last of the Tranche 1 RCBs are converted into Conversion Shares to and including the fifth Business Day thereafter.

Upon receipt of the exercise notice (the "**Exercise Notice**") from the Company in respect of the Tranche 2 RCBs, the Subscriber shall be obliged to subscribe for the Tranche 2 RCBs in the following manner:

- (a) the first sub-tranche of Tranche 2 RCBs no later than five (5) Business Days (which shall be determined at the sole and absolute discretion of the Subscriber and communicated to the Company) following the date of the Exercise Notice relating to the Tranche 2 RCBs, such date being the Closing Date for the first sub-tranche of Tranche 2 RCBs; and

LETTER TO SHAREHOLDERS

- (b) in respect of each subsequent sub-tranche of Tranche 2 RCBs, on such date (which may include the Closing Date for the first sub-tranche of Tranche 2 RCBs) as the Subscriber shall determine in its sole and absolute discretion and communicate to the Company,

such date being the Closing Date for such subsequent sub-tranche of Tranche 2 RCBs. The subscription by the Subscriber of such subsequent sub-tranches of Tranche 2 RCBs shall be at the sole and absolute discretion of the Subscriber and the Subscriber shall be entitled, in its discretion, not to subscribe for any or all sub-tranches of Tranche 2 RCBs beyond the first sub-tranche.

2.4.3 Issue and subscription of the Tranche 3 RCBs

The Subscriber has granted to the Company an option to require the Subscriber to subscribe for the Tranche 3 RCBs, at the RCB Issue Price during the period commencing from and including the date when the last of the Tranche 2 RCBs are converted into Conversion Shares to and including the fifth Business Day thereafter.

Upon receipt of the Exercise Notice from the Company in respect of the Tranche 3 RCBs, the Subscriber shall be obliged to subscribe for the Tranche 3 RCBs in the following manner:

- (a) the first sub-tranche of Tranche 3 RCBs no later than five (5) Business Days (which shall be determined at the sole and absolute discretion of the Subscriber and communicated to the Company) following the date of the relevant Exercise Notice, such date being the Closing Date for the first sub-tranche of Tranche 3 RCBs; and
- (b) in respect of each subsequent sub-tranche of Tranche 3 RCBs, on such date (which may include the Closing Date for the first sub-tranche of Tranche 3 RCBs) as the Subscriber shall determine in its sole and absolute discretion and communicate to the Company,

such date being the Closing Date for such subsequent sub-tranche of Tranche 3 RCBs. The subscription by the Subscriber of such subsequent sub-tranches of Tranche 3 RCBs shall be at the sole and absolute discretion of the Subscriber and the Subscriber shall be entitled, in its discretion, not to subscribe for any or all sub-tranches of the Tranche 3 RCBs beyond the first sub-tranche.

2.4.4 Issue and subscription of the Tranche 4 RCBs

The Subscriber has granted to the Company an option to require the Subscriber to subscribe for the Tranche 4 RCBs, at the RCB Issue Price during the period commencing from and including the date when the last of the Tranche 3 RCBs are converted into Conversion Shares to and including the fifth Business Day thereafter.

Upon receipt of the Exercise Notice from the Company in respect of the Tranche 4 RCBs, the Subscriber shall be obliged to subscribe for the Tranche 4 RCBs in the following manner:

- (a) the first sub-tranche of Tranche 4 RCBs no later than five (5) Business Days (which shall be determined at the sole and absolute discretion of the Subscriber and communicated to the Company) following the date of the relevant Exercise Notice, such date being the Closing Date for the first sub-tranche of Tranche 4 RCBs; and
- (b) in respect of each subsequent sub-tranche of Tranche 4 RCBs, on such date (which may include the Closing Date for the first sub-tranche of Tranche 4 RCBs) as the Subscriber shall determine in its sole and absolute discretion and communicate to the Company,

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such date being the Closing Date for such subsequent sub-tranche of Tranche 4 RCBs. The subscription by the Subscriber of such subsequent sub-tranches of Tranche 4 RCBs shall be at the sole and absolute discretion of the Subscriber and the Subscriber shall be entitled, in its discretion, not to subscribe for any or all sub-tranches of the Tranche 4 RCBs beyond the first sub-tranche.

2.5 Conditions to the Proposed RCB Issue

2.5.1 The Proposed RCB Issue is conditional upon, amongst others:

- (a) the Company obtaining Shareholders' approval for the issue of the RCBs on the terms and subject to the conditions of the Subscription Agreement and the allotment and issuance of the Conversion Shares; and
- (b) the approval in-principle for the listing and quotation of the Conversion Shares on Catalist being obtained from the SGX-ST.

2.5.2 In the event that any of the conditions stated above are not satisfied in accordance with the Subscription Agreement, the Subscription Agreement shall forthwith *ipso facto* cease and determine thereafter and each of the Company, the Subscriber and the Manager shall be released and discharged from its respective obligations under the Subscription Agreement, save for any antecedent claims which may have accrued under the Subscription Agreement.

2.5.3 The Company has on 25 November 2015 obtained the listing and quotation notice from the SGX-ST for the listing and quotation of the Conversion Shares on Catalist, subject to certain conditions as set out in the listing and quotation notice. The listing and quotation notice issued by the SGX-ST for the listing and quotation of the Conversion Shares is not an indication of the merits of the Proposed RCB Issue, the Conversion Shares, the Company, its Subsidiaries and their securities.

2.6 Status of the Conversion Shares

The Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with and carry all rights similar to the Shares in issue then, save for any dividends, rights, allotments or other distributions, the Record Date for which falls on or before the date of allotment and issuance of the Conversion Shares.

2.7 Right of First Refusal

2.7.1 Subject to obtaining the prior written consent of the Subscriber and the Manager, the Company or any Subsidiary may offer and sell any Equity-linked Securities provided that in respect of any proposed issuance of such Equity-linked Securities, the Company shall, and shall procure that the relevant Subsidiary does, offer and, if subscribed, sell such Equity-linked Securities to the Subscriber prior to offering such Equity-linked Securities to any other person (the "**Right of First Refusal**"). This Right of First Refusal does not apply for rights issues, any issue of new Shares to any person pursuant to any employee performance share plan or employee share option scheme undertaken by the Company and/or its Subsidiaries, or any issues in respect of which the Company is restricted from so doing by law, the Catalist Rules or any other applicable regulations.

2.7.2 The Right of First Refusal is exercisable only by the Subscriber where it holds in aggregate not less than 50.0% of the aggregate principal amount of the RCBs outstanding as at the date of receipt by Subscriber of a notice in writing from the Company setting out the details of such offer to and including the date falling twenty-eight (28) Business Days thereafter.

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2.8 Fees

2.8.1 The Company has agreed to pay the Manager, in respect of each sub-tranche of the RCBs which is subscribed for and issued pursuant to the Subscription Agreement, an arranger's fee of 5.0% of the aggregate principal amount of the RCBs for such sub-tranche. Assuming that all the RCBs, in the amount of S\$60,000,000 are fully subscribed by the Subscriber, the Company will have paid to the Manager S\$3,000,000 in arranger's fees. This fee is payable to the Manager on the Closing Date of such sub-tranche. The Company agrees that to facilitate such payment, the arranger's fee payable shall be deducted from the Subscriber directly from the subscription moneys payable to the Company for the subscription of such sub-tranche and paid to the Manager.

2.8.2 In consideration of the agreement by the Subscriber to subscribe for the RCBs, the Company has also agreed to pay the Subscriber a sum of S\$150,000 for every S\$1,000,000 in aggregate principal amount of RCBs subscribed by the Subscriber, subject to a maximum sum of S\$600,000 to be satisfied by the allotment and issuance of the Consideration Shares, in consideration for its subscription of the RCBs. Please refer to Section 5 below for more information on the Proposed Issue of Consideration Shares.

3. THE POSSIBLE TRANSFER OF CONTROLLING INTEREST

3.1 Under Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval by Shareholders in a general meeting. A "*Controlling Shareholder*" is defined in the Catalist Rules as a person who: (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises Control over a company.

3.2 As of the Latest Practicable Date, the Subscriber does not hold any Shares. Assuming that the Maximum Conversion Shares and the Maximum Consideration Shares (as described in Section 5 of this Circular) are allotted and issued in accordance to the Subscription Agreement, the Subscriber would obtain a maximum of approximately 94.9% of the enlarged share capital of the Company. This would constitute a transfer of controlling interest and is subject to the approval of Shareholders in accordance to Rule 803 of the Catalist Rules. Shareholders should note that the Subscriber and the Manager have provided Irrevocable Undertakings to the Company and its Sponsor that the Subscriber will not exercise any Conversion Right in respect of the RCBs such that the conversion of any such RCBs will result in the Subscriber holding 30.0% or more of the voting rights in the Company at any point in time, thereby resulting in the Subscriber incurring an obligation to make a mandatory offer for all the Shares under the Code.

3.3 For illustration purposes only, based on the Existing Share Capital, the Subscriber will hold 29.9% of the enlarged issued and paid up share capital of the Company if it holds 559,731,123 Shares, whether by way of Consideration Shares or Conversion Shares (the "**Maximum Issue Scenario**"). Assuming that the Consideration Shares are only allotted and issued for the first Initial Fee Payment Tranche (as described in Section 5 of this Circular), the Subscriber would be able to convert the RCBs into an additional 459,731,123 Shares. Assuming that the RCBs are converted at the Latest Practicable Date, this would require the Subscriber converting S\$1,149,327.81 in aggregate principle amount of RCBs at a conversion price of S\$0.0025 (being 85.0% of the average volume weighted average price per Share for the Trading Days in the month of November 2015).

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- 3.4 Based on the information available to the Company as at the Latest Practicable Date, in the event of the Maximum Issue Scenario, the change in the shareholding interests in the Company of the Directors and the sole Substantial Shareholder, being the Subscriber, will be as follows:

	As at the Latest Practicable Date				Assuming the issuance of the Conversion Shares and Consideration Shares in the event of the Maximum Issue Scenario			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%(¹)	Number of Shares	%	Number of Shares	%(²)	Number of Shares	%
Directors								
Edwin Sugiarto	108,269,800	8.25	–	–	108,269,800	5.78	–	–
Nicholas Jeyaraj s/o Narayanan	–	–	–	–	–	–	–	–
Augustine A/L T.K. James	–	–	–	–	–	–	–	–
Ong Su Aun Jeffrey	–	–	–	–	–	–	–	–
N. Sivagurunathan V. Narayanasamy	–	–	–	–	–	–	–	–
Substantial Shareholder								
The Subscriber	–	–	–	–	559,731,123	29.9	–	–

Notes:

(1) Based on the Existing Share Capital of 1,312,279,324 Shares.

(2) Based on the enlarged share capital of 1,872,010,447 Shares in the event of the Maximum Issue Scenario.

- 3.5 In view of the possibility of the Subscriber acquiring a controlling interest in the Company, Shareholders' approval is sought for the Company to allot and issue up to such number of Conversion Shares to the Subscriber provided that the Subscriber holds less than 30.0% of the voting rights in the Company.

4. INFORMATION ON THE EXISTING BONDHOLDER, SUBSCRIBER AND MANAGER

- 4.1 The Subscriber is a sub fund of Premier Equity Fund which is an open ended fund incorporated in the Cayman Islands with limited liability. It is exempted from registration as a regulated fund under the Mutual Fund Law of the Cayman Islands. The Manager, a fund management company registered with the Authority, has been appointed by the Subscriber as the investment manager for the Subscriber. The sole shareholder of the Manager is Mr. Poon Seng Fatt, while the directors of the Manager are Mr. Poon Seng Fatt, Mr. Chye Kok Hoe and Mr. Lee Jim Chong. The Subscriber was identified and introduced to the Company through mutual and informal contacts in the industry, and no fees or commissions were paid to such persons.
- 4.2 Neither the Subscriber nor the Manager has business dealings with the Company other than the Loan Agreement (as previously disclosed by the Company via SGXNET on 22 June 2015), the Proposed RCB Issue and the Proposed Issue of Consideration Shares. The Subscriber 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.
- 4.3 **The Subscriber and the Manager have provided Irrevocable Undertakings to the Company and its Sponsor that the Subscriber will not exercise any Conversion Right in respect of the RCBs such that the conversion of any such RCBs will result in the Subscriber holding 30.0% or more of the voting rights in the Company at any point in time thereby triggering a requirement to make a mandatory offer for all the Shares under the Code.**

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5. THE PROPOSED ISSUE OF CONSIDERATION SHARES

5.1 Details of the Proposed Issue of Consideration Shares

5.1.1 In consideration of the agreement by the Subscriber to subscribe for the RCBs, the Company has agreed to pay the Subscriber a sum of S\$150,000 for every S\$1,000,000 in aggregate principal amount of RCBs subscribed by the Subscriber (each payment of S\$150,000, an **“Initial Fee Payment Tranche”**), subject to a maximum sum of S\$600,000 (or a maximum of four (4) Initial Fee Payment Tranches). Each Initial Fee Payment Tranche shall be satisfied by the issue of new Shares (the **“Consideration Shares”**) upon the relevant subscription of S\$1,000,000 in aggregate principal amount of RCBs by the Subscriber, such Consideration Shares to be issued at a price per Share equal to (i) 50.0% of the last traded price per Share on 31 July 2015; or (ii) a price equal to 15.0% discount to the volume weighted average price per Share for the full Trading Day immediately prior to the Consideration Shares Issue Date (as defined below) of such Consideration Shares, whichever is higher. The Consideration Shares to be issued in satisfaction of any Initial Fee Payment Tranche shall as soon as practicable but in any event, be issued within three (3) Business Days after the Closing Date of such sub-tranche where upon the closing of such sub-tranche, the aggregate principal amount of RCBs subscribed by the Subscriber is in the sum of S\$1,000,000, S\$2,000,000, S\$3,000,000 and S\$4,000,000, as the case may be (the **“Consideration Shares Issue Date”**), and listed and quoted on Catalist within two (2) Business Days of the Consideration Shares Issue Date, or such later date which the SGX-ST shall determine.

5.1.2 For illustrative purposes only, assuming that all of the Consideration Shares are issued at the price of S\$0.0015 (which is the price per Share equal to 50% of the last traded price per Share on 26 November 2015), the number of Consideration Shares to be allotted and issued by the Company pursuant to the full satisfaction of the Consideration Sum is 400,000,000 (the **“Maximum Consideration Shares”**).

5.2 Status of the Consideration Shares

The Consideration Shares, when allotted and issued by the Company, will rank *pari passu* in all respects with the Shares existing as at the date of issue of the Consideration Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the date of issue of the Consideration Shares.

6. RATIONALE AND USE OF PROCEEDS

6.1 The Company decided to enter into the Subscription Agreement to take advantage of an opportunity for the Company to strengthen the Group’s financial position and capital base. The net proceeds from the Proposed RCB Issue (the **“Net Proceeds”**) shall be applied towards the repayment of the Company’s obligations under the Loan Agreement, repayment of third party loans and/or liabilities, making investments and for general working capital of the Group.

6.2 Assuming full subscription of the Tranche 1 RCBs, the estimated net proceeds raised, after deducting estimated fees, and expenses of approximately S\$1,250,000, is approximately S\$13,750,000 (the **“Tranche 1 RCBs Net Proceeds”**). The Company intends to use the Tranche 1 RCBs Net Proceeds in the following manner:

Use of Tranche 1 RCBS Net Proceeds	Percentage Allocation (%)
Repayment of loan from the Subscriber including interest under the Loan Agreement	15
Repayment of third party loans and/or liabilities	30
Group’s general working capital including Industrial Power’s operations	40
To fund general corporate activities including, but not limited to, acquisitions, joint ventures and/or for strategic alliances	15

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- 6.3 Assuming full subscription of the Tranche 2 RCBs, the Tranche 3 RCBs and the Tranche 4 RCBs, the estimated net proceeds raised, after deducting estimated fees, and expenses of approximately S\$2,500,000, are approximately S\$42,500,000 (the “**Tranche 2, 3 and 4 RCBs Net Proceeds**”). The Company intends to use the Tranche 2, 3 and 4 RCBs Net Proceeds in the following manner:

Use of Tranche 2, 3 and 4 RCBs Net Proceeds	Percentage Allocation (%)
Group’s general working capital	70
To fund general corporate activities including, but not limited to, acquisitions, joint ventures and/or for strategic alliances	30

- 6.4 The Company will make periodic announcements on SGXNET on the use of the Net Proceeds as and when they are materially disbursed, and provide a status report on the use of the Net Proceeds in the Company’s annual report. The Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in such announcements and annual reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 6.5 Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.
- 6.6 The Directors are of the opinion that to the best of their knowledge and after taking into consideration the Net Proceeds and loans from third parties currently available to the Group, the working capital available to the Group is sufficient to meet its present requirements.

7. FINANCIAL EFFECTS OF THE RELEVANT TRANSACTIONS

The *pro forma* financial effects of the Proposed RCB Issue and the Proposed Issue of Consideration Shares (the “**Relevant Transactions**”), based on the audited consolidated financial statements of the Group for FY2014 are set out below.

For the purposes of illustrating the financial effects of the Relevant Transactions, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Relevant Transactions on the NTA and NTA per Share of the Group are computed assuming that the Relevant Transactions had taken place on 31 December 2014;
- (b) the financial effects of the Relevant Transactions on the earnings/loss and EPS/LPS of the Group are computed assuming that the Relevant Transactions had been completed on 31 December 2014;
- (c) the Maximum Consideration Shares have been allotted and issued on 31 December 2014;
- (d) the RCBs have been fully subscribed for on 31 December 2014 and the Maximum Conversion Shares have been allotted and issued on 31 December 2014; and
- (e) the Net Proceeds assuming that the RCBs are fully subscribed for have no impact on the profit/loss attributable to Shareholders.

The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Group after completion of the Relevant Transactions.

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7.1 Share Capital

The effect of the Relevant Transactions on the issued and paid-up share capital of the Company as at 31 December 2014 is as follows:

	No. of Shares	S\$'000
Issued share capital as at 31 December 2014	1,312,279,324	54,574
<u>Add</u> : Maximum Consideration Shares to be allotted and issued	400,000,000	600
<u>Add</u> : Maximum Conversion Shares to be allotted and issued	24,000,000,000	60,000
Enlarged share capital after the Relevant Transactions	25,712,279,324	115,174

7.2 NTA per Share

The effect of the Relevant Transactions on the Group's NTA and NTA per Share based on the audited consolidated statement of financial position for FY2014 of the Group is as follows:

	FY2014
NTA as at 31 December 2014 (S\$'000)	9,078
<u>Add</u> : Net Proceeds assuming that the RCBs are fully subscribed for (S\$'000)	56,250
NTA as at 31 December 2014 (assuming that the RCBs are fully subscribed for) (S\$'000)	65,328
Number of Shares in issue as at 31 December 2014 (before the allotment and issuance of the Maximum Consideration Shares and the Maximum Conversion Shares)	1,312,279,324
NTA per Share as at 31 December 2014 (before the allotment and issuance of the Maximum Consideration Shares and the Maximum Conversion Shares) (cents)	0.69
Number of Shares in issue as at 31 December 2014 (assuming that the Maximum Consideration Shares have been allotted and issued, but before the allotment and issuance of the Maximum Conversion Shares)	1,712,279,324
NTA per Share as at 31 December 2014 (assuming that the RCBs are fully subscribed for and the Maximum Consideration Shares have been allotted and issued, but before the allotment and issuance of the Maximum Conversion Shares) (cents)	3.82
Number of Shares as at 31 December 2014 (assuming that the Maximum Consideration Shares and the Maximum Conversion Shares have been allotted and issued)	25,712,279,324
NTA per Share as at 31 December 2014 (assuming that the RCBs are fully subscribed for and the Maximum Consideration Shares and the Maximum Conversion Shares have been allotted and issued) (cents)	0.25

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7.3 EPS/LPS

The effect of the Relevant Transactions on the Group's EPS/LPS based on the audited consolidated profit and loss statement for FY2014 of the Group is as follows:

	<u>FY2014</u>
Loss attributable to Shareholders for FY2014 (S\$'000)	12,037
Loss attributable to Shareholders after the Relevant Transactions (S\$'000)	12,037
Weighted average number of Shares before the Relevant Transactions	1,312,279,324
LPS before the Relevant Transactions (cents)	0.92
Weighted average number of Shares after the Relevant Transactions	25,712,279,324
LPS after the Relevant Transactions ⁽¹⁾ (cents)	0.05

Notes:

- (1) The adjusted LPS after the Relevant Transactions was calculated on the assumption that all the Maximum Consideration Shares and the Maximum Conversion Shares were in issue at the beginning of FY2014, and added to the weighted average number of Shares in issue in FY2014.

7.4 Gearing

The effect of the Relevant Transactions on the Group's gearing for FY2014 based on the audited consolidated financial position as at 31 December 2014 of the Group is as follows:

	<u>FY2014</u>
Total Borrowings ⁽¹⁾ as at FY2014 (S\$'000)	403
Shareholders' Funds ⁽²⁾ as at FY2014 (S\$'000)	9,995
Total capital ⁽³⁾ as at FY2014 (S\$'000)	10,398
<u>Add</u> : Net Proceeds assuming that the RCBs are fully subscribed for (S\$'000)	56,250
Adjusted Shareholders' Funds after the Relevant Transactions (S\$'000)	66,648
Gearing ⁽⁴⁾ after the Relevant Transactions (times)	0.01

Notes:

- (1) "**Total Borrowings**" means the amount of liabilities arising from all the borrowings from banks and other financial institutions of the Group.
- (2) "**Shareholders' Funds**" means the aggregate of the Group's issued and paid-up share capital, accumulated losses and other reserves attributable to Shareholders.
- (3) Total capital is computed based on Shareholders' funds plus total borrowings of the Group.
- (4) "**Gearing**" means the ratio of the Group's total borrowings to total capital.

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8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Company does not have any Substantial Shareholders and the interests of the Directors, based on the register of Directors' shareholdings are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	%
Directors				
Edwin Sugiarto	108,269,800	8.25	–	–
Nicholas Jeyaraj s/o Narayanan	–	–	–	–
Augustine A/L T.K. James	–	–	–	–
Ong Su Aun Jeffrey	–	–	–	–
N. Sivagurunathan V. Narayanasamy	–	–	–	–

Notes:

(1) Based on the Existing Share Capital of 1,312,279,324 Shares.

Save for matters disclosed in this Circular, none of the Directors have any interest, direct or indirect, in the Proposed RCB Issue, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares, save for their respective shareholdings in the Company.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 38 to 40 of this Circular, will be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Tuesday, 29 December 2015, at 3.00 p.m. 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.

10. 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 Company's registered office at 9 Temasek Boulevard #41-01, Suntec Tower 2, Singapore 038989 not later than 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 the CDP, as at 48 hours before the EGM.

11. RECOMMENDATION BY DIRECTORS

The Directors, having considered the terms of and rationale for the Proposed RCB Issue, including the allotment and issuance of the Conversion Shares, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares, are of the opinion that the Proposed RCB Issue, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares are in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolutions relating to the Proposed RCB Issue, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares at the EGM.

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12. 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 RCB Issue, the Possible Transfer of Controlling Interest and the Proposed Issue of Consideration Shares, 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.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 9 Temasek Boulevard #41-01, Suntec Tower 2, Singapore 038989 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association;
- (b) the Annual Report of the Company for FY2014;
- (c) the Subscription Agreement; and
- (d) the Irrevocable Undertakings.

Yours faithfully

For and on behalf of the Board
ANNICA HOLDINGS LIMITED

Edwin Sugiarto
Chairman and Executive Director

APPENDIX A: SUMMARY OF THE TERMS AND CONDITIONS OF THE RCBs

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall have the meaning given to them in the Circular:

The principal terms and conditions of the RCBs are summarised as follows:

- Principal Amount** : Up to S\$60,000,000 in aggregate principal amount of the RCBs.
- Issue Price** : 100.0% of the aggregate principal amount of the RCBs.
- Maturity Date** : The date falling three (3) years from the Closing Date of the first sub-tranche of Tranche 1 RCBs or such further period as notified by the Subscriber to the Company upon the occurrence of an Extension Event.
- Interest Rate** : The RCBs will bear interest at a rate of 2.0% per annum.
- Status of the RCBs** : The RCBs will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves and, subject to as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding.
- Alteration to Terms** : Any material modification to the terms of the RCBs after issue to the advantage of the Bondholders shall be approved by Shareholders.
- Transfer** : The Bondholder shall, subject as provided hereinafter, be entitled at any time and from time to time to transfer the RCBs registered in its name in whole but not in part to any third party and the Company shall consent to such transfer by the Bondholder unless the third party is a person that falls within the categories of persons set out in Rule 812 of the Catalist Rules.
- Redemption and Purchase** : Upon and following from the occurrence of an Extension Event, the Bondholder may in respect of some or all of the RCBs held by such Bondholder:
- (i) require the immediate repayment of some or all of outstanding RCBs, which shall immediately become due and payable at 100.0% of their principal amount together with accrued interest of 6.0% per annum which shall accrue from and including the date of the occurrence of the Extension Event to and including the date of repayment;
 - (ii) exercise the right of a Bondholder to convert any RCBs (the “**Conversion Right**”) in respect of some or all of the outstanding RCBs in accordance with the Conditions;
 - (iii) extend the Conversion Period and Maturity Date to such new dates as set out in the notices; and/or
 - (iv) terminate the obligations of the Subscriber under the Subscription Agreement.

APPENDIX A: SUMMARY OF THE TERMS AND CONDITIONS OF THE RCBS

The RCBS which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company at 100.0% of their principal amount on the Maturity Date. The Company shall at least one (1) month prior to the Maturity Date, issue an announcement notifying Shareholders of the same and shall dispatch to all Bondholders a notice of the Maturity Date.

Conversion Period : The Conversion Right may be exercised at the option of the Bondholder, at any time, from and including the respective dates on which they are issued and registered in accordance with the Subscription Agreement up to the close of business on the day falling one (1) week prior to the Maturity Date (the “**Conversion Period**”) save that the Conversion Period shall be extended to such dates as from time to time notified by the Bondholder to the Company upon the occurrence of an Extension Event.

Conversion Price : The Conversion Price for each RCB that is converted into Conversion Shares, shall be, 85.0% of the average volume weighted average price per Share for any three (3) consecutive Trading Days determined at the sole and absolute discretion of the Bondholder, on which trades are done during the 30 Trading Days immediately preceding the relevant Conversion Date.

Maximum Threshold : The maximum aggregate number of Conversion Shares issued and allotted to the Subscriber pursuant to the conversion of the RCBS shall be 24,000,000,000, subject to adjustment in the manner provided in [Appendix B](#) to this Circular. In the event that the Maximum Threshold is reached, any outstanding RCBS held by the Bondholder shall immediately become due and payable by the Company at 100% of their principal amount together with accrued interest at 2.0% per annum.

Adjustments : The Maximum Threshold will be subject to adjustments under certain circumstances provided for in the Conditions (an extract of which is provided for in [Appendix B](#) to this Circular).

Such circumstances include, without limitation, consolidation, subdivision or reclassification of the Shares, capitalisation issues, rights issues and certain capital distributions.

Any such adjustments shall (unless otherwise provided under the Catalist Rules from time to time) be announced by the Company on the SGXNET.

Negative Pledge : As long as any of the RCBS remains outstanding, neither the Company nor any of its Subsidiaries shall create or allow the creation of any mortgage, charge, pledge or any other security interest upon the whole or any part of its property or assets, present or future, in order to secure, for the benefit of holders of any existing or future issue of any notes, bonds or convertible securities (or to secure for the benefit of holders thereof any guarantee or indemnity or other like obligation in respect thereof) without according to the RCBS at the same time, either the same security as is created or is outstanding in respect of such Bond Issue (or such guarantee or indemnity or other like obligation in respect thereof) or such other security or guarantee as is not materially less beneficial to the Bondholders or as the Bondholders holding 75.0% or more of the outstanding principal amount of the RCBS shall approve.

APPENDIX A: SUMMARY OF THE TERMS AND CONDITIONS OF THE RCBS

“**Bond Issue**” means any issue of notes, bonds or other similar securities of the Company or any Subsidiary to any other person but shall not include the indebtedness constituted by loan agreements from lenders not involving the issue of notes, bonds or other similar securities.

Liquidation : In the event that the Company goes into liquidation, it will constitute an Event of Default (as defined below) and the Bondholders will be entitled to exercise its rights to redeem the RCBS.

Events of Default : If any of the following events occurs (each such event constituting an “**Event of Default**”):

- (a) there is default by the Company in the payment of the principal or interest in respect of the RCBS or any of them when and as the same ought to be paid and such default is not remedied by the Company within five (5) days;
- (b) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation contained in the Subscription Agreement or the Conditions and on its part to be performed or observed (other than the covenant to pay the principal and interest in respect of any of the RCBS) and such default continues for the period of seven (7) days next following the service by the Bondholder on the Company of notice requiring the same to be remedied;
- (c) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation the terms of which have previously been approved in writing by Bondholders holding 51.0% or more of the outstanding principal amount of RCBS or which is approved by the Shareholders, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the RCBS;
- (d) a resolution is passed or an order of a court of competent jurisdiction is made that any Subsidiary be wound up or dissolved otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (ii) below) the terms of which have previously been approved in writing by Bondholders holding 51.0% or more of the outstanding principal amount of RCBS, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another Subsidiary, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any Subsidiary are distributed to the Company and/or such Subsidiary;
- (e) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Group;

APPENDIX A: SUMMARY OF THE TERMS AND CONDITIONS OF THE RCBS

- (f) (i) the Company or any of its Subsidiaries without any lawful cause stops payment (within the meaning of any applicable bankruptcy law) or is unable to pay its debts as and when they fall due or (ii) the Company or any of its Subsidiaries (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraph (c) or (d) above) ceases or through an official action of the board of directors of the Company or any of its Subsidiaries, as the case may be, threatens to cease to carry on its business, and such action has a Material Adverse Effect on the Group;
- (g) proceedings shall have been initiated against the Company or any of its Subsidiaries under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of fourteen (14) days;
- (h) the Company or any of its Subsidiaries shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or a decree of commencement of composition or reorganisation or other similar procedures or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a Material Adverse Effect on the Group;
- (i) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any of its Subsidiaries, which is material in its effect upon the operations of either the Company or such Subsidiary, as the case may be, and is not discharged within fourteen (14) days thereof;
- (j) the delisting of the Shares on Catalist or a suspension of trading for a period of five (5) consecutive Market Days or more;
- (k) for so long as there are any RCBS outstanding, if the Company engages in any transaction with any hedge fund operating or originating from any part of the world;
- (l) any credit facilities granted to the Company or any of its Subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a Material Adverse Effect on the Group;
- (m) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the RCBS or the Subscription Agreement or any consent or approval required to make the Company's obligations under the RCBS or the Subscription Agreement legally binding and enforceable is not obtained; or

APPENDIX A: SUMMARY OF THE TERMS AND CONDITIONS OF THE RCBS

(n) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to above,

then each Bondholder shall be entitled to exercise its rights to redeem the RCBS.

Listing Status : The RCBS will not be listed and quoted on Catalist.

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall have the meaning given to them in the Circular:

1. DEFINITIONS

In this Appendix B, the following expressions shall have the following meanings:

- “Adjustment Conditions”** : The adjustment conditions set out in this Appendix B.
- “Capital Distribution”** : (i) Any distribution of assets in specie charged or provided for in the financial statements of the Company for any financial period (whenever paid or made and however described) but excluding a distribution of assets in specie in lieu of, and to a value not exceeding, 110.0% of the cash dividend which would not have constituted a Capital Distribution under (b) below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves); and
- (ii) Any cash dividend or distribution of any kind charged or provided for in the financial statements of the Company for any financial period (whenever paid or made and however described) unless:
- (a) and to the extent that it does not, when taken together with any dividend or distribution in cash or any distribution of assets in specie previously made or paid in respect of any financial period after 31 December 2014, exceed an amount equal to the aggregate of the consolidated cumulative net profits less the aggregate of any consolidated net losses (after taxation but including any net realised gains (less any losses) made on the disposal of investments and extraordinary items) attributable to the members of the Company in respect of financial periods ending after 31 December 2014 as shown in the audited consolidated financial statements of the Company, for such periods (PROVIDED THAT consolidated net profits shall exclude any amount arising as a result of any reduction of share capital); or
- (b) if it would exceed such amount available under (a) and to the extent that (i) it would exceed such amount and (ii) the rate of that dividend or distribution, together with all other dividends or distributions on the class of capital in question charged or provided for in the financial statements of the Company for that period, does not exceed the aggregate rate of dividend or distribution on such class of capital charged or provided for in the financial statements of the Company for the immediately preceding financial period. In computing such rates the value of distributions in specie shall be taken into account and such

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

adjustments as are in the opinion of the auditors of the Company appropriate to the circumstances shall be made (including adjustments in the event that the lengths of such financial periods differ); or

- (c) it comprises a purchase or redemption of share capital of the Company, provided, in the case of purchases of Shares by the Company, that the average price (before expenses) on any one day in respect of such purchases does not exceed by more than 5.0% the current market price per Share either (i) on that day, or (ii) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement.

“Change of Control Period” : The period from the date the Change of Control Event (as defined below) occurred and ending on the later of (i) thirty (30) calendar days after the date the Change of Control Event occurred and (ii) if a change of control exercise notice has been given, thirty (30) calendar days following the date upon which notice of the occurrence of the Change of Control Event is given to the Bondholder by the Company in accordance with the Conditions.

“Closing Price” : In respect of a Share, on any particular Trading Day, the closing price of the Shares on SGX-ST for one (1) Share on that Trading Day.

“Conversion Right” : The right of a Bondholder to convert any RCBs.

“Current Market Price” : In respect of a Share at a particular time on a particular date, the average of the Closing Prices quoted on the SGX-ST for one (1) Share (being a Share carrying full entitlement to dividend) for the twenty (20) consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that:

- (i) if at any time during the said twenty (20) Trading Day period, the Shares shall have been quoted ex-dividend and during some other part of that period, the Shares shall have been quoted cum-dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or

- (b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount; and

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

- (ii) if the Shares on each of the said twenty (20) Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.
- “Fair Market Value”** : With respect to any assets, security, option, warrants or other right n any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Firm, provided that:
- (i) the fair market value of cash forming part of a Relevant Distribution paid or to be paid per Share shall be the amount of such cash per Share determined as at the date of announcement of such Relevant Distribution; and
 - (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily Closing Prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day on which such options, warrants or other rights are publicly traded.
- “Independent Firm”** : A leading independent investment bank of international repute or a leading independent accounting firm of international repute (as the case may be), selected by the Company where required by the Conditions.
- “Maturity Date”** : The date falling three (3) years after the Closing Date of the first sub-tranche of Tranche 1 RCBs or such further period as notified by the Subscriber to the Company upon the occurrence of an Extension Event.
- “Relevant Distribution”** : (i) Any distribution of assets in specie by the Company in any financial year of the Company whenever paid or made and however described (and for these purposes a distribution of assets in specie includes, without limitation, an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Maximum Threshold is made in respect thereof pursuant to Adjustment Condition 2.2) by way of capitalisation of reserves); and
- (ii) Any cash dividend or distribution of any kind by the Company in any financial year of the Company (whenever paid and however described).

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

2. RULES FOR ADJUSTMENTS

Subject to the Subscription Agreement, the Maximum Threshold and number of Conversion Shares shall from time to time be subject to adjustments in the following events (the “**Adjustment Conditions**”):

2.1 *Any alteration to the number of issued shares as a result of consolidation, subdivision, or reclassification*

If and whenever there shall be an alteration to the number of issued Shares as a result of subdivision or reclassification, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{B}{A} \times C$$

where:

- A is the aggregate number of issued Shares immediately before such alteration;
- B is the aggregate number of issued Shares immediately after such alteration; and
- C is the Maximum Threshold.

Such adjustment shall become effective on the date the alteration takes effect.

If an whenever there shall be an alteration to the number of issued Shares as a result of consolidation, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \left[\frac{B}{A} - 0.40 \right] \times C$$

where:

- A is the aggregate number of issued Shares immediately before such alteration;
- B is the aggregate number of issued Shares immediately after such alteration; and
- C is the Maximum Threshold.

2.2 *Capitalisation of profits or reserves*

- (i) In the case of an issue of Shares by the Company credited as fully paid to any person in whose name Shares are registered, by way of capitalisation of profits or reserves, including a free distribution or bonus issue of Shares (other than an issue of Shares paid-up out of profits or reserves and issued in lieu of the whole or part of a specifically declared cash dividend (the “**Relevant Cash Distribution**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and where such issue does not constitute a Capital Distribution, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{B}{A} \times C$$

where:

- A is the aggregate number of issued Shares immediately before such issue;
- B is the aggregate number of issued Shares immediately after such issue; and

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

C Is the Maximum Threshold

Such adjustment shall become effective from the date of issue of the Shares.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares exceeds the amount of the Relevant Cash Distribution and where such issue does not constitute a Capital Distribution, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A + C}{A + B} \times D$$

where:

A is the aggregate number of issued Shares immediately before such issue;

B is the aggregate number of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Distribution and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend;

C is the aggregate number of Shares issued by way of such Scrip Dividend; and

D is the Maximum Threshold

or by making such other adjustment as an Independent Firm, shall certify is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a Record Date is fixed therefor, the day immediately after such Record Date.

2.3 *Capital Distribution*

If and whenever the Company shall pay or make any Capital Distribution to the Shareholders (except where the Maximum Threshold falls to be adjusted under Adjustment Condition 2.2 above or 2.10 below), the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A}{A - B} \times C$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the declaration of the Capital Distribution (or the Relevant Distribution which resulted in the Capital Distribution) is first publicly announced;

B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Firm, of the portion of the Capital Distribution (excluding any Capital Distribution in respect of the same financial year which has previously resulted in an adjustment under this Adjustment Condition 2) attributable to one Share; and

C is the Maximum Threshold.

Such adjustment shall become effective on the date that such Capital Distribution is made or, if a record date is fixed therefore, on such record date.

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

2.4 *Rights Issues or Options over Shares*

In the case of an issue of Shares to all or substantially all Shareholders as a class by the Company by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 90.0% of the Current Market Price per Share on the last Trading Day preceding the date the final terms of such issue or grant is first publically announced, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A + C}{A + B} \times D$$

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share;
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant; and
- D is the Maximum Threshold.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or, where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

2.5 *Rights issues of other securities*

In the case of the issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by the Company by way of rights, or the grant to all or substantially all Shareholders as a class by way of rights of any options, warrants or other rights to subscribe for or purchase, any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A - B}{A} \times C$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which the final terms of such issue or grant is first publicly announced;
- B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Firm, of the portion of the rights attributable to one Share; and
- C is the Maximum Threshold.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or, where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

2.6 *Issue of Shares at less than Current Market Value*

In the case of the issue (otherwise than as mentioned in Adjustment Condition 2.4 above) by the Company wholly for cash of any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in Adjustment Condition 2.4 above) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 90.0% of the Current Market Price on the last Trading Day preceding the date on which the final terms of such issue is first publically announced, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{C}{A + B} \times D$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share;
- C is the number of Shares in issue immediately after the issue of such additional Shares; and
- D is the Maximum Threshold.

References to additional Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights.

2.7 *Issue of other securities at less than Current Market Price*

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Adjustment Condition 2.7, the issue wholly for cash by the Company or any Subsidiary (otherwise than as mentioned in Adjustment Conditions 2.4, 2.5 or 2.6 above) or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity of any securities (other than the RCBs) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Share which is less than 90.0% of the Current Market Price on the last Trading Day preceding (i) the date on which the final terms of issue of such securities is first publically announced, or (ii) where the price is not determinable or subject to a formula on the date of such public announcement, the date on which the final issue price is determined/announced, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A + C}{A + B} \times D$$

where:

- A is the number of Shares in issue immediately before such issue;

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share;
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate; and
- D is the Maximum Threshold.

Such adjustment shall become effective on the date of issue of such securities.

2.8 *Modification of rights on conversion*

In the case of any modification of the rights on conversion, exchange or subscription attaching to any such securities as are mentioned in Adjustment Condition 2.7 above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 90.0% of the Current Market Price on the last Trading Day preceding the date on the final terms of such proposed modification is first publically announced, the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A + C}{A + B} \times D$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities;
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Firm considers appropriate (if at all) for any previous adjustment under this Adjustment Condition 2.8 or Adjustment Condition 2.7 above; and
- D is the Maximum Threshold.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

2.9 *Other offers of securities to Shareholders*

In the case of the issue, sale or distribution by or on behalf of the Company or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Company or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60.0% of the Shares outstanding at the time such offer is made) are entitled to participate in

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

arrangements whereby such securities may be acquired by them (except where the Maximum Threshold falls to be adjusted under Adjustment Conditions 2.4, 2.5, 2.6 and/or 2.7 above), the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A}{A - B} \times C$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which the final terms of such issue is first publicly announced;
- B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Firm, of the portion of the rights attributable to one Share; and
- C is the Maximum Threshold.

Such adjustment shall become effective on the date of issue of the securities.

2.10 *Relevant Distribution*

In the event that the Company issues or distributes to its shareholders a Relevant Distribution in the form of cash (as described below), the Maximum Threshold shall be adjusted as follows:

$$\text{Adjusted Maximum Threshold} = \frac{A}{A - B} \times C$$

where:

- A is the Current Market Price of one Share on the last Trading Day immediately preceding the date on which the Relevant Distribution is publicly announced;
- B is the amount of cash so distributed attributable to one Share; and
- C is the Maximum Threshold.

Such adjustment shall become effective on the date such Relevant Distribution is paid.

2.11 *Change in Control Event*

If (i) an offer is made to all Shareholders to acquire the whole or any part of the issued share capital or the Company; or (ii) any person proposed a scheme of arrangement with regard to such acquisition, and (such offer or scheme having become or been declared unconditional in all respects) more than 50% of the voting rights of the issued share capital of the Company have or will become unconditionally vested in the offeror and/or its associates, or an event which has a like or similar effect (a “**Change of Control Event**”), then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Maximum Threshold shall be determined pursuant to the following formula:

$$\text{COCCP} = (1 + (\text{CP} \times \text{c/t}))/\text{OCP}$$

where:

COCCP is the Change of Control Maximum Threshold;

OCP is the Maximum Threshold in effect on the relevant Conversion Date;

APPENDIX B: ADJUSTMENTS TO MAXIMUM THRESHOLD

- CP means 20%, (expressed as a fraction);
- c means the number of days from and including the date the Change of Control Event occurs to but excluding the Maturity Date; and
- t means the number of days from and including the Issue Date to but excluding the Maturity Date.

3. MAKING ADJUSTMENTS

In making any calculation, adjustments (if any) shall be made as an Independent Firm may consider appropriate to reflect (i) any consolidation or subdivision of the Shares, (ii) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, or (iii) the modification of any rights to dividends of Shares.

Where more than one (1) event which gives or may give rise to an adjustment to the Maximum Threshold occurs within such a short period of time that in the opinion of the Independent Firm the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the Independent Firm to be in their opinion appropriate in order to give such intended result.

4. NO ADJUSTMENTS UNDER CERTAIN CIRCUMSTANCES

No adjustment will be made to the Maximum Threshold when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Company or any Subsidiary pursuant to any existing share option scheme or performance share plan (and which share option scheme and performance share plan is in compliance with the Catalist Rules) or pursuant to the conversion of the RCBs.

5. DISPUTE AS TO ADJUSTMENT

If any doubt shall arise as to any appropriate adjustment to the Maximum Threshold in accordance with these Adjustment Conditions, the Company shall use all reasonable endeavours to procure that the appropriate adjustment shall be determined by an Independent Firm. Any such determination and any opinion or advice of such Independent Firm procured under these Adjustment Conditions as to the appropriate adjustment to the Maximum Threshold or otherwise shall, in the absence of manifest error, be conclusive and binding on all concerned.

ANNICA HOLDINGS LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 11 December 2015 issued by the Company (the “Circular”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “EGM”) of Annica Holdings Limited (the “Company”) will be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Tuesday, 29 December 2015, at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1:

THE PROPOSED REDEEMABLE CONVERTIBLE BONDS ISSUE

THAT the Company’s entry into, execution and performance of the Subscription Agreement be and is hereby approved, confirmed and ratified AND approval be and is hereby given to the Directors:

- (a) to create and issue 2.0% redeemable convertible bonds due 2018 with an aggregate principal amount of up to S\$60,000,000 comprising four (4) tranches of principal amounts S\$15,000,000 each (collectively, the “RCBs”), such RCBs to be convertible, at the option of the holder thereof, into up to 24,000,000,000 new ordinary shares of the Company (the “Conversion Shares”) at a conversion price to be determined in accordance with the terms and conditions of the RCBs (the “Conditions”), and subject to such adjustments as the Conditions shall stipulate (the “Proposed RCB Issue”);
- (b) to allot and issue (notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company):
 - (i) such number of Conversion Shares as may be required or permitted to be allotted or issued on the conversion of the RCBs, to the holders of the RCBs on the conversion thereof, subject to and otherwise in accordance with the Conditions, whereby such 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 conversion date of the RCBs; and
 - (ii) on the same basis as paragraph (b) (i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the RCBs upon the adjustment of the conversion price in accordance with the Conditions; 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 RCB 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 1 or the transactions contemplated pursuant to or in connection with the Proposed RCB Issue.

Shareholders should note that Ordinary Resolution 1 on the Proposed RCB Issue is subject to the approval of Ordinary Resolution 2 on the Possible Transfer of Controlling Interest and Ordinary Resolution 3 on the Proposed Issue of Consideration Shares. This means that if either Ordinary Resolution 2 or Ordinary Resolution 3 is not approved, Ordinary Resolution 1 would not be passed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2:

THE POSSIBLE TRANSFER OF CONTROLLING INTEREST

THAT contingent upon the passing of Ordinary Resolution 1 above the Possible Transfer of Controlling Interest be and is hereby approved and that approval be and is hereby given to the Directors:

- (a) to allot and issue such number of Conversion Shares as may be required or permitted to be allotted or issued pursuant to the Proposed RCB Issue, to the Subscriber, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement and the Conditions, and subject to the Subscriber holding less than 30.0% of the voting rights of the Company at any point in time to avoid the Subscriber triggering a requirement to make a mandatory offer for the Shares under the Code, the issuance of such Shares constituting a transfer of a controlling interest in the Company to the Subscriber; and
- (b) to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Ordinary Resolution 2.

Shareholders should note that Ordinary Resolution 2 on the Possible Transfer of Controlling Interest is subject to the approval of Ordinary Resolution 1 set out above and Ordinary Resolution 3 on the Proposed Issue of Consideration Shares. This means that if either Ordinary Resolution 1 or Ordinary Resolution 3 is not approved, Ordinary Resolution 2 would not be passed.

ORDINARY RESOLUTION 3:

THE PROPOSED ISSUE OF CONSIDERATION SHARES

THAT contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 2 above, approval is hereby given for the Company to:

- (a) allot and issue up to 400,000,000 Consideration Shares, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement, whereby such Consideration 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 issue of such Consideration Shares; 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 Issue of Consideration Shares, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as the Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution 3 or the transactions contemplated pursuant to or in connection with the Proposed Issue of Consideration Shares.

Shareholders should note that Ordinary Resolution 3 is conditional on the approval of Ordinary Resolution 1 and Ordinary Resolution 2 set out above. If either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, then Ordinary Resolution 3 would not be passed.

By Order of the Board
ANNICA HOLDINGS LIMITED

Ong Sing Huat
Company Secretary
11 December 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
2. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard, #41-01 Suntec Tower 2, Singapore 038989 not later than 48 hours before the time set for 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

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

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Annica Holdings Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Extraordinary General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company's Share Registrar.
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

PROXY FORM

*I/We _____ *NRIC/Passport No. _____

of _____ (Address)

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

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

*and/or

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

or failing *him/them the Chairman of the Extraordinary General Meeting (the "EGM") as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the EGM of the Company to be held at the Republic of Singapore Yacht Club, Nautica III, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Tuesday, 29 December 2015, at 3.00 p.m. 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 specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion as *he/they will on any other matter arising at the EGM and at any adjournment thereof.

No.	Ordinary Resolution	For*	Against*
1	To approve the Proposed RCB Issue		
2	To approve the Possible Transfer of Controlling Interest		
3	To approve the Proposed Issue of Consideration Shares		

Note:

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2015

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or
Common Seal of Corporate Shareholder

*Please delete accordingly

Important: Please read notes overleaf.



Notes:

1. 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 130A of the Companies Act Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares 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.
2. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard, #41-01 Suntec Tower 2, Singapore 038989 not less than 48 hours before the time set for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or by his attorney duly authorised in writing. Where an instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. 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 Companies Act Chapter 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument of proxy if the member of the Company, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time set for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

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.

Affix
Postage
Stamp
here

ANNICA HOLDINGS LIMITED
9 TEMASEK BOULEVARD
#41-01 SUNTEC TOWER 2
SINGAPORE 038989