PROPOSED SUBSCRIPTION BY GLORY SKY VISION LIMITED (ULTIMATELY INDIRECTLY AND BENEFICIALLY OWNED BY CDH FUND V, L.P.) OF CONVERTIBLE BONDS DUE 2022 OF AN AGGREGATE PRINCIPAL AMOUNT OF US$110 MILLION WITH AN INITIAL CONVERSION PRICE OF S$0.50 FOR PURPOSES OF FUNDING THE GREEN INVESTMENT RELATED BUSINESS, INCLUDING BUILD-OPERATE-TRANSFER (BOT), BUILD-OWNED-OPERATE (BOO) AND/OR TRANSFER-OPERATE-TRANSFER (TOT) PROJECTS

1. INTRODUCTION

1.1 The Board of Directors (the "Board") of Sunpower Group Ltd. (the "Company", together with its subsidiaries, the "Group") wishes to announce that it has, on 14 December 2016, entered into a conditional purchase agreement (the "Purchase Agreement") with Glory Sky Vision Limited, (the "Investor"), ultimately owned by CDH Fund V, L.P. ("CDH Fund V"), in relation to the proposed issue by the Company of convertible bonds due 2022 of an aggregate principal amount of US$110 million (the "Bonds"), which are convertible into fully paid ordinary shares in the capital of the Company (the "Shares") on the terms and subject to the conditions of the Purchase Agreement (the "Proposed Convertible Bonds Issue").

1.2 The Bonds are convertible into new fully paid Shares (the "Conversion Shares"), at an initial conversion price of S$0.50 per Conversion Share (the "Conversion Price") and in accordance with the terms and conditions of the Bonds (the "Terms and Conditions"). The Conversion Price represents a trailing 12 months fully-diluted price-earnings ratio of 21.8 times 1, and a premium of approximately 17.1%, 10.5% and 1.6% to the past six months volume-weighted average price of the Shares ("VWAP") of S$0.4269, the three months VWAP of S$0.4526 and the one month VWAP of S$0.4920, respectively, prior to the closing price on 12 December 2016, being the last trading date prior to the date of this announcement.

1.3 In the event that the Bonds are converted in full, based on the initial Conversion Price of S$0.50 per Conversion Share, the number of Conversion Shares to be allotted and issued by the Company to the Investor will be 313,368,000 Shares, representing approximately 28.23% of the total issued Shares of the Company on a fully-diluted basis of 1,110,245,142 Shares 2.

1.4 Stirling Coleman Capital Limited is the arranger to the Company in relation to the Proposed Convertible Bonds Issue.

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1 The trailing 12 months price-earnings ratio is calculated based on the Conversion Price of S$0.50, trailing 12 months net profits attributable to Shareholders of RMB124,788,000 (1 October 2015 and 30 September 2016), fully-diluted number of Shares and the exchange rate of RMB4.89:SG$1 as at 30 September 2016.

2 The fully-diluted number of Shares of 1,110,245,142 is calculated based on (a) the existing 737,657,142 Shares as at the date of this announcement; (b) the assumption that the outstanding options under the employee share option scheme adopted by the Company on 29 April 2015 (the "ESOS") as at the date of this announcement are exercised in full and the 59,220,000 Shares pursuant to the ESOS are issued; (c) the 313,368,000 Conversion Shares; and (d) excluding treasury Shares.
2. SUMMARY OF THE PROPOSED CONVERTIBLE BONDS ISSUE

2.1 Principal Terms of the Bonds

The principal terms of the Bonds are summarised below:

<table>
<thead>
<tr>
<th>Principal Amount</th>
<th>US$110 million.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Conversion Price</td>
<td>S$0.50, subject to any adjustment in accordance with the Terms and Conditions.</td>
</tr>
<tr>
<td>Interest</td>
<td>The Bonds shall bear interest on their principal amount from and including the date of issue of the Bonds (the &quot;Issue Date&quot;) at the rate of 2.5% per annum until the Maturity Date (as defined below).</td>
</tr>
<tr>
<td>Performance Targets</td>
<td>The Group is required to achieve performance targets calculated based on its audited adjusted profit after taxation and minority interest (&quot;Adjusted PATMI&quot;) (excluding fair value gain and losses of the Bond and non-recurring income from the sale of assets and businesses and other mutually agreed accounting adjustments) as set out below:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RMB</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Target</td>
<td>255,555,556</td>
<td>400,000,000</td>
<td>440,000,000</td>
</tr>
<tr>
<td>Adjustment Threshold</td>
<td>Not applicable</td>
<td>360,000,000</td>
<td>396,000,000</td>
</tr>
<tr>
<td>Floor</td>
<td>Not applicable</td>
<td>230,000,000</td>
<td>230,000,000</td>
</tr>
</tbody>
</table>

If the Issuer fails to meet the Adjustment Threshold (being 90% of the Performance Target then in effect for the relevant financial year) in a financial year ending 31 December ("FY") during the period from 1 January 2018 to 31 December 2019, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately before such adjustment by the following fraction:

\[
\frac{A}{B}
\]

Where:

- \(A\): in respect of FY2018 and FY2019, shall be the higher of (a) the Adjusted PATMI for the relevant FY and (b) RMB 230 million; and
- \(B\): is the Adjustment Threshold for the relevant FY (subject to revision for FY2019 as set out further below).

There shall be no adjustment to the Conversion Price in respect of FY2018 if the Adjusted PATMI for FY2018 is less than the Adjustment Threshold for FY 2018 but not less than 80% of the Performance Target for FY2018, provided that the Adjustment Threshold for FY2019 shall be increased by the amount of the shortfall between the Adjusted PATMI for FY2018 and the Adjustment Threshold for FY2018.

Illustrations of certain potential adjustments pursuant to a failure by the Company to meet the Performance Targets are set out in the Terms and Conditions.
Assuming that the Bonds are converted in full at the Conversion Price which has been adjusted in accordance with the Terms and Conditions, a maximum of 844,479,493 Conversion Shares will be allotted and issued to the Investor, representing approximately 51.45% of the Shares on a fully-diluted basis of 1,641,356,635 Shares (assuming that all outstanding options under the ESOS as at the date of this announcement are exercised in full and excluding treasury Shares).

Excess Performance Adjustment Sharing: If an adjustment to the Conversion Price of the Bonds pursuant relating to the Terms and Conditions ("Performance Adjustment") has been applied to reduce the Conversion Price and upon the Investor's final exit (namely, sale of all Conversion Shares (if applicable) or redemption of all the Bonds) (the "Final Exit") the Investor has received proceeds (including, inter alia, sale proceeds and interest) in excess of the target return (being, (a) an amount which is 2.5 times the principal amount of such Bonds, if the relevant Final Exit is on or before the Maturity Date (as defined below)), and (b) an amount which is 2.5 times the principal amount of such Bonds and which would generate a total internal rate of return of 20%, if the relevant Final Exit is after the Maturity Date), the Investor will pay to the Company an amount equal to the lesser of (i) the amount of such excess and (ii) the amount of proceeds that the Investor would not have received if the Performance Adjustment had not been applied.

Excess Return Sharing: Upon Final Exit, in the event:-

(i) the Investor receives proceeds (including, inter alia, sale proceeds and interest, but excluding its transaction costs incurred for the Final Exit ("Proceeds") in excess of: (a) two (2) times the principal amount of the Bonds (if the Final Exit occurs on or before the Maturity Date (as defined below)); or (b) two (2) times the principal amount of the Bonds and which would generate a total internal rate of return of 20% on its investment (if the Final Exit occurs after the Maturity Date), the Investor will pay to the Company an amount equal to the lesser of (a) the amount of excess and (b) US$10 million; or

(ii) the Investor receive Proceeds in excess of: (a) three (3) times the principal amount of the Bonds (if the Final Exit occurs on or before the Maturity Date); or (b) three (3) times the principal amount of the Bonds and which would generate a total internal rate of return of 25% on its investment (if the Final Exit occurs after the Maturity Date), the Investor will pay to the Company an amount equal to US$30 million.

In the event the Company receives proceeds from the excess return sharing as described above, the Company proposes to distribute 50% of such proceeds to the shareholders of the Company ("Shareholders") by way of special dividends and to utilise the remaining 50% for a management incentive scheme for management employees, as may be determined and allocated by the Remuneration Committee of the Company based on the performance and contribution of the management personnel. The management personnel who may be eligible to participate in such management incentive scheme may include, but is not limited to, Mr Guo Hong Xin and Mr Ma Ming, who
are executive directors and controlling Shareholders (collectively, the "Key Men" and each a "Key Man") as members of the management of the Company.

Investor Directors: Subject always to the continued compliance by the Company with the listing manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Singapore Code of Corporate Governance 2012, so long as (a) any of the Bonds remains outstanding or (b) the Investor and any transferee(s) thereof in aggregate hold at not less than 5% of the Shares on a fully-diluted basis:

(i) the Investor and any transferee(s) thereof shall in aggregate be entitled to nominate up to two (2) persons to be non-executive directors of the Company (each an "Investor Director"); and

(ii) each of the Remuneration Committee and the Nominating Committee of the Board will include the Investor Directors.

Issue Price: 100% of the aggregate principal amount of the Bonds.

Maturity Date: On the fifth anniversary from the Issue Date (the "Maturity Date").

Conversion Period: Subject to and in compliance with the Terms and Conditions, the Investor may exercise the right to convert any Bond into Conversion Shares at any time on and after the Issue Date up to the close of business on the date that is five (5) business days before the Maturity Date or if the Investor has given notice to the Company requiring it to redeem such Bond before the Maturity Date pursuant to the Terms and Conditions, then up to the close of business on a date no later than seven (7) business days prior to the date fixed for redemption thereof (the "Conversion Period").

Form and Denomination: The Bonds will be issued in registered form in the denomination of US$100,000 or integral multiples thereof, without coupons attached.

Status of the Bonds: The Bonds will constitute direct, unsubordinated, unsecured and unconditional obligations of the Company. The Bonds shall at all times rank pari passu and without any preference or priority among themselves.

The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable laws and subject to the condition relating to Negative Pledge below, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.

Status of the Conversion Shares: The Conversion Shares to be issued by the Company will in all respects rank pari passu with the Shares in issue on the relevant date of issue. Save as set out in the Terms and Conditions, a holder the Conversion shares will not be entitled to any rights the record date for which precedes the relevant issue date.

Subsequent Equity Issuance: The Company shall not, without the prior written approval of the Investor (such approval not to be unreasonably withheld or delayed) issue any
and Pre-emption Right

Shares, securities convertible or exchangeable into Shares or other equity securities of any type or class (the "Additional Shares") unless:

(i) in the case of issuance of Additional Shares from time to time where the aggregate gross proceeds from such issuances do not exceed US$70 million (the "Subsequent Issuances"), the Company offers to the holders of the Bonds (the "Bondholders") the right to acquire, and the Investor shall have the option to acquire all or any portion of, such Additional Shares on terms no less favourable than the terms offered to such proposed recipient. The Company will consult the Investor on the pricing and valuation of such Subsequent Issuances; and

(ii) in the case of an issuance other than the Subsequent Issuances, the Company has offered to each of the Bondholders the right to acquire its pro rata share (assuming all the Bonds have been converted into Shares) of such Additional Shares on terms no less favourable than the terms offered to such proposed recipient.

Conversion Price Adjustments: The Conversion Price shall be subject to adjustments in relation to, inter alia, Share consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares, options or other securities, issues at less than the Conversion Price then in effect, issues at less than current market price of the Shares, modification of rights of conversion, other offers to the Shareholders and performance targets (as described above).

The Conversion Price shall not be adjusted as a result of any issue of Shares by the Company pursuant to the ESOS or any further employee share option scheme (such further share option scheme to be subject to the approval of majority Bondholders in accordance with the Terms and Conditions).

Redemption at the Option of the Bondholders: If the Adjusted PATMI for any FY is less than the Adjusted PATMI for the immediately preceding FY during the term of the Bonds, Bondholders will have the right to require the Company to redeem their Bonds at a redemption price equal to (i) 100% of the outstanding principal amount of the Bond, plus (ii) accrued and unpaid interest on the outstanding principal amount, plus (iii) a premium that would generate for such Bondholder a total internal rate of return of 8.0% (the "Redemption YTM") assuming that the Bondholder acquired such Bond at its initial principal amount on the Issue Date and taking into account all interest, cash dividends and/or distributions paid by the Company and received by the Bondholder in respect of such Bond (and would have been paid by the Company and received by the Bondholder had the Bondholder acquired such Bond at its initial principal amount on the Issue Date).

In addition, following the occurrence of a Relevant Event (as defined below), Bondholders will have the right to require the Company to redeem their Bonds at a redemption price equal to (i) 100% of their principal amount, plus (ii) unpaid interest accrued to but excluding the redemption date, plus (iii) a premium that would generate for the holder of each Bond the Redemption YTM.
A "Relevant Event" occurs when:-

(i) the Shares cease to be listed or admitted to trading on the SGX-ST or any alternative stock exchange (as relevant);

(ii) there is a Change of Control (as defined below) of the Company (save where such control is attributed to the Investor, Bondholders or any of them and their respective affiliates), including but not limited to beneficial ownership of or right to exercising voting power in respect of more than 30% of the issued Shares; or

(iii) the Company consolidates with, merges or amalgamates into or transfers its assets substantially as an entirety to any corporation or conveys or transfers its properties and assets substantially as an entirety to any person.

"Control" of a person means (i) beneficial ownership of, or the right to exercise voting power in respect of, more than 30% of the issued share capital of such person or (ii) possession of the right, or sufficient voting power, to appoint, elect and/or remove all or a majority of the members of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

"Change of Control" occurs when:-

(i) any person or persons (other than the Bondholders or any of them and their respective affiliates) acting together acquires Control of the Company if such person or persons does not or do not have, and would not be deemed to have, Control of the Company on the Issue Date;

(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control of the Company or the successor entity; or

(iii) paragraph (i) above and other than the Bondholders or any of them and their respective affiliates) acquires the legal or beneficial ownership of all or substantially all of the Company's issued share capital.

Redemption at Maturity : Unless previously redeemed or converted and cancelled, the Company will redeem each Bond at the Maturity Date at a redemption price equal to (i) 100% of the outstanding principal amount, plus (ii) accrued and unpaid interest on the outstanding principal amount of the Bond, plus (iii) a premium that would generate for the Bondholder the Redemption YTM. The Company may not redeem the Bonds at its option prior to that date.

Transfer : Any Bondholder may transfer all or any of the Bonds to any person.

Restrictive Covenants : During the period between the signing of the Purchase Agreement and closing of the subscription for and issue of the Bonds, the Company will
not, without the prior written consent of the Investor, cause or permit any member of the Group to, \textit{inter alia}:-

(a) amend any provisions of its constitutional documents;

(b) carry on any business other than its existing business or make any change in the nature or scope of its business;

(c) merge, amalgamate or consolidate any member of the Group with any other entity;

(d) issue, redeem, repurchase any securities other than the issuance of the Bonds and of the issuance of Shares pursuant to the ESOS, or undertake any recapitalisation or similar transaction;

(e) consolidate, sub-divide, convert, reclassify or redesignate any of its share capital;

(f) change its auditors or accounting policies;

(g) change its jurisdiction of incorporation;

(h) pass any resolution which would result in its winding up, liquidation or entering into administration or receivership; or

(i) declare or make any dividend or other distribution, save that the Company may declare a dividend of up to RMB8 million for FY2016.

Other Covenants : So long as there are Bonds outstanding that are convertible into at least 5% of the Shares in issue on a fully diluted basis, the Company shall not, and shall procure that none of its subsidiaries will, without the prior consent of the majority Bondholders, \textit{inter alia}:-

(a) make any alteration or amendment to the Company's memorandum of association or bye-laws;

(b) change its business scope or expand into non-core business areas;

(c) voluntarily delist the Company from the SGX-ST or list the securities of the Company on any other stock exchange;

(d) issue, offer, or sell, contract to sell, pledge or otherwise dispose of any bond instruments, any ordinary shares or securities convertible or exchangeable into Shares, warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the ordinary shares, save for the Conversion Shares or any Shares or securities issued pursuant to the Subsequent Issuance, or enter into any off-balance-sheet financing and guarantees, save in connection with the ordinary course of business of the Group;

(e) adopt or approve any annual budget or business plan, capital expenditure plan, or any material modification thereof, extension of credit facility or amendments thereof, resulting in a material
positive or negative change to the financial position of the Company of more than 10%;

(f) change the size or composition of its board of directors;

(g) change its audit firm or change its accounting policies;

(h) implement and/or change its dividend policy;

(i) adopt any other employee share option plan;

(j) change the compensation of a Key Man, or appoint or remove or settle the terms of appointment of a Key Man;

(k) provide any loan or guarantee or pledge any of its present or future assets;

(l) enter into any agreement that restricts the payment of any dividend or other distribution;

(m) acquire or dispose of any material assets or businesses except as contemplated in the current business plan of the Company;

(n) to the extent not covered above, take any voluntary corporate action with respect to which the Listing Manual would require the Company to obtain Shareholders’ approval.

Negative Pledge : So long as any of the Bonds remains outstanding or any amount is due under or in respect of any Bond, the Company will not, and will procure that none of its subsidiaries will (directly or indirectly), without prior written consent of a majority Bondholders, incur, create, assume or permit to subsist or arise any lien upon or in respect of the whole or any part of its or their respective present or future assets or revenues, unless the Bonds are forthwith secured by the same lien therewith or by such other security as the majority Bondholders would approve.

The abovementioned restriction shall not apply to any security or lien necessary to secure any non-recourse indebtedness incurred by a subsidiary of the Company solely for projects or business undertaken by the Group.

Events of Default : Upon the occurrence of any event of default specified in the Terms and Conditions, each Bondholder will be entitled to exercise its right to redeem the Bonds, at a price that may generate for the Bondholder a total internal rate of return of 20%, assuming that the Bondholder acquired such Bond at its initial principal amount on the Issue Date and taking into account all interest, cash dividends and/or distributions paid by the Company and received by the Bondholder (and would have been paid by the Company and received by the holder had the Bondholder acquired such Bond at its initial principal amount on the Issue Date) in respect of such Bond.
### 2.2 Conditions Precedent

The Proposed Convertible Bonds Issue is subject to, *inter alia*, the following conditions (the "Conditions Precedent"):

- **(a)** the approval of Shareholders at a special general meeting of the Company ("SGM") being obtained in respect of, *inter alia*, (i) the issuance of the Bonds; (ii) the issuance of the Conversion Shares upon conversion of the Bonds; and (iii) the transfer of controlling interest in the Company to the Investor (in the event all the Bonds are converted into Conversion Shares), and such approval remaining in full force and effect;

- **(b)** the approval in-principle of the SGX-ST for the listing of and quotation for the Conversion Shares on the SGX-ST upon conversion of any of the Bonds having been obtained and not having been revoked or amended;

- **(c)** each of the Key Men having executed the Undertakings (as defined below) in favour of the Investor, and there shall not have been any breach of the terms thereunder;

- **(d)** there shall be no governmental authority or other person that has instituted or threatened any legal, arbitral or administrative proceedings or inquiry against any member of the Group to restrain or otherwise challenge the Proposed Convertible Bonds Issue, or proposed or enacted any statute or regulation which would prohibit or delay implementation of the Proposed Convertible Bonds Issue or operation of any member of the Group;

- **(e)** there shall have been since the date of the Purchase Agreement, in the reasonable opinion of the Investor, no event, circumstance or change that would reasonably be expected to have a material adverse effect on the condition (financial or otherwise) of the Group taken as a whole;

- **(f)** the Shares shall remain listed on the SGX-ST and the public trading in the Shares on the SGX-ST shall not have been suspended;

- **(g)** the Proposed Convertible Bonds Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Purchase Agreement; and

- **(h)** no member of the Group shall have taken any of the following actions since the date of the Purchase Agreement: (i) make any investment or commitment except in the ordinary course of its business, (ii) borrow any sum including any renewal of existing credit facilities except in the ordinary course of its business, (iii) sell, dispose of or transfer any of its assets, business or shares except in the ordinary course of its business or (iv) create any encumbrance over the whole or any part of its undertaking, property or assets.

In the event any of the Conditions Precedent is not satisfied or waived on or before 30 June 2017 (or such other date as the Company and the Investor may agree in writing), the parties may terminate the Purchase Agreement.

Further details on the terms of the Purchase Agreement and the Terms and Conditions will be set out in the circular to be issued by the Company and to be despatched to Shareholders in due course, for the purpose of obtaining the approval of Shareholders in respect of the Proposed Convertible Bonds Issue at the SGM to be convened.
3. RATIONALE AND USE OF PROCEEDS

3.1 Since December 2015, the Group has secured various projects relating to energy saving and environmental protection in the People's Republic of China. Such projects include the centralised steam and electricity facilities and concessions in the Gaoyang Circular Economy Industrial Park located in Hebei Province, the Lianshui Economic Development Zone located in Jiangsu Province, and the Anhui Quanjiao Economic Development Zone located in Anhui Province. The Group intends to further invest in the green energy sector and such energy and environmental projects.

3.2 The Company intends to apply all the net proceeds from the Proposed Convertible Bonds Issue towards the expansion and further investment into green investments related business, including by way of Build-Operate-Transfer (BOT), Build-Owned-Operate (BOO) and/or Transfer-Operate-Transfer (TOT) models of centralised steam and electricity projects and other environmental protection related projects that generate return on investment and annual recurring income satisfactory to the Company.

3.3 The Company will announce the use of net proceeds as and when such funds are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of net proceeds, the Company will announce the reasons for such deviation.

4. INFORMATION ON THE INVESTOR

4.1 The Investor is an investment holding company incorporated in the British Virgin Islands and ultimately owned by CDH Fund V, an exempted limited partnership organised under the laws of the Cayman Islands. CDH V Management Company Limited ("CDH V Manager"), a limited liability company incorporated under the laws of the Cayman Islands, is the manager of CDH Fund V. CDH V Manager is a wholly owned subsidiary of CDH China Management Company Limited ("CDH"). Founded in 1995, CDH is one of the leading private equity companies that focuses on growth capital and middle market buyout investments in Greater China. CDH seeks to create value in its private equity investments by working as a partner with management and bringing its resources, operational expertise and in-depth knowledge of the China market to its portfolio companies.

4.2 As at the date of this announcement, the Investor does not hold any Shares. The Investor has not had any previous dealings with the Company, any of its directors or substantial Shareholders. The Investor does not fall within any of the categories as set out in Rule 812 of the Listing Manual.

5. IRREVOCABLE UNDERTAKINGS

5.1 Each of the Key Men has irrevocably undertaken to vote in favour of the resolutions at the SGM to be convened in connection with the Proposed Convertible Bonds Issue, in respect of Shares held by them which in aggregate representing approximately 33.31% of the issued Shares as at the date of this announcement.

5.2 Each of the Key Men has also given an irrevocable undertaking to the Investor (the "Undertakings") to, inter alia:-

(a) in their capacity as Shareholders, to vote in favour of the appointment of the Investor Directors to the Board of Directors at any general meeting of the Company, in respect of Shares held by them which in aggregate representing approximately 33.31% of the issued Shares as at the date of this announcement;
(b) in their capacity as directors, to vote in favour of the appointment of the Investor Directors to the Board of Directors

(c) in respect of Mr Guo Hong Xin, in his capacity as a member of the nominating committee of the Company, to vote in favour of the appointment of the Investor Directors to the nominating committee;

(d) in respect of Mr Guo Hong Xin and Mr Ma Ming, to remain as the executive chairman or executive director of the Company, respectively; and

(e) not to dispose of more than 25% of the aggregate interest of the Key Men (held directly or indirectly) in the Shares as at the date of the Purchase Agreement, until all the Bonds have been converted, redeemed or sold.

6. PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST

6.1 Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval by Shareholders in a general meeting. Under the Listing Manual, a controlling shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury Shares) in the Company, or (b) in fact exercises control over the Company.

6.2 As at the date of this announcement, the Investor does not hold any Shares. Assuming completion of the Proposed Convertible Bonds Issue, and in the event that the Investor converts all the Bonds at the initial Conversion Price of S$0.50 each, the Investor will be issued 313,368,000 Conversion Shares, which will represent approximately 28.23% of the total issued Shares of the Company on a fully-diluted basis (assuming that all outstanding options under the ESOS as at the date of this announcement are exercised in full and excluding treasury Shares). As a result, in the event of full conversion of the Convertible Bonds by the Investor, it will hold more than 15% of the enlarged Share capital, therefore causing a transfer of controlling interest in the Company. Accordingly, the Company will seek the approval of Shareholders for the potential transfer of controlling interest at the SGM to be convened.

7. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company has an authorised share capital of US$8,000,000 divided into 800,000,000 Shares of US$0.01 each. For purposes of the Proposed Convertible Bonds Issue and, in particular, to facilitate the issue of Conversion Shares, the Company intends to increase its authorised share capital to US$14,000,000 divided into 1,400,000,000 Shares of US$0.01 each. Accordingly, the Company will seek the approval of Shareholders for the increase in authorised share capital at the SGM to be convened.

8. SPECIAL GENERAL MEETING

The Company will be seeking the approval of the Shareholders for the Proposed Convertible Bonds Issue at the SGM to be convened. A circular to Shareholders containing, inter alia, containing further details of the Proposed Convertible Bonds Issue, the financial effects of the above transaction and the notice of SGM will be despatched to Shareholders in due course.
9. ADDITIONAL LISTING APPLICATION

The Company will make an application to the SGX-ST in due course for the listing and quotation of the Conversion Shares to be issued upon conversion of the Bonds from time to time within the Conversion Period. The Company will make the necessary announcements as and when appropriate.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the directors or substantial Shareholders has any interest (other than their respective shareholding in the Company), direct or indirect, in the Proposed Convertible Bonds Issue.

11. DIRECTORS’ RESPONSIBILITY STATEMENT

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

12. DOCUMENTS FOR INSPECTION

A copy of the Purchase Agreement (including the Terms and Conditions which are appended to the Purchase Agreement) will be available for inspection at the office of the Company’s Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., located at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 during normal business hours for a period of three (3) months from the date of this announcement.

13. CAUTION IN TRADING

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

BY ORDER OF THE BOARD

GUO HONG XIN
Executive Chairman
14 December 2016