

SALE OF SHARES BY MR LUONG ANDY

The Company had on 15 September 2008 received notifications from Mr Luong Andy (“Andy”), the chief executive officer of the Company and a controlling shareholder of the Company, that he had disposed 512,000 shares in the capital of the Company (the “Shares”) by way of an open-market sale for the price of S\$0.20 for each share (the “Disposal”).

The Disposal by Andy of such number of Shares in the open-market was to fulfill the conditions imposed by the Securities Industry Council (“SIC”) for the grant of a waiver to Andy and his concert parties from making a general offer for the Company as a result of his acquisition of Shares of the Company.

Andy acquired an aggregate of 4,442,000 Shares of which 600,000 Shares were acquired on 29 November 2007 and the balance 3,842,000 Shares were acquired on 3 April 2008. Prior thereto, Andy and his concert party held, in aggregate, 136,204,156 Shares, representing approximately 34.61% of the voting Shares of the Company at that time. The 4,442,000 Shares acquired by Andy within a six month period represented 1.13% of the voting Shares of the Company.

According to Rule 14 of the Singapore Code on Take-overs and Mergers (the “Code”), any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months, additional shares carrying more than 1% of the voting rights, he shall immediately make a general offer for all the issued shares other than those owned by him or his concert parties.

Andy had sought a waiver from the SIC from complying with Rule 14 of the Code as the acquisition of Shares on 3 April 2008 was an oversight as he had forgotten that he had purchased 600,000 Shares in November 2007. In addition, his acquisition of Shares in April 2008 was not made to increase his control over the Company as he is already the single largest shareholder of the Company.

The SIC had granted a waiver to Andy based on the following conditions:-

- (a) Mr Luong disposing of, within 1 week of the date of the SIC’s letter dated 11 September 2008, such number of Shares that resulted in him and his concert parties increasing their aggregate voting rights in the Company by more than 1% in the 6 months to 3 April 2008;
- (b) Mr Luong putting in place clear and effective procedures to ensure that he or his concert parties will not vote, appoint a proxy to vote, or otherwise cause others to vote the Shares that he is required to dispose of as required at para (a) above pending such disposal; and
- (c) Mr Luong and his concert parties not acquiring any Shares pending the disposal as required under para (a) above.