

# Pure Wafer plc

*(incorporated and registered in England and Wales under number 5289130)*

**This circular is important and requires your immediate attention.** If you have sold or otherwise transferred all of your existing ordinary shares in Pure Wafer plc, please forward this document, together with the accompanying forms of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Copies of this document are available, free of charge, at the registered office of Pure Wafer plc, at Central Business Park, Swansea Vale, Swansea SA7 0AB until 28<sup>th</sup> July 2010.

8 July 2010

Dear Shareholder

## **Proposed changes to Placee Warrant terms Notice of General Meeting to be held on 28<sup>th</sup> July 2010**

I am writing to you as an independent director of Pure Wafer plc ("the Company") to inform you of certain corrections and amendments which have been made to the Placee Warrants which were defined and described in the Circular to shareholders of the Company dated 21<sup>st</sup> August 2009 ("the 2009 Circular").

As set out in the 2009 Circular, the Placee Warrants enable certain members of the Company's senior management team (defined in the 2009 Circular as "the Placees") to subscribe at par for additional ordinary shares of 2p each in the capital of the Company such that, following exercise in full, the Placees hold in aggregate 25% of the Company's issued ordinary share capital.

The following corrections and amendments have been made to the terms and conditions of the Placee Warrants which were described in the 2009 Circular:

- The 2009 Circular stated that the Placee Warrant held by any Placee would lapse if he ceased to be an employee of the Company or any of its subsidiaries ("the Group") prior to exercise. This did not reflect the terms agreed by the Placees with the independent directors, since the Placee Warrants were negotiated as an intrinsic part of the terms upon which the Placees were prepared to subscribe, in aggregate, £250,000 under the Placing described in the 2009 Circular, which investment had to be committed unconditionally and was a pre-condition imposed by the Company's lenders for both the Placing and debt restructuring. The Placing was, in turn, a necessary condition to the debt rescheduling described in the 2009 Circular. The Placee Warrants were therefore agreed in connection with the investment by the Placees as investors and not in connection with their positions as employees of the Group. These lapsing provisions therefore do not appear in the Placee Warrants.
- The Placee Warrants provide, as described in the 2009 Circular, that they may not be exercised prior to the second anniversary of Admission (which took place on 15<sup>th</sup> September 2009). In order to further enhance the cash flow position of the Company and to enable additional capital to be made available for the Company to advance its development plans, the board has agreed to remove this restriction such that the Placee Warrants may be exercised at any time from the date of the general meeting convened by this circular until the seventh anniversary of Admission (being the final lapse date as set out in the 2009 Circular).

- The Placee Warrants as described in the 2009 Circular did not expressly permit exercise in part by any Placee of his or her Placee Warrant. In order to clarify this position, the board has agreed to amend the Placee Warrants such that each Placee Warrant may be exercised in whole or in part. This will enable the Placees to fund a partial exercise earlier than might otherwise be the case if full exercise were required.

You will find set out overleaf a notice convening a general meeting of the Company's shareholders at the Company's offices at Central Business Park, Swansea Vale, Swansea SA7 0AB at 11:00 am on 28<sup>th</sup> July 2010.

The resolutions to be proposed at the general meeting are:

1. An ordinary resolution to authorise the directors to issue and allot ordinary shares in the capital of the Company to satisfy valid exercises of the Placee Warrants as described in the 2009 Circular but subject to the corrections and amendments described above; and
2. A special resolution to disapply statutory pre-emption rights in respect of any such issue and allotment.

It is worth noting that similar resolutions have already been passed in respect of the Placee Warrants as described in the 2009 Circular, but the above resolutions are required in order to ensure that the above noted corrections and amendments are taken into account in granting the relevant authority and disapplication.

You will find attached to this document a form of proxy for use in connection with the general meeting. The form of proxy should be completed and returned in accordance with the instructions thereon so as to be received by the Company at Central Business Park, Swansea Vale, Swansea SA7 0AB as soon as possible and in any event not later than 48 hours before the time of the general meeting. Completion and return of the form of proxy will not prevent a Shareholder from attending and voting at the meeting should he/she so wish.

#### **Trading Update**

Trading has been broadly in line with management expectations with the business achieving the anticipated volume due to the continued recovery of the industry. However revenues overall are down due to selling price pressure beyond that forecast. The shortfall in revenue has been, in the main, offset by cost reduction activities and management continue to be very vigilant in this area and continue to manage costs effectively.

Capital repayments on our bank loans commenced on 1<sup>st</sup> July 2010, and have been met. The launch of our solar activities is progressing well and the board look forward to this being a successful addition to our product offerings

Yours faithfully

**Eurfyl ap Gwilym**  
**Independent Director**

## NOTICE OF GENERAL MEETING

### PURE WAFER PLC

*Registered in England and Wales with number 5289130*

NOTICE is hereby given that a General Meeting of Pure Wafer plc will be held at Central Business Park, Swansea Vale, Swansea SA7 0AB at 11:00 a.m. on 28th July 2010 to consider and, if thought fit, pass the following Resolutions, of which Resolution 1 will be proposed as an Ordinary Resolution and Resolution 2 will be proposed as a Special Resolution.

#### ORDINARY RESOLUTION

1. THAT the Directors be generally and unconditionally authorised to allot equity securities (as defined by section 560 of the Companies Act 2006 ("the Act")) in order to satisfy valid exercises of the Placee Warrants (as described in the circular to shareholder dated 21<sup>st</sup> August 2009 but subject to the corrections and amendments described in the circular accompanying this Notice of General Meeting) but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date of the next annual general meeting of the Company save that the Company may, after such date, issue equity securities to satisfy such valid exercises of the Placee Warrants which are made prior to such date. The authority conferred by this resolution is in addition to all unexercised authorities previously granted to the Directors to allot equity securities.
2. THAT, subject to the passing of the resolution 1 and in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 1, as if section 561(1) of the Act did not apply to any such allotment.

#### NOTES:

##### Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please provide details in writing of who will act as proxy in respect of which of your shares together with the proxy form.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

#### **Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to the Company Secretary at Central Business Park, Swansea Vale, Swansea SA7 0AB; and
- received by the Company no later than 11:00 am on 26<sup>th</sup> July 2010.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

#### **Appointment of proxy by joint members**

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### **Changing proxy instructions**

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Termination of proxy appointments**

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Central Business Park, Swansea Vale, Swansea SA7 0AB. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company no later than 11:00am on 26<sup>th</sup> July 2010.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.