CIRCULAR DATED 13 OCTOBER 2016

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

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

If you have sold or transferred all your ordinary shares in the capital of Blumont Group Ltd. (博诺有限公司), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately hand this Circular together with the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

BLUMONT

博诺有限公司

BLUMONT GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199302554G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(A) THE PROPOSED ALLOTMENT AND ISSUE OF NEW ORDINARY SHARES IN THE COMPANY TO WINTERCREST ADVISORS LLC SUCH THAT WINTERCREST ADVISORS LLC WILL OWN APPROXIMATELY 83.6 PERCENT OF THE ENLARGED SHARE CAPITAL OF THE COMPANY AFTER THE PROPOSED SHARE ISSUE AS PART OF THE FULL AND FINAL SETTLEMENT OF THE OUTSTANDING AMOUNT (AS DEFINED HEREIN) OWING AND PAYABLE BY THE COMPANY TO WINTERCREST ADVISORS LLC UNDER THE FACILITY AGREEMENT DATED 24 DECEMBER 2013, AND THE PRICE OF SUCH PROPOSED SHARE ISSUE BEING ISSUED AT MORE THAN 10% DISCOUNT PER NEW ORDINARY SHARE.

(B) THE PROPOSED TRANSFER OF A CONTROLLING INTEREST TO WINTERCREST ADVISORS LLC ARISING FROM THE PROPOSED SHARE ISSUE.

(C) THE PROPOSED DISPOSALS OF THE COMPANY'S SHARES IN/INTERESTS IN: (I) COKAL LIMITED; (II) AZARGA URANIUM CORP; (III) GENESIS RESOURCES LIMITED; (IV) KIDMAN RESOURCES LIMITED; (V) MERLIN DIAMONDS LIMITED; (VI) ELYSIUM RESOURCES LIMITED; AND (VII) CELSIUS COAL LIMITED AS PART OF THE SETTLEMENT AGREEMENT.

(D) THE WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL SHARES NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP.

(E) GENERAL MANDATE (SHARE ISSUE).

Independent Financial Adviser in relation to the Whitewash Resolution

ASIAN CORPORATE ADVISORS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number 200310232R)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	20 November 2016, 10.00 a.m.
Date and time of Extraordinary General Meeting	:	22 November 2016, 10.00 a.m.
Place of Extraordinary General Meeting	:	Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887

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CONTENTS

DEFINITIONS 2

LETTER TO SHAREHOLDERS 8

1 INTRODUCTION 8

2 PURPOSE OF THE CIRCULAR 10

3 INFORMATION ON WINTERCREST 13

4 SALIENT TERMS OF THE SETTLEMENT AGREEMENT 13

5 PROPOSED SHARE ISSUE 16

6 PROPOSED DISPOSALS 17

7 RATIONALE FOR THE DEBT RESTRUCTURING AND THE USE OF PROCEEDS . . 20

8 PROPOSED TRANSFER OF CONTROLLING INTEREST 21

9 FINANCIAL EFFECTS OF THE PROPOSED ISSUE AND THE DEBT RESTRUCTURING . 21

10 THE WHITEWASH RESOLUTION 22

11 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS 29

12 MINIMUM TRADING PRICE REQUIREMENT 29

13 GENERAL MANDATE (TO ISSUE NEW SHARES) 30

14 MATERIAL LITIGATION 30

15 EXTRAORDINARY GENERAL MEETING 30

16 ACTION TO BE TAKEN BY SHAREHOLDERS 30

17 DIRECTORS' RECOMMENDATION 31

18 NOTE TO SHAREHOLDERS 31

19 ABSTENTION FROM VOTING 31

20 DIRECTORS' RESPONSIBILITY STATEMENT 32

21 CONSENT 32

22 ADDITIONAL INFORMATION 32

23 DOCUMENTS AVAILABLE FOR INSPECTION 32

APPENDIX 1 33

NOTICE OF EXTRAORDINARY GENERAL MEETING 86

PROXY FORM

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"ASX"	:	Australian Securities Exchange.
"AUD"	:	Australian Dollars.
"Azarga Repayment Amount"	:	Approximately USD3,644,703 (being approximately SGD5,151,788 based on an exchange rate of CAD1: SGD1.02 and USD1: SGD1.41, agreed as at the date of the Settlement Agreement).
"Azarga Shares" or **"Powerlite Shares"**	:	18,053,810 shares owned by Powerlite Ventures Limited, a wholly-owned subsidiary of the Company in Azarga Uranium Corp.
"Board" or **"Directors"**	:	The board of directors of the Company as at the date of this Circular as at the Latest Practicable Date.
"CAD"	:	Canadian Dollars.
"CDP"	:	The Central Depository (Pte) Limited.
"Celsius Repayment Amount"	:	Approximately USD295,432 (being approximately SGD417,593 based on an exchange rate of AUD1: SGD1.03 and USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Celsius Shares"	:	202,213 shares owned by the Company in Celsius Coal Limited (number of shares owned by the Company in Celsius Coal Limited pre share consolidation by Celsius Coal Limited was 404,424,253 shares as at 31 December 2015 as stated in the Settlement Agreement).
"Circular"	:	This Circular to Shareholders dated 13 October 2016.
"Cokal Loan"	:	A debt of USD3,742,534 as at 31 December 2015 owing by Cokal Limited to the Company.
"Cokal Loan Repayment Amount"	:	Approximately USD3,742,534 (being approximately SGD5,290,072 based on an exchange rate of USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Cokal Repayment Amount"	:	Approximately USD3,729,091 (being approximately SGD5,271,071 based on an exchange rate of AUD1: SGD1.03 and USD1: SGD1.41, as at the date of the Settlement Agreement).
"Cokal Shares"	:	60,057,034 shares owned by the Company in Cokal Limited.

"Collateral Shares"	:	The Cokal Shares, the Azarga Shares, the Genesis Shares, the Kidman Shares, the Elysium Shares, the Merlin Shares and the Celsius Shares provided to or agreed to be provided to Wintercrest as security under the Facility Agreement.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended from time to time.
"Company"	:	Blumont Group Ltd. (博诺有限公司), (Company Registration No.: 199302554G), incorporated in the Republic of Singapore, with the registered address at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730.
"Completion Date"	:	The date of Completion.
"Completion"	:	The completion of the Proposed Share Issue and the Proposed Disposals in accordance with the Settlement Agreement.
"Concert Party Group"	:	Wintercrest and its concert parties.
"Constitution"	:	The Constitution of the Company as amended, supplemented or modified from time to time.
"Controlling Shareholder"	:	Has the meaning ascribed to it under the Mainboard Rules.
"Conversion Shares"	:	New Shares of the Company to be issued under the Proposed Share Issue pursuant to the Settlement Agreement.
"Debt Conversion Amount"	:	Approximately USD14,313,647 (being approximately SGD20,232,340 based on an exchange rate of USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Depositor", **"Depository Agent"** and **"Depository Register"**	:	The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.
"EGM"	:	The extraordinary general meeting of the Company, notice of which is set out in this Circular.
"Elysium Repayment Amount"	:	Approximately USD146,100 (being approximately SGD206,512 based on an exchange rate of AUD1: SGD1.03 and USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Elysium Shares"	:	4,000,000 shares owned by the Company in Elysium Resources Limited (number of shares owned by the Company in Elysium Resources Limited, pre share consolidation by Elysium Resources Limited, was 100,000,000 shares as at 31 December 2015 as stated in the Settlement Agreement).

"Enlarged Share Capital"	:	The enlarged share capital of the Company after the Completion of the Proposed Share Issue.
"Existing Share Capital"	:	The share capital of the Company prior to the issuance of the Conversion Shares.
"Facility Agreement"	:	The facility agreement dated 24 December 2013 entered into between the Company and Wintercrest, as amended by a supplemental agreement dated 29 May 2014 and 13 March 2015.
"FY"	:	Financial year ended or ending 31 December, as the case may be.
"FY2015"	:	Financial year ended 31 December 2015.
"Genesis Repayment Amount"	:	Approximately USD2,169,753 (being approximately SGD3,066,946 based on an exchange rate of AUD1: SGD1.03 and USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Genesis Shares"	:	33,002,561 shares owned by the Company in Genesis Resources Limited.
"Group"	:	The Company and its subsidiaries (as defined in section 5 of the Companies Act).
"IFA"	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser appointed to advise the Independent Directors in relation to the Whitewash Resolution.
"Independent Directors"	:	The Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in relation to the Whitewash Resolution, being all the Directors.
"Independent Shareholders"	:	The Shareholders who are deemed to be independent for the purpose of the Whitewash Resolution, being the Shareholders other than the Concert Party Group.
"Issue Price"	:	The issue price per Consideration Share of SGD0.00088.
"Kidman Repayment Amount"	:	Approximately USD709,900 (being approximately SGD1,003,444 based on an exchange rate of AUD1: SGD1.03 and USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Kidman Shares"	:	11,300,000 shares owned by the Company in Kidman Resources Limited.

"Latest Practicable Date"	:	29 September 2016, being the latest practicable date prior to the printing of the Circular for ascertaining information included herein.
"LPS"	:	Loss per Share.
"Mainboard Rules"	:	Listing Manual: Rules of the Mainboard of the SGX-ST, as amended, modified or supplemented from time to time.
"Merlin Repayment Amount"	:	Approximately USD623,622 (being approximately SGD881,490 based on an exchange rate of AUD1: SGD1.03 and USD1: SGD1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement).
"Merlin Shares"	:	27,538,461 shares owned by the Company in Merlin Diamonds Limited.
"MTP Requirement"	:	The minimum trading price requirement under the Mainboard Rules (effective 1 March 2016) for the six (6)-months VWAP of an issuer listed on the Mainboard of the SGX-ST to be maintained at a minimum trading price of SGD0.20.
"NTA"	:	Net tangible assets.
"Opinion Letter"	:	The Opinion Letter of the IFA dated 13 October 2016 as set out in Appendix 1 of this Circular.
"Outstanding Amount"	:	The total outstanding amount owing and payable by the Company under the Facility Agreement, which is USD29,374,783.58, based on the Company's calculations, as at 31 December 2015 and agreed with Wintercrest.
"Proposed Debt Restructuring"	:	The proposed transactions under paragraphs 1.3.1 to 1.3.9.
"Proposed Disposals"	:	The proposed transactions under paragraphs 1.3.2 to 1.3.9.
"Proposed General Mandate"	:	The proposed general share issue mandate.
"Proposed Share Issue"	:	The proposed allotment and issue of new Shares to Wintercrest, such that Wintercrest will own approximately 83.6% of the Enlarged Share Capital of the Company thereafter.
"Proposed Transfer of Controlling Interest"	:	The proposed transfer of the controlling interest of the Company pursuant to the Proposed Share Issue.
"Securities Account"	:	The securities account maintained by a Depositor with CDP or equivalent in Australia.

"Settlement Agreement"	:	The conditional settlement agreement dated 7 April 2016 entered into between the Company and Wintercrest for the full and final settlement of the Outstanding Amount.
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore.
"SGD" or **"cents"**	:	Singapore Dollars and cents, respectively.
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited.
"Shareholders"	:	The registered holders of Shares.
"Shares"	:	Ordinary shares in the capital of the Company.
"SIC Conditions"	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out this Circular.
"SIC"	:	Securities Industry Council of Singapore.
"Substantial Shareholder"	:	Has the meaning ascribed to it under the Companies Act.
"USD"	:	United States Dollars.
"VWAP"	:	Volume weighted average price.
"Whitewash Resolution"	:	The resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from the Concert Party Group, pursuant to Rule 14 of the Code as a result of the subscription of the Conversion Shares by Wintercrest, further details of which are set out in this Circular.
"Whitewash Waiver"	:	The waiver granted by the SIC of the obligations of the Concert Party Group to make a mandatory general offer for the Company pursuant to Rule 14 of the Code as a result of the subscription of the Conversion Shares by Wintercrest, subject to the satisfaction of the SIC Conditions, details of which are set out in this Circular.
"Wintercrest"	:	Wintercrest Advisors LLC, a wholly-owned subsidiary of Platinum Partners Value Arbitrage Fund L.P., a multi-strategy hedge fund established and registered in the Cayman Islands.
"%" or **"percent"**	:	Per centum or percentage.

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

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

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Mainboard Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Mainboard Rules or modification as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

BLUMONT
博诺有限公司

BLUMONT GROUP LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199302554G)

Board of Directors:

Ng Kim Huatt (Executive Director)
Calvin Lim Huan Kim (Lead Independent Non-Executive Director)
Tan Gim Kang, Arran (Independent Non-Executive Director)
Aris Muhammad Rizal (Independent Non-Executive Director)
Alan Chin Yu (Non-Independent Non-Executive Director)

Registered Office:

298 Tiong Bahru Road
#11-03 Central Plaza
Singapore 168730

Date: 13 October 2016

To: The Shareholders of Blumont Group Ltd.

1 INTRODUCTION

1.1 On 8 April 2016, the Board announced that the Company entered into the Settlement Agreement with Wintercrest on 7 April 2016 for the full and final settlement of the Outstanding Amount owing and payable by the Company under the Facility Agreement. Both the Company and Wintercrest have come to an agreement and determined that the Outstanding Amount is USD29,374,783.58, based on the Company's calculations, as at 31 December 2015.

1.2 The total amount drawn down was approximately USD21.50 million as at 31 December 2015. Approximately 57% of the total amount drawndown was used by the Company for making investments in the mineral and energy resources segment of the Group, namely, Azarga Uranium Corp. (formerly known as Azarga Resources Limited), Cokal Limited, Celsius Coal Limited and Merlin Diamonds Limited approximately 27% of the total amount drawndown was for working capital and approximately 16% for making investment in non-mineral and energy resources investees. As at 31 December 2015, the total amount owing to Wintercrest was USD31.25 million which comprise principal amount drawndown of USD19.49m (after repayment of USD2.01 million), interest of USD5.75 million, administrative expenses of USD5.60 million and extension fees of USD0.41 million.

1.3 The Company and Wintercrest have agreed to effect a full and final settlement of the Outstanding Amount (ie, USD29,374,783.58) in accordance with the following terms, subject to the specified conditions set out in the Settlement Agreement having been satisfied and/or complied with. The terms of the settlement are as follows:

1.3.1 Of the Outstanding Amount, an amount of approximately USD14,313,647 (ie, defined as the Debt Conversion Amount) shall be converted into such number of new Shares (ie, defined as the Conversion Shares) at the Issue Price (ie, SGD0.00088) per Conversion Share;

1.3.2 Of the Outstanding Amount, an amount of approximately USD3,729,091 (ie, defined as the Cokal Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Cokal Shares. The Cokal Shares are part of the Collateral Shares provided by the Company under the Facility Agreement. The Cokal Shares are quoted and listed on the ASX. As at 31 December 2015, the Cokal Shares have a market value of AUD0.085 per share;

1.3.3 Of the Outstanding Amount, an amount of approximately USD3,742,534 (ie, defined as the Cokal Loan Amount) shall be settled by way of an assignment to Wintercrest of the Cokal Loan on terms acceptable to Wintercrest;

1.3.4 Of the Outstanding Amount, an amount of approximately USD3,644,703 (ie, defined as the Azarga Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Azarga Shares. The Azarga Shares are quoted and listed on the Toronto Stock Exchange. As at 31 December 2015, the Azarga Shares have a market value of CAD0.28 per share. The Azarga Shares are part of the Collateral Shares provided by the Company under the Facility Agreement through a share charge of all shares held by the Company in Powerlite Ventures, which in turn holds the Azarga Shares;

1.3.5 Of the Outstanding Amount, an amount of approximately USD2,169,753 (ie, defined as the Genesis Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Genesis Shares. The Genesis Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Genesis Shares have a value of AUD0.09 per share as at 31 December 2015;

1.3.6 Of the Outstanding Amount, an amount of approximately USD709,900 (ie, defined as the Kidman Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Kidman Shares. The Kidman Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Kidman Shares have a value of AUD0.086 per share as at 31 December 2015;

1.3.7 Of the Outstanding Amount, an amount of approximately USD623,622 (ie, defined as the Merlin Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Merlin Shares. The Merlin Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Merlin Shares have a value of AUD0.031 per share as at 31 December 2015;

1.3.8 Of the Outstanding Amount, an amount of approximately USD146,100 (ie, defined as the Elysium Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Elysium Shares. The Elysium Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Elysium Shares have a value of AUD0.002 per share as at 31 December 2015; and

1.3.9 Of the Outstanding Amount, an amount of approximately USD295,432 (ie, defined as the Celsius Repayment Amount) shall be settled by way of the transfer to Wintercrest or its nominee of the Celsius Shares. The Celsius Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Celsius Shares have a value of AUD0.001 per share as at 31 December 2015.

1.4 Upon settlement as described above, the Company will no longer owe any money to Wintercrest, and the Outstanding Amount will be fully satisfied.

1.5 The Collateral Shares that the Company has provided to Wintercrest and to be disposed of in part settlement of the Outstanding Amount as at 31 December 2015 are set out in the table below for easy reference:

S/No	Name of Collateral Shares	No. of Collateral Shares provided as security as at 31 December 2015	No. of Collateral Shares disposed of in satisfaction of debt as at 31 December 2015	Balance as at 31 December 2015
1.	Cokal Shares	60,057,034	60,057,034	Nil
2.	Azarga Shares	18,053,810	18,053,810	Nil
3.	Genesis Shares	33,002,561	33,002,561	Nil
4.	Kidman Shares	11,300,000	11,300,000	Nil
5.	Merlin Shares	27,538,461	27,538,461	Nil
6.	Elysium Shares	100,000,000	100,000,000	Nil
7.	Celsius Shares	404,424,253	404,424,253	Nil

1.6 Upon disposal of the shares set forth in the table above, the Company will not own any asset considered to be a mineral oil and gas asset. Notwithstanding these shares that the Company owns, the Group does not own any direct interest in tenements and its shareholding of these shares are non-controlling stakes in the various investee companies. The shares also do not directly contribute to the Group's operating revenue and operating expenses. Assuming the Proposed Disposals was completed on 30 June 2016, the Group will hold 15,000,000 shares (or 3,100,000 shares, post share consolidation by Elysium Resources Limited as at the Latest Practicable Date) in Elysium Resources Limited, amounting to only 0.1% of the total asset of the Group, calculated as at 30 June 2016.

1.7 The Company would further like to inform shareholders that upon completion of the Proposed Disposals, the Company will continue to retain its sterilisation business and will continue to hold certain real estate assets in Malaysia. The Directors of the Company are, therefore, not of the view that the Company will become a cash company as defined by Rule 1018(1) of the Mainboard Rules.

2 PURPOSE OF THE CIRCULAR

2.1 The purpose of this Circular is to provide Shareholders with information pertaining to, *inter alia*, the Proposed Share Issue, the Proposed Disposals and the Whitewash Resolution.

2.2 Under Chapter 8 of the Mainboard Rules, any issue of shares not covered under a general mandate must be specifically approved by the Shareholders in a general meeting. No general mandate has been obtained by the Company, and therefore the Proposed Share Issue is subject to the approval of Shareholders. In addition, if an issue of shares will result in more than 10% discount being given, the approval of the Shareholders will also be required.

2.3 Further, pursuant to Rule 803 of the Mainboard Rules, an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in a general meeting. Pursuant to the Proposed Share Issue, the Company proposes to allot and issue

the Conversion Shares, which will result in a transfer of a controlling interest to Wintercrest. The percentage shareholding of Wintercrest, if approval of Shareholders is obtained, will be approximately 83.6%.

2.4 The Proposed Disposals, ie, the transfer to Wintercrest of the Cokal Shares, Azarga Shares, Genesis Shares, Kidman Shares, Merlin Shares, Elysium Shares and the Celsius Shares will constitute a "***Major Transaction***" as defined in Chapter 10 of the Mainboard Rules since the relative figures under Rule 1006 of the Mainboard Rules exceed 20%. Accordingly, the Proposed Disposals will be conditional upon the approval of the Shareholders pursuant to Rule 1014 of the Mainboard Rules.

2.5 Under Rule 14 of the Code, except with the SIC's consent, where any person acquires, whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company, he is required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control. An application was made to the SIC for the Whitewash Waiver, which was subsequently granted on 23 June 2016. The Whitewash Waiver granted is subject to the following conditions being satisfied:

2.5.1 a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Conversion Shares ("**Proposed Shares Issue**") to Wintercrest, a resolution ("**Whitewash Resolution**") by way of a poll to waive their rights to receive a general offer from Wintercrest;

2.5.2 the Whitewash Resolution is separate from other resolutions;

2.5.3 Wintercrest, parties acting in concert with it and parties not independent of it abstain from voting on the Whitewash Resolution;

2.5.4 Wintercrest and its concert parties did not acquire or are not to acquire shares or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular addressed to Shareholders containing details of the Proposed Shares Issue as well as all other transactions contemplated under the Proposed Debt Restructuring):–

(a) during the period between the announcement of the Proposed Shares Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and

(b) in the 6 months prior to the announcement of the Proposed Shares Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to such issue;

2.5.5 the Company appoints an independent financial adviser to advise its independent Shareholders on the Whitewash Resolution;

2.5.6 the Company sets out clearly in the Circular:–

(a) details of the Proposed Shares Issue;

(b) the dilution effect to existing holders of voting rights of the allotment and issue of the Conversion Shares to Wintercrest under the Proposed Shares Issue;

(c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by Wintercrest and its concert parties as at the Latest Practicable Date;

(d) the number and percentage of voting rights to be issued to Wintercrest;

(e) specific and prominent reference to the fact that allotment and issue of the Conversion Shares to Wintercrest under the Proposed Shares Issue would result in Wintercrest holding Shares carrying over 49% of the voting rights of the Company based on its Enlarged Share Capital, and the fact that Wintercrest and its concert parties will as a result be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer;

(f) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer form Wintercrest at the highest price paid by Wintercrest and its concert parties for the Company's shares in the past 6 months preceding the commencement of the offer;

2.5.7 the Circular states that the waiver granted by SIC to Wintercrest and its concert parties from the requirement to make a general offer under Rule 14 is subject to the conditions stated at 2.5.6(a) to (f) above;

2.5.8 Wintercrest obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and

2.5.9 to rely on the Whitewash Resolution, the allotment and issue of the Conversion Shares to Wintercrest must be completed within 3 months of the approval of the Whitewash Resolution.

2.6 These matters, require the approval of the Shareholders, which the Company intends to seek at the forthcoming EGM to be held on 22 November 2016, at 10.00 a.m. at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887. The ordinary resolutions to approve the aforesaid matters are set out in the notice of EGM attached to this Circular.

2.7 **SHAREHOLDERS SHOULD NOTE THAT ORDINARY RESOLUTIONS 1 TO 4 IN RELATION TO THE PROPOSED SHARE ISSUE, THE PROPOSED TRANSFER OF CONTROLLING INTEREST, THE PROPOSED DISPOSALS AND THE WHITEWASH RESOLUTION ARE INTER-CONDITIONAL UPON ONE ANOTHER. IN THE EVENT THAT ANY OF THE ORDINARY RESOLUTIONS 1 TO 4 IS NOT APPROVED BY SHAREHOLDERS, NONE OF THE ORDINARY RESOLUTIONS 1 TO 4 WILL BE PASSED.**

2.8 **Shareholders' attention is also drawn to the fact that if approved by Shareholders, allotment and issue of the Conversion Shares to Wintercrest under the Proposed Shares Issue would result in Wintercrest holding Shares carrying over 49% of the voting rights of the Company based on its Enlarged Share Capital. As a result, Wintercrest and its concert parties will be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer thereafter.**

2.9 **Shareholders are advised that by voting for the Whitewash Resolution, they are waiving their rights to receive a general offer from Wintercrest at the highest price paid by Wintercrest and its concert parties for the Company's shares in the past 6 months preceding the commencement of the offer, which is the date of the Settlement Agreement.**

2.10 The Company is also putting to the Shareholders a resolution to approve a mandate to be given to the Directors of the Company to issue new additional shares in accordance with Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Mainboard Rules (General Mandate). Please see paragraph 13 for more information. **For the avoidance of doubt, Ordinary Resolution 5 in relation to the Proposed General Mandate is neither subject to nor conditional upon the passing of any of Ordinary Resolutions 1 to 4.**

3 INFORMATION ON WINTERCREST

3.1 The information in this section is based on information provided by and/or representations made by Wintercrest. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

3.2 Wintercrest is a wholly-owned subsidiary of Platinum Partners Value Arbitrage Fund L.P., a multistrategy hedge fund established and registered in the Cayman Islands with assets under management in excess of USD700 million. Wintercrest was identified and introduced to the Company by Jett Capital Advisors Holdings, LLC.

3.3 Wintercrest does not, and none of its directors and/or shareholders has any connection (including business dealings) with the Company or any of the Company's Directors and/or Substantial Shareholders, other than in respect of the Proposed Share Issue and the Proposed Disposals. Wintercrest does not fall within any of the prohibited categories set out in Rule 812 of the Mainboard Rules to whom the Company is prohibited from issuing any Shares without specific shareholders' approval.

4 SALIENT TERMS OF THE SETTLEMENT AGREEMENT

4.1 Representations and Warranties of Wintercrest

4.1.1 Under the Settlement Agreement, Wintercrest has made and given the following representations and warranties to the Company:

(a) it is subscribing for the Conversion Shares for itself as a principal and not as a nominee of or on trust for any Director or Substantial Shareholder of the Company and is not acting in concert with any Director or Substantial Shareholder of the Company or any third party;

(b) neither it or any of its directors or any of its shareholders or any person having an interest (whether direct or deemed) in the Conversion Shares is a person who is a Director or Substantial Shareholder of the Company or an immediate family member of any Director or Substantial Shareholder of the Company or any of the persons specified in Rule 812(1) of the Mainboard Rules;

(c) it will not offer the Conversion Shares for resale, save pursuant to an applicable exemption under the SFA (other than Section 272B of the SFA);

(d) it will not deal, assign or transfer its rights and obligations under the Settlement Agreement to any other party prior to the listing of the Conversion Shares on the SGX-ST; and

(e) it will not appoint any representative to the board of the Company and/or as management of the Company.

4.2 **Debt Restructuring**

4.2.1 In accordance with the Settlement Agreement, the Company shall allot and issue to Wintercrest the Conversion Shares, and Wintercrest agrees to subscribe for the Conversion Shares, the payment of which shall be effected by Wintercrest forgiving and releasing the Debt Conversion Amount in partial settlement of the Outstanding Amount. Each Conversion Share when allotted and issued by the Company shall be deemed fully paid up, free from encumbrance, and shall rank pari passu in all respects with, and carry all rights and entitlements similar to issued ordinary shares in the capital of the Company, except that the Conversion Shares will not rank for any dividend, rights, allotments or other distribution the record date for which falls on or before the date of the issue of the Conversion Shares.

4.2.2 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Cokal Shares to Wintercrest or its nominee. Upon receipt of the Cokal Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Cokal Repayment Amount. Upon transfer of the Cokal Shares, the Company will no longer hold any shares in Cokal Limited.

4.2.3 In accordance with the Settlement Agreement, the Company shall sell, transfer and assign to Wintercrest all its rights and benefits in and to the Cokal Loan. Upon the Cokal Loan having been duly and properly assigned in accordance with the laws governing the Cokal Loan, Wintercrest shall release and forgive from the Outstanding Amount, the Cokal Loan Repayment Amount. The Cokal Loan had since the last financial year ended on 31 December 2015 been fully impaired. Since the Cokal Loan amount will be assigned to Wintercrest, the Company will write-back the amount of US$3,742,534 or approximately S$5,290,072 recognised in its books for FY2015, and be reflected as having been paid out to Wintercrest in part settlement upon successful completion of the settlement transaction.

4.2.4 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Azarga Shares to Wintercrest or its nominee. Upon receipt of the Azarga Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Azarga Repayment Amount. Upon transfer of the Azarga Shares, the Company will no longer hold any shares in Azarga Uranium Corp.

4.2.5 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Genesis Shares to Wintercrest or its nominee. Upon receipt of the Genesis Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Genesis Repayment Amount. Upon transfer of the Genesis Shares, the Company will no longer hold any shares in Genesis Resources Limited.

4.2.6 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Kidman Shares to Wintercrest or its nominee. Upon receipt of the Kidman Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Kidman Repayment Amount. Upon transfer of the Kidman Shares, the Company will no longer hold any shares in Kidman Resources Limited.

4.2.7 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Merlin Shares to Wintercrest or its nominee. Upon receipt of the Merlin Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Merlin Repayment Amount. Upon transfer of the Merlin Shares, the Company will no longer hold any shares in Merlin Diamonds Limited.

4.2.8 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Elysium Shares to Wintercrest or its nominee. Upon receipt of the Elysium Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Elysium Repayment Amount. Upon transfer of the Elysium Shares, the Company will hold 15,000,000 (or 3,100,000 shares, post share consolidation by Elysium Resources Limited, as at the Latest Practicable Date) shares as at 30 June 2016, that were issued by Elysium Resources Limited subsequent to 31 December 2015.

4.2.9 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Celsius Shares to Wintercrest or its nominee. Upon receipt of the Celsius Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Celsius Repayment Amount. Upon transfer of the Celsius Shares, the Company will no longer hold any shares in Celsius Coal Limited.

4.2.10 Under the Settlement Agreement, the Facility Agreement shall continue to be in full force and effect until all transactions contemplated under the Debt Restructuring have been approved and completed.

4.3 Upon completion of the transactions contemplated under paragraphs 4.2.1 to 4.2.10, the Outstanding Amount will be fully settled. As the Company and Wintercrest agreed to settle all amounts owing based on agreed amount, being the Outstanding Amount, all other amounts under the Facility Agreement owing will be written off or deemed waived by Wintercrest.

4.4 **Conditions Precedent**

Completion of the Debt Restructuring is conditional, inter alia, upon the following having been obtained, performed or satisfied by the Completion Date:

4.4.1 The approval of the Shareholders at a general meeting for (i) the allotment and issuance of the Conversion Shares to Wintercrest (ii) a Whitewash Resolution, under which the Shareholders vote to waive their right to receive an offer by Wintercrest to acquire all of their Shares, and (iii) all other transactions under the Proposed Debt Restructuring;

4.4.2 The approval in-principle of the SGX-ST for the listing and quotation of the Conversion Shares on the Official List of the mainboard of the SGX-ST having been obtained from the SGX-ST, and the approval not having been revoked or amended, and where the approval is subject to conditions, to the extent that any such conditions are required to be fulfilled on or before Completion Date, they are so fulfilled;

4.4.3 The issue of the Conversion Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Settlement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere;

4.4.4 The Whitewash Waiver granted by the SIC;

4.4.5 A written legal opinion issued by the Company's Australian legal advisers that a mandatory takeover offer bid for all other shares not owned or agreed to be owned (under the Settlement Agreement) by Wintercrest in Cokal Limited will not be required by Australian Securities and Investments Commission; and

4.4.6 All other approval and consent necessary or desirable having been received by the Company and/or Wintercrest under all applicable laws and regulations in respect of the Proposed Debt Restructuring.

4.5 **Share Capital and Issue Price**

4.5.1 As at the date of the Settlement Agreement, the total number of Shares outstanding in the Company is 4,514,224,998. Based on the Issue Price, the Debt Conversion Amount (being USD14,313,647 (or SGD20,232,340) divided by the Issue Price of SGD0.00088) would result in a total of 23,011,537,185 Conversion Shares being issued, and this represents approximately 83.6% of the Enlarged Share Capital of the Company.

4.5.2 The Issue Price (ie, SGD0.00088) for each Conversion Share will represent a discount of approximately 12% to the volume weighted average price of SGD0.001 for trades done on the Shares on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement dated 7 April 2016 was entered into. The Issue Price was arrived at by Wintercrest and the Company on the basis that if the Outstanding Amount were a convertible loan, the discount upon conversion would usually have been based on a formula, on the lower of (i) a certain premium (usually 10% to 25%) to the volume weighted average price of the Company's shares prior to the day of the Facility Agreement or the date of each drawdown and (ii) a discount (usually in the range of between 10% to 25%) to the volume weighted average price of the Company's shares prior to the date of conversion, which in this case, would have been 7 April 2016. In accordance with this basis, Wintercrest and the Company arrived at the Issue Price of SGD0.00088.

5 PROPOSED SHARE ISSUE

5.1 The Proposed Share Issue is pursuant to the Settlement Agreement, the salient terms of which are provided in the paragraphs above.

5.2 Listing and Quotation

5.2.1 An application was made for the approval-in-principle from the SGX-ST for the listing and quotation of the Conversion Shares on the mainboard of the SGX-ST. As announced by the Company on 28 September 2016, the SGX-ST has granted its approval-in-principle for the dealing in, listing of and quotation for the Conversion Shares subject to the Company's compliance with the SGX-ST's listing requirements and Shareholders' approval being obtained for the issuance of the Conversion Shares.

5.2.2 The approval-in-principle issued by SGX-ST for the Proposed Share Issue is not to be taken as an indication of the merits of the Settlement Agreement, the Conversion Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

5.3 Public Float

5.3.1 Assuming that the total number of Conversion Shares should represent approximately 83.6%, of the Enlarged Share Capital, the percentage of Shares being held by the public could be reduced from approximately 90.06% as at the Latest Practicable Date to 15.87% of the Enlarged Share Capital. Rule 723 of the Mainboard Rules which requires at least 10% of the Company shares to be held by the public is, therefore, complied with.

5.3.2 For the purposes of this paragraph, "**public**" means persons other than:

(a) directors, chief executive officer or Substantial Shareholders or Controlling Shareholders of the Company and its subsidiary companies; and

(b) associates of such persons.

6 PROPOSED DISPOSALS

6.1 The Proposed Disposals are pursuant to the Settlement Agreement, and the salient terms of which are provided in this Circular.

6.2 The consideration received from the Proposed Disposals, which is approximately SGD16,017,845 (approximately USD11,332,044) in total, as derived from the aggregate of the Cokal Repayment Amount, Azarga Repayment Amount, Genesis Repayment Amount, Kidman Repayment Amount, Merlin Repayment Amount, Elysium Repayment Amount and Celsius Repayment Amount will be used towards the partial settlement of the Outstanding Amount. No cash will be received by the Company from these disposals.

6.3 The relative figures of the Proposed Disposals computed on the bases set out in Rule 1006(a) to (d) of the Mainboard Rules based on the Group's unaudited consolidated financial statements for FY2015, being the latest announced unaudited consolidated financial statements of the Group are as follows:

Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net liability value.	(124.965)%
Rule 1006(b) The net losses attributable to the assets acquired or disposed of, compared with the Group's net losses.	8.122%

Rule 1006(c) The aggregate value of the consideration given or received (Note (b)), compared with the issuer's market capitalisation (Note (a)) based on the total number of issued shares excluding treasury shares.	354.830%
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as no equity securities will be issued by the Company as consideration for the Proposed Disposals.
1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable, as the Group is not directly involved in the operation of the mineral, oil and gas assets disposed.

Notes:

(a) Based on the Company's market capitalisation of S$4,514,225 computed on the bases that (i) the total number of issued shares of the Company is 4,514,224,998; and (ii) the volume weighted average price of the Company's shares on 6 April 2016, being the market day immediately preceding the date of the Settlement Agreement.

(b) The consideration for the Proposed Disposals is approximately SGD16,017,845 (approximately USD11,332,044), as derived from the aggregate of the Cokal Repayment Amount, Azarga Repayment Amount, Kidman Repayment Amount, Genesis Repayment Amount, Merlin Repayment Amount, Elysium Repayment Amount and Celsius Repayment Amount.

6.4 **The relative figures under Rule 1006(a) and (c) of the Mainboard Rules exceed 20%. Accordingly, the Proposed Disposals constitute a "Major Transaction" as defined in Chapter 10 of the Mainboard Rules. Therefore, the Proposed Disposal will be conditional upon the approval of the Shareholders pursuant to Rule 1014 of the Mainboard Rules.**

6.5 The Company would like to say that the Proposed Disposals comprise listed securities that have already been provided as collateral to Wintercrest to secure the Outstanding Amount. Had the Company not entered into the Settlement Agreement, Wintercrest would have been entitled to exercise its enforcement rights under the various security documents provided by the Company in respect of the Facility Agreement.

6.6 The table below shows (a) the carrying value ascribed to each parcel of Collateral Shares in the Company's books as at 31 December 2015, (b) the market values as at 7 April 2016, being the day prior to which the Settlement Agreement was signed and dated, (c) the respective amounts settled by the disposal of the respective Collateral Shares, (d) the historical investment cost for each parcel of Collateral Shares and (e) the respective profit or loss incurred arising from the disposal:

	(a) **Carrying amounts as at 31 December 2015**		(b) **Market value as at 7 April 2016**	(c) **Outstanding amount settled by the disposal of each asset**	
	SGD	**USD**	**SGD**	**SGD**	**USD**
Cokal Loan	Nil (Fully impaired)		Not applicable. No market value.	5,290,072	3,742,534
Cokal Shares	5,271,265.93(1)	3,729,091.38	2,089,107.95	5,271,071(1)	3,729,091
Azarga Shares	5,151,787.90(1)	3,644,703.16	5,402,620.70	5,151,788(1)	3,644,703
Genesis Shares	3,067,060.00(1)	2,169,753.37	1,181,772.21	3,066,946(1)	2,169,753
Kidman Shares	1,003,480.68(1)	709,899.90	924,882.40	1,003,444(1)	709,900
Merlin Shares	881,522.66(1)	623,622.22	704,364.99	881,490(1)	623,622
Elysium Shares	206,520.00(1)	146,100.00	306,930.00	206,512(1)	146,100
Celsius Shares	417,608.48(1)	295,431.92	413,766.45	417,593(1)	295,432

	(d) **Historical investment cost incurred in each of these assets**	(e) **Respective profit/(loss) arising from disposal with reference to the carrying values as at 31 December 2015**
	SGD	**SGD**
Cokal Loan	5,290,072.33 (Principal loan : 4,805,900 Interest receivable : 484,172.33)	Cokal Loan of SGD5,290,072.33 will be written back as other income was fully impaired as at 31 December 2015
Cokal Shares	11,542,193.39	Nil
Azarga Shares	12,635,270	Nil
Genesis Shares	2,122,064.67	Nil
Kidman Shares	3,066,697.90	Nil
Merlin Shares	2,176,649.97	Nil
Elysium Shares	1,163,400.03	Nil
Celsius Shares	6,585,357.23	Nil

Note:

(1) The difference between (a) and (c) arose from exchange differences.

6.7 As can be seen in the table above, the disposal of the shares does not produce any gain or loss as the Company and Wintercrest fixed the Outstanding Amount and the values of the shares to be disposed of at 31 December 2015.

6.8 In addition to the Proposed Disposal being classified as a "major transaction" under Chapter 10 of the Mainboard Rules, the Company would like Shareholders to take note that the shares proposed to be disposed of in settlement of the Company's debt to Wintercrest are all non-controlling stakes and they do not contribute to the Company's revenue or incur for the Company expenses, and the Company does not own or control any tenements or mining operations through these shares.

6.9 Furthermore, the Company received a letter of waiver to comply with Rule 1207(21) of the Mainboard Rules from the SGX-ST on 5 February 2016 in which the SGX-ST has said it will have no objection to the Company not complying directly with Rule 1207(21) which would have required the Company to include in its annual report:

6.9.1 a qualified person's report, dated no earlier than the end of the issuer's financial year, in accordance with the requirements as set out in paragraph 5 of Practice Note 6.3;

6.9.2 details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities for the year. If there has been no exploration, development and/or production activity respectively, that fact must be stated; and

6.9.3 a summary of reserves and resources as at the end of the issuer's financial year as set out in Appendix 7.5 supported by a qualified person's report.

6.10 Accordingly, the Company has since only disclosed information announced by its investee companies relating to mineral resources and reserves. Therefore, the Company has not commissioned an independent technical report in accordance with Rule 1014(2) of the Mainboard Rules, which requires the Company to include a qualified person's report on the assets to be disposed of. The shares to be disposed of as mentioned above are of a non-controlling stake, are listed and quoted and a market price could be ascertained readily.

6.11 In view of the foregoing, the Company had sought a waiver (the "**Waiver**") from complying with Rule 1014(2) of the Mainboard Rules and the SGX-ST has on 28 September 2016 advised the Company that it has no objection to the Company's application for the Waiver. Shareholders may refer to the Company's announcement dated 28 September 2016 for more details of the Waiver.

7 RATIONALE FOR THE DEBT RESTRUCTURING AND THE USE OF PROCEEDS

7.1 As at the date of the Settlement Agreement, the Company owes Wintercrest a total of USD31,251,555.86. Pursuant to the Settlement Agreement, the Company and Wintercrest have come to an agreement and determined that the Outstanding Amount owing and payable by the Company to Wintercrest is USD29,374,783.58. Settlement of USD29,374,783.58 will mean that all debt owing by the Company to Wintercrest is discharged.

7.2 In the short to medium term, the Company is and will not be in a position to retire the Outstanding Amount or any meaningful part of it. As the Company has been put on the watchlist by the SGX-ST with effect from 3 June 2016 following notice of three consecutive years' losses released by the Company on 29 February 2016, it is exploring all ways and business opportunities to enable it to re-build its financial position and business. Without entering into the Proposed Debt Restructuring as set out in the Settlement Agreement, which includes the Proposed Shares Issue, the Company would not be able to raise any fresh funds from the capital markets, obtain any further facilities from its bankers to re-establish itself. Further, if the Settlement Agreement had not been entered into, Wintercrest would have exercised its rights to enforce the Collateral Shares and further, commence legal proceedings against the Company for any sum remaining unsatisfied and unpaid. In this event, the Company would likely go into receivership and such an outcome would have adverse financial consequences for the Company and its shareholders.

7.3 The payment for the Proposed Share Issue will be effected by Wintercrest forgiving and releasing the Debt Conversion Amount in partial settlement of the Outstanding Amount. In other words, all the proceeds from the Proposed Share Issue will be used towards the partial settlement of the Outstanding Amount. Similarly, the proceeds from the Proposed Disposals will be used towards the partial settlement of the Outstanding Amount. Upon completion of the Settlement Agreement, all Collateral Shares will be disposed to Wintercrest and the Company will be discharged from the respective security documents.

8 PROPOSED TRANSFER OF CONTROLLING INTEREST

8.1 Assuming that the total number of Conversion Shares represents approximately 83.6% of the Enlarged Share Capital, Shareholders should note that a change in the controlling interest of the Company may arise. Rule 803 of the Mainboard Rules requires that an issuer must not issue securities to transfer a controlling interest without prior approval of the Shareholders in a general meeting. Controlling Interest is defined as a person who holds (a) directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company; or (b) in fact exercises control over a company. Therefore, the issuance of the Conversion Shares resulting in the transfer of a controlling interest will be conditional upon the approval of the Shareholders.

9 FINANCIAL EFFECTS OF THE PROPOSED ISSUE AND THE DEBT RESTRUCTURING

9.1 For illustration purposes only and based on the unaudited consolidated financial statements of the Group for FY2015, the financial effects of the Proposed Debt Restructuring (including the proposed issue of the Conversion Shares) are set out below. The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Proposed Debt Restructuring (including proposed issue of the Conversion Shares). The analysis below makes the following assumptions:

(a) for the purpose of computing the LPS of the Group after the completion of the Debt Restructuring, it is assumed that the Debt Restructuring (including proposed issue of the Conversion Shares) was completed on 1 January 2015;

(b) for the purpose of computing the NTA per Share, it is assumed that the Debt Restructuring (including proposed issue of the Conversion Shares) was completed on 31 December 2015; and

(c) the allotment and issue of the Conversion Shares.

9.2 Share Capital

	Number of Shares	**Share Capital (SGD)**
Before the Proposed Share Issue (i.e. Existing Share Capital)	4,514,224,998	107,095,362
After the Proposed Share Issue (i.e. Enlarged Share Capital)	27,525,762,183	127,327,702

9.3 NTA

	Before the Debt Restructuring	After the Debt Restructuring
Consolidated NTA attributable to Shareholders	(SGD13,184,000)	SGD7,048,340
NTA per Share	(0.292 cents)	0.026 cents

9.4 LPS

	Before the Debt Restructuring	After the Debt Restructuring
Consolidated loss after taxation	(SGD28,430,000)	(SGD28,430,000)
Weighted average number of Shares for the year ended 31 December 2015	3,619,936,142	26,631,473,327
LPS	(0.785 cents)	(0.107 cents)

10 THE WHITEWASH RESOLUTION

10.1 Interests of Concert Party Group

As at the Latest Practicable Date, the interests of the Concert Party Group in the Company are as follows:

	No. of Shares held	% of Existing Share Capital
Wintercrest	Nil	Nil

10.2 Mandatory General Offer Requirement under the Code

10.2.1 Under Rule 14 of the Code, except with the SIC's consent, where any person acquires, whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company, he is required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control.

10.2.2 As at the Latest Practicable Date, the Concert Party Group does not hold any Shares in the Company.

10.2.3 The table below shows the effects of the Proposed Share Issue where the Wintercrest subscribe for the Conversion Shares.

	Before the Proposed Share Issue (i.e. Existing Share Capital)		**After the Proposed Share Issue (i.e. Enlarged Share Capital)**	
	No. of Shares held	**% of issued share capital**	**No. of Shares held**	**% of issued share capital**
Concert Party Group	Nil	Nil	23,011,537,185	83.6
Other Shareholders	4,514,224,998	100.0	4,514,224,998	16.4
Total	4,514,224,998	100.0	27,525,762,183	100.0

10.2.4 The aggregate shareholding interests of the Concert Party Group will increase from 0% to approximately 83.6% based on the Enlarged Share Capital of the Company of 27,525,762,183 Shares following the allotment and issue of 23,011,537,185 Conversion Shares under the Proposed Share Issue.

10.2.5 Accordingly, the fulfilment of the Proposed Share Issue will result in the Concert Party Group subscribing for Shares resulting in them increasing their shareholding and voting rights in the Company to 30% or more. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the SIC.

10.2.6 Accordingly, an application was made by Wintercrest to the SIC for, inter alia, a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the subscription of Conversion Shares under the Proposed Share Issue. On 23 June 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions set out in paragraph 2.5.

10.3 Potential Dilution

10.3.1 As a result of the Proposed Share Issue, the collective shareholding interests of Shareholders (other than the Concert Party Group) will be diluted from 100% to 16.4%.

10.4 Whitewash Waiver

10.4.1 On 23 June 2016, the SIC waived the obligation for the Concert Party Group to make a mandatory general offer for the Company in the event that the combined shareholdings of the Concert Party Group or the shareholding of any member of the Concert Party Group exceeds 30% of the Company's enlarged issued share capital as a result of the Concert Party Group subscribing for the Conversion Shares, subject to the satisfaction of the following SIC Conditions set out in paragraph 2.5.

10.5 Whitewash Resolution

10.5.1 Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution (Ordinary Resolution 4) set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by them.

10.6 Whitewash Resolution

10.6.1 Independent Shareholders should note that:

(a) by voting in favour of the Whitewash Resolution (Ordinary Resolution 4), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group and their concert parties in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and

(b) the Proposed Share Issue, the Proposed Disposals and the Whitewash Resolutions are, subject to and conditional upon the passing of each of the other resolutions. For example, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Share Issue and the Proposed Disposals will not take place.

10.7 Advice from the Independent Financial Adviser

10.7.1 Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in respect of the Whitewash Resolution.

The Opinion Letter from the IFA to the Independent Directors dated 13 October 2016, setting out its advice in full, is reproduced in Appendix 1 of this Circular. Taking into consideration the factors set out in the Opinion Letter, the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the Opinion Letter, the IFA is of the opinion that "the Proposed Share Issue (which is the subject of the Whitewash Resolution) to be fair, reasonable and not prejudicial to the interest of the Company, the Independent Shareholders, from a financial point of view after factoring, inter alia, the following:

"In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, as well as the confirmation from the Directors that notwithstanding the basis for which Independent Auditors have issued a disclaimer of opinion for AR2015 on *inter alia*, the going concern assumption, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2016 are true and fair, **we are of the opinion that the financial terms of the Proposed Share Issue, being the subject of the Whitewash Resolution, is, on balance FAIR, REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders.

For the purposes of evaluating the Proposed Share Issue, being the transaction that is the subject of the Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "fair" and "reasonable" comprises two distinct concepts:

(i) Whether issuance of shares is "fair" relates to an opinion on the value of the issue price. This is based strictly on a fundamental analysis and evaluation of the issue price as set out in this Letter, based on information known to us and which is publicly available;

(i) Whether issuance of shares is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the issuance of shares as well as the Company or the Group *inter alia* the Group's imminent need for debt restructuring to settle outstanding liabilities etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms for the Proposed Share Issue (which is the subject of the Whitewash Resolution) to be **FAIR**, from a financial point of view after factoring, *inter alia*, the following:

(i) Despite the Issue Price represents discounts to the historical prices for the Shares (which represent prices between willing buyer and willing seller), the historical prices for the Shares may not be reflective of the Group's fundamental value taking into account the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors for AR2015 on *inter alia* the going concern assumption.

(ii) The Group had Net Liabilities or NTL of approximately S$29.3 million based on the unaudited consolidated financial statements as at 30 June 2016 and after taking into account the adjustments for the Proposed Debt Restructuring but excluding the Proposed Share Issue, the Group's Adjusted Net Liabilities or Adjusted NTL is approximately S$14.4 million (or approximately negative 0.318 Singapore cents per Share). After taking into account the open market value and/or fair value of the Appraised Asset, the Group's Revalued Net Liabilities or Revalued NTL amounted to approximately S$9.3 million (or approximately negative 0.207 Singapore cents per Share).

(iii) Fair comparison with the Selected Debt Conversion – in particular, the discount of approximately 56.0% as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement Date is within the range of the Selected Debt Conversion and slightly lower than the average discounts of approximately 63.6% for Lereno, OLS, Swee Hong and SunMoon (which were, similar to the Company, in the loss making and NTL position and negative net working capital with uncertainties on ability to continue as a going concern). We also note from the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.

(iv) Fair comparison with the past fund raisings conducted by the Company after taking into account the fact that (a) the closing prices for the Shares have been on the downward trend during the 12 month period prior to the Announcement Date (declined by approximately 80.0% from 9 April 2015 to 8 April 2016, being the Announcement Date), (b) the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors on *inter alia* the going concern assumption for AR2015, and (c) the Group's shareholders equity has deteriorated from positive S$74.3 million in FY2013 to negative S$29.3 million in HY2016. Lastly, we note that the gross proceeds raised from the 2015 Placement and 2015 Rights Issue was approximately S$1.7 million and S$2.9 million, which is substantially lower than the Debt Conversion Amount via the Proposed Share Issue.

We consider the Proposed Share Issue (which is the subject of the Whitewash Resolution) to be **REASONABLE** and **NOT PREJUDICIAL** to the interest of the Company, the Independent Shareholders, from a financial point of view after factoring*, inter alia*, the following:

(i) The current weak financial position and performance of the Group with substantial losses since FY2013 to HY2016, erosion of the Group's shareholders' equity (declined from approximately S$74.3 million as at 31 December 2013 to approximately negative S$29.3 million as at 30 June 2016), negative net working capital of approximately S$40.4 million as at 30 June 2016, as well as the disclaimer of opinion issued by the Independent Auditors in AR2015 pertaining to, *inter alia*, going concern assumptions.

(ii) The potential favourable financial impact of the Proposed Transactions as outlined in Section 9 of the Circular on the Group's NTA per Share and loss per Share.

(iii) The Directors' representation and confirmation that the Proposed Share Issue and the Proposed Debt Restructuring is in the interest of and beneficial to the Group as (a) the Proposed Debt Restructuring which includes the Proposed Share Issue would alleviate, to certain extent, uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up; (b) as stated in Section 7 of the Circular, in the short to medium term, the Company is and will not be in position to retire the Outstanding Amount or any meaningful part of it; (c) the Proposed Debt Restructuring which includes the Proposed Share Issue is necessary to facilitate the Group in re-building its financial position and performance (including opening up possibilities to raise fresh funds from the capital market or financial institutions for *inter alia* any potential business opportunities) which are crucial in view of, *inter alia*, the Company's watch-list status; (d) whilst significant efforts have been made by the Directors and Management to source for alternative offer or financing with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers or financing, which is comparable in nature, size and scope to the Proposed Debt Restructuring which includes the Proposed Share Issue; and (e) the ability of the Group to continue as a going concern is significantly dependent on *inter alia* completion of the Proposed Share Issue and the Proposed Debt Restructuring.

Recommendation

Based on our assessment of the Whitewash Resolution as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote **in favour of** the Whitewash Resolution to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia,* our limitation in analysis, evaluation, comments and opinion in this Letter is limited and subject to the disclaimer of opinion expressed by the Independent Auditors and the Group's ability to continue as going concern and that our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company and the Group, the Group's ability to continue as a going concern, and the adequacy of the working capital or the sufficiency of the Proposed Debt Restructuring (which includes, *inter alia,* the Proposed Share Issue) to address the uncertainties with regards to the Group's ability to continue as a going concern. We advise the Independent Director to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Whitewash Resolution.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company after the completion of the Proposed Transactions and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Whitewash Resolution.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

(1) Independent Shareholders should read the Independent Auditors' Report as set out in pages 69 – 70 of the AR2015 and such other statements in its audited financial statements, pertaining to, *inter alia*, the going concern assumption.

(2) Independent Shareholders should note that the Proposed Debt Restructuring which includes the Proposed Share Issue is conditional, among other things, upon the passing of the Whitewash Resolution by Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Debt Restructuring will not take place.

Independent Shareholders should also note that by voting for the Whitewash Resolution, they will be waiving their rights to a general offer from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group for the Shares in the six (6) months preceding the allotment and issuance of the Conversion Shares.

Independent Shareholders should note that the allotment and issuance of the Conversion Shares to Wintercrest under the Proposed Share Issue would result in the Concert Party Group holding Shares carrying over 49.0% of the

voting rights of the Company based on the Enlarged Share Capital, and the Concert Party Group would then be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

(3) Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation property and equipment, development property and assets held for sale) or contracts entered or to be entered into by the Company or the Group. The Directors have represented and confirmed that for their deliberation in connection with, *inter alia,* the Whitewash Resolution, they have commissioned the Independent Valuers to determine the market value of the Appraised Assets as at 30 June 2016. As the valuation reports issued by the Independent Valuers are not prepared specifically for the purpose of the Proposed Transactions, the valuation reports will not be made publicly available. Nevertheless, the Directors further confirmed that each of the Independent Valuer has given consent to the reference to and/or use of the market value of the Group's development property and assets held for sale and the fair value of selected property and equipment of the Group by the Directors, who have the liberty to disclose such value to us in connection with, *inter alia*, the Whitewash Resolution. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property and equipment, development property and assets held for sale) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property and equipment, development property and assets held for sale) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

In addition, the Directors have represented and confirmed that (i) the Independent Valuers have no present or contemplated interest in the Appraised Assets which are the subject of the valuation report and are acting independent of all parties; (ii) the directors and substantial shareholders of Independent Valuers are not related to the Company and its subsidiaries, Wintercrest and its subsidiaries and their concert parties and their respective directors or substantial shareholders, and (iii) the Independent Valuers have no other dealings other than the valuation of the Appraised Assets undertaken for the Company.

Notwithstanding the basis for which Independent Auditors have issued a disclaimer of opinion for AR2015 on *inter alia*, the going concern assumption, the Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in the unaudited financial statements for the Company and the Group for HY2016 are true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter and the unaudited financial statements for the Group for HY2016, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(4) Our scope does not require us to express and we do not express, a view on the future growth prospects of or the financial condition of the Company or the Group before and after the transactions stipulated in the Circular or the Whitewash Resolution, *inter alia* the ability of the Group to settle the uncertainties with regards to going concern."

10.7.2 Shareholders are, however, advised to read the Opinion Letter as set out in Appendix 1 of this Circular in full and consider carefully the recommendations of the Independent Directors for the Whitewash Resolution set out in this Circular.

11 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

11.1 As at the Latest Practicable Date, none of the Directors (whether in his capacity as Director or Shareholder of the Company) has any interest, direct or indirect, in: (i) the Proposed Share Issue; (ii) Proposed Disposals; and/or (iii) Wintercrest, other than through their respective shareholdings in the Company.

11.2 As at the Latest Practicable Date, based on the register of the Company, the following are Substantial Shareholders of the Company.

Name of Substantial Shareholder	**Shareholdings registered in the name of substantial shareholder**		**Shareholdings in which the substantial shareholders are deemed to be interested**	
	No. of Shares	**%**	**No. of Shares**	**%**
Goh Seh Kiat	301,248,208	6.673	589,000[(1)]	0.013

Note:

(1) Shareholdings held in various nominees.

11.3 To the best information, belief and knowledge of the Company and its directors, no Substantial Shareholder of the Company has any interest (direct or indirect) in: (i) the Proposed Share Issue; (ii) Proposed Disposals; and/or (iii) Wintercrest, other than through their respective shareholdings in the Company.

12 MINIMUM TRADING PRICE REQUIREMENT

12.1 The Company intends to take steps to meet the MTP Requirement. With the implementation of the Debt Restructuring, the Company hopes to increase its value proposition and, therefore, share price performance. The Company may consider undertaking a share consolidation exercise and hopes that the MTP requirement can be sustainably complied with. A transfer to the Catalist is also an alternative the Company will consider with the appropriate shareholders' approval.

12.2 As announced by the Company on 29 February 2016, the Company was granted an extension of time to 1 September 2016 for the first quarterly review of the Company's compliance with the MTP Requirements. On 23 August 2016, SGX-ST released a press

release entitled "SGX proposes more targeted MTP watch-list criteria with market capitalisation test", which provides that the SGX-ST is proposing to add a market capitalisation test to the MTP requirement so that a company is placed on the MTP watch-list if the six month VWAP of its shares is below S$0.20 and its six months average daily market capitalisation is below S$40 million. The SGX-ST also stated in the press release that SGX will not place new issuers onto the MTP watch-list until it has considered feedback to the consultation on the proposed refinements to the MTP watch-list criteria, and proposed changes, if any, to the requirement. As announced on 1 September 2016, the Board is monitoring the situation closely and will update the Shareholders as and when appropriate.

13 GENERAL MANDATE (TO ISSUE NEW SHARES)

13.1 The Company would like to put to the Shareholders a resolution allowing the Directors to issue new securities in compliance with Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Mainboard Rules. The text of the resolution is set out in Ordinary Resolution 5 in the Notice of EGM. At the annual general meeting of 27 April 2016, a similar resolution was put to the Shareholders but was not approved. The Directors of the Company would like Shareholders to consider the Proposed General Mandate as set out in Ordinary Resolution 5. The Directors are of the view that a general mandate to issue new shares given by Shareholders is important as without such a mandate, the Company will not be able to raise funds via a rights issue or placement of new shares to fund its operations and/or embark on any acquisitive activities. Any fund raising activities involving the issue of new shares would have to be put to the vote of Shareholders in an extraordinary general meeting to be held, which could adversely affect the Company's operations as it takes time to prepare for and hold such meetings to obtain approvals. The holding of such meetings to raise working capital would result in the Company incurring cost and expense and deplete amounts sought to be raised for much needed working capital.

14 MATERIAL LITIGATION

14.1 As at the Latest Practicable Date, other than the suit against the Company's wholly-owned subsidiary, Raintree Rock Sdn. Bhd. which has been announced by the Company on 26 April 2016, the Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its Subsidiaries, which might materially and adversely affect the financial position of the Company or any of its Subsidiaries.

15 EXTRAORDINARY GENERAL MEETING

15.1 The EGM, notice of which is set out in this Circular will be held at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887, on 22 November 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the ordinary resolution set out in the Notice of EGM.

16 ACTION TO BE TAKEN BY SHAREHOLDERS

16.1 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 298 Tiong Bahru Road #11-03, Central Plaza, Singapore 168730, 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 proxy need not be a Shareholder of the Company.

16.2 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 72 hours before the EGM.

17 DIRECTORS' RECOMMENDATION

17.1 The Proposed Share Issue, the Proposed Transfer of Controlling Interest, and the Proposed Disposals

17.1.1 The Directors, for reasons set out in this Circular, are of the opinion that The Proposed Share Issue, the Proposed Transfer of Controlling Interest, and the Proposed Disposals are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions relating thereto at the EGM as set out in the Notice of EGM.

17.2 The Whitewash Resolution

17.2.1 The Independent Directors, for reasons set out in this Circular, including the advice of the IFA as set out in the Opinion Letter in Appendix 1 of this Circular, are of the opinion that the Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

17.3 The Proposed General Mandate

17.3.1 The Directors, for reasons set out in this Circular, are of the opinion that The Proposed General Mandate is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating thereto at the EGM as set out in the Notice of EGM.

18 NOTE TO SHAREHOLDERS

18.1 Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale and financial effects of the transactions contemplated in the resolutions and consider carefully the advice of the IFA. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, accountant, tax adviser or other professional advisers.

19 ABSTENTION FROM VOTING

19.1 Pursuant to the SIC Conditions, the Concert Party Group as well as parties not independent of the Concert Party Group will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting at the EGM on the Whitewash Resolution.

20 DIRECTORS' RESPONSIBILITY STATEMENT

20.1 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 Share Issue, the Proposed Disposals, the Proposed Transfer of Controlling Interest, the Whitewash Resolution, the Proposed General Mandate, the Company and its subsidiaries, 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 the Circular in its proper form and context.

21 CONSENT

21.1 As at the Latest Practicable Date, the IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the Opinion Letter and all references thereto, in the form and context in which they appear in this Circular.

22 ADDITIONAL INFORMATION

22.1 Your attention is drawn to the additional information as set out in the Opinion Letter as set out in Appendix 1 to this Circular.

23 DOCUMENTS AVAILABLE FOR INSPECTION

23.1 Copies of the following documents are available for inspection at the Company's registered office at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730 during normal business hours from the date of this Circular up to and including the date of the EGM:

23.1.1 the Constitution of the Company;

23.1.2 the audited accounts of the Company and its Subsidiaries for FY2015;

23.1.3 the Settlement Agreement; and

23.1.4 the Facility Agreement.

Yours faithfully,
For and on behalf of the Board
Blumont Group Ltd.

Ng Kim Huatt
Executive Director

13 October 2016

APPENDIX 1

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE INDEPENDENT DIRECTORS OF BLUMONT GROUP LTD.

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

112 Robinson Road #03-02
Singapore 068902

To:
The Independent Directors (as defined herein)
298 Tiong Bahru Road
#11-03 Central Plaza
Singapore 168730

13 October 2016

WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE SHARES NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP (THE "WHITEWASH RESOLUTION") IN CONNECTION WITH THE PROPOSED ALLOTMENT AND ISSUANCE OF NEW ORDINARY SHARES ("CONVERSION SHARES") IN BLUMONT GROUP LTD. ("BLUMONT" OR THE "COMPANY") TO WINTERCREST ADVISORS LLC ("WINTERCREST") SUCH THAT WINTERCREST WILL OWN APPROXIMATELY 83.6 PERCENT OF THE ENLARGED SHARE CAPITAL OF THE COMPANY (THE "PROPOSED SHARE ISSUE") PURSUANT TO THE SETTLEMENT AGREEMENT (AS DEFINED HEREIN) AS PART OF THE FULL AND FINAL SETTLEMENT OF THE OUTSTANDING AMOUNT (AS DEFINED HEREIN) OWING AND PAYABLE BY THE COMPANY TO WINTERCREST UNDER THE FACILITY AGREEMENT DATED 24 DECEMBER 2013

Unless otherwise defined or where the context otherwise requires, the definition used in the Circular (as defined herein) shall apply throughout this Letter.

1. INTRODUCTION

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to the directors of the Company, who as at 29 September 2016 (being the "**Latest Practicable Date**") are considered independent (the "**Independent Directors**") for the purposes of making the recommendation to the Independent Shareholders (defined later) in respect of the Whitewash Resolution. We note that, as at the Latest Practicable Date the Independent Directors comprise Mr. Ng Kim Huatt, Mr. Calvin Lim Huan Kim, Mr. Tan Gim Kang Arran, Mr. Aris Muhammad Rizal, and Mr. Alan Chin Yu.

This letter ("**IFA Letter**" or "**Letter**") sets out, *inter alia*, our views and evaluation of the Whitewash Resolution proposed as an ordinary resolution in the notice of the Extraordinary General Meeting ("**EGM**") of the Company as set out in the circular dated 13 October 2016 ("**Circular**") to the registered holders ("**Shareholders**") of the ordinary shares ("**Shares**") in the capital of the Company, which if passed by the Shareholders other than (i) Wintercrest; (ii) parties acting in concert with Wintercrest; and (iii) parties not independent of the parties mentioned in (i) and (ii) above ("**Independent Shareholders**"), would result in a waiver by the Independent Shareholders of their rights to receive a mandatory general offer ("**Mandatory Offer**") from Wintercrest and its

concert parties (the "**Concert Party Group**") in connection with the issue of the Conversion Shares under the Proposed Share Issue. Likewise, it contains our recommendations to the Independent Directors in relation to the Whitewash Resolution. It is prepared for inclusion in the Circular in connection with, *inter alia*, the Proposed Share Issue and the Whitewash Resolution.

Unless otherwise defined or where the context otherwise requires, definitions used in the Circular shall apply throughout this Letter. Certain of the figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

1.1 Background

The Settlement Agreement

On 8 April 2016 (the "**Announcement Date**"), the Company announced that it had entered into a Settlement Agreement dated 7 April 2016 (the "**Settlement Agreement**") with Wintercrest for the full and final settlement amount of US$29,374,783.58 (the "**Outstanding Amount**") based on the Company's calculations as at 31 December 2015, owing and payable by the Company under the facility agreement dated 24 December 2013 entered into between the Company and Wintercrest as amended by a supplemental agreement dated 29 May 2014 and a second supplemental agreement dated 13 March 2015 (collectively, the "**Facility Agreement**").

The Company and Wintercrest have agreed to effect a full and final settlement of the Outstanding Amount and have agreed that, subject to the specified conditions set out in the Settlement Agreement having been satisfied and/or complied with, of the Outstanding Amount:

(i) approximately US$14,313,647 (being approximately S$20,232,340 based on an exchange rate of US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Debt Conversion Amount**") shall be converted into the Conversion Shares;

(ii) approximately US$3,729,091 (being approximately S$5,271,071 based on an exchange rate of AU$1: S$1.03 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) (the "**Cokal Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 60,057,034 shares ("**Cokal Shares**") owned by the Company in Cokal Limited. The Cokal Shares are part of the collateral securities provided by the Company under the facility agreement entered into between the Company and Wintercrest dated 24 December 2013. The Cokal Shares are quoted and listed on the Australian Securities Exchange ("**ASX**"). As at 31 December 2015, the Cokal Shares have a market value of AU$0.085 per share;

(iii) approximately US$3,742,534 (being approximately S$5,290,072 based on an exchange rate of US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) shall be settled by way of an assignment to Wintercrest of a debt of US$3,742,534 owing by Cokal Limited to the Company ("**Cokal Loan**") as at 31 December 2015 on terms acceptable to Wintercrest;

(iv) approximately US$3,644,703 (being approximately S$5,151,788 based on an exchange rate of CA$1: S$1.02 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Azarga Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 18,053,810 shares owned by Powerlite Ventures Limited, a wholly-owned subsidiary of the Company in Azarga Uranium Corp ("**Azarga Shares**"). The Azarga Shares are quoted and listed on the Toronto Stock Exchange. As at 31 December 2015, the Azarga Shares have a market value of CA$0.28 per share. The Azarga Shares are part of the Cokal Shares, the Genesis Shares, the Kidman Shares, the Elysium Shares, the Merlin Shares and the Celsius Shares provided to or agreed to be provided to Wintercrest as security under the Facility Agreement ("**Collateral Shares**");

(v) approximately US$2,169,753 (being approximately S$3,066,946 based on an exchange rate of AU$1: S$1.03 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Genesis Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 33,002,561 shares owned by the Company in Genesis Resources Limited ("**Genesis Shares**"). The Genesis Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Genesis Shares have a value of AU$0.09 per share as at 31 December 2015;

(vi) approximately US$709,900 (being approximately S$1,003,444 based on an exchange rate of AU$1: S$1.03 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Kidman Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 11,300,000 shares owned by the Company in Kidman Resources Limited ("**Kidman Shares**"). The Kidman Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Kidman Shares have a value of AU$0.086 per share as at 31 December 2015;

(vii) approximately US$623,622 (being approximately S$881,490 based on an exchange rate of AU$1: S$1.03 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Merlin Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 27,538,461 shares owned by the Company in Merlin Diamonds Limited ("**Merlin Shares**"). The Merlin Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Merlin Shares have a value of AU$0.031 per share as at 31 December 2015;

(viii) approximately US$146,100 (being approximately S$206,512 based on an exchange rate of AU$1: S$1.03 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Elysium Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 4,000,000 shares owned by the Company in Elysium Resources Limited (number of shares owned by the Company in Elysium Resources Limited, pre share consolidation by Elysium Resources Limited was 100,000,000 shares as at 31 December 2015 as stated in the Settlement Agreement) ("**Elysium Shares**"). The Elysium Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Elysium Shares have a value of AU$0.002 per share as at 31 December 2015; and

(ix) approximately US$295,432 (being approximately S$417,593 based on an exchange rate of AU$1: S$1.03 and US$1: S$1.41, agreed as at 31 December 2015 as stated in the Settlement Agreement) ("**Celsius Repayment Amount**") shall be settled by way of the transfer to Wintercrest or its nominee of 202,213 shares owned by the Company in Celsius Coal Limited (number of shares owned by the Company in Celsius Coal Limited pre share consolidation by Celsius Coal Limited was 404,424,253 shares as at 31 December 2015 as stated in the Settlement Agreement) ("**Celsius Shares**"). The Celsius Shares are quoted and listed on the ASX. The Company and Wintercrest have mutually agreed that the Celsius Shares have a value of AU$0.001 per share as at 31 December 2015;

(collectively, the proposed transactions under paragraph (i) to (ix) above are referred as the "**Proposed Debt Restructuring**", meanwhile the proposed transactions under paragraph (ii) to (ix) above are referred as the "**Proposed Disposals**").

The Proposed Share Issue

We note from the Company's announcement dated 8 April 2016 that as partial repayment of the Outstanding Amount, the Company intends to allot and issue such number of Conversion Shares to Wintercrest provided that:-

(a) if the number would result in Wintercrest holding more than 83.6 per cent. of the enlarged Share capital of the Company after the issue of the Conversion Shares ("**Enlarged Share Capital**"), such lower number of new Shares shall be issued that would result in Wintercrest holding (as close as possible to, but not exceeding) 83.6 per cent. of the Enlarged Share Capital; or

(b) if the number would result in Wintercrest holding less than 83.6 per cent. of the Enlarged Share Capital, such higher number of new Shares that would result in Wintercrest holding (as close as possible to, but not below) 83.6 per cent. of the Enlarged Share Capital.

Upon allotment and issue, the Conversion Shares will rank *pari passu* in all respects with existing Shares.

As at the Latest Practicable Date, the Company had issued and paid up ordinary Share capital of approximately S$107,093,705 comprising of 4,514,224,998 Shares (the "**Existing Share Capital**"). The Company did not hold any treasury Shares as at the Latest Practicable Date. Assuming that the total number of Conversion Shares should represent approximately 83.6%, the total number of Conversion Shares to be issued would be approximately 23,011,537,185. Based on 23,011,537,185 Conversion Shares, the issue price of each Conversion Share will be approximately S$0.00088 (the "**Issue Price**") and represents a discount of approximately 12.0% to the volume weighted average price of S$0.001 for trades done for the Shares on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.

As the Conversion Shares will be issued at a discount exceeding 10 per cent., and further, the issue of the Conversion Shares will amount to an issue of securities transferring a controlling interest in the Company, under Rule 811(1) and Rule 803 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the Proposed Share Issue is subject to approval of the Shareholders in the EGM. In addition to Shareholders' approval for the proposed issue of the Conversion Shares, Shareholders will also be asked to approve the Debt Restructuring and the Whitewash Resolution.

1.2 The Whitewash Resolution

Under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), except with the consent of the Securities Industry Council ("**SIC**"), (i) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (ii) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, is required to make a mandatory general offer, for all remaining issued shares in the company concerned which he and/or his concert parties do not already own, control or have agreed to acquire.

We note from the Circular, that the Concert Party Group do not hold any Shares or instruments convertible into, rights to subscribe for and options in respect of the Shares as at the Latest Practicable Date.

Upon completion of the Proposed Share Issue and assuming the allotment and issuance of 23,011,537,185 Conversion Shares to Wintercrest, the aggregate shareholding interests of the Concert Party Group will increase from 0% to approximately 83.6% based on the Enlarged Share Capital. Accordingly, the fulfilment of the Proposed Share Issue will result in the Concert Party Group subscribing for Conversion Shares resulting in them increasing their shareholding and voting rights in the Company to 30% or more. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the SIC.

Accordingly, an application was made to the SIC for, *inter alia*, a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the subscription of Conversion Shares under the Proposed Share Issue (the "**Whitewash Waiver**"). On 23 June 2016, the SIC granted the Whitewash Waiver subject to following conditions being satisfied:

1.2.1 a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Share Issue to Wintercrest, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from Wintercrest;

1.2.2 the Whitewash Resolution is separate from other resolutions;

1.2.3 Wintercrest, parties acting in concert with it and parties not independent of it abstain from voting on the Whitewash Resolution;

1.2.4 Wintercrest and its concert parties did not acquire or are not to acquire Shares or instruments convertible into and options in respect of Shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular addressed to Shareholders containing details of the Proposed Shares Issue as well as all other transactions contemplated under the Proposed Debt Restructuring):-

(a) during the period between the announcement of the Proposed Shares Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and

(b) in the 6 months prior to the announcement of the Proposed Shares Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to such issue;

1.2.5 the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;

1.2.6 the Company sets out clearly in the Circular:-

(a) details of the Proposed Shares Issue;

(b) the dilution effect to existing holders of voting rights of the allotment and issue of the Conversion Shares to Wintercrest under the Proposed Shares Issue;

(c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by Wintercrest and its concert parties as at the Latest Practicable Date;

(d) the number and percentage of voting rights to be issued to Wintercrest;

(e) specific and prominent reference to the fact that allotment and issue of the Conversion Shares to Wintercrest under the Proposed Shares Issue would result in Wintercrest holding Shares carrying over 49% of the voting rights of the Company based on its Enlarged Share Capital, and the fact that Wintercrest and its concert parties will as a result be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer;

(f) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Wintercrest at the highest price paid by Wintercrest and its

concert parties for the Company's shares in the past 6 months preceding the commencement of the offer;

1.2.7 the Circular states that the waiver granted by SIC to Wintercrest and its concert parties from the requirement to make a general offer under Rule 14 is subject to the conditions stated at 1.2.6 (a) to (f) above;

1.2.8 Wintercrest obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and

1.2.9 to rely on the Whitewash Resolution, the allotment and issue of the Conversion Shares to Wintercrest must be completed within 3 months of the approval of the Whitewash Resolution.

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution (Ordinary Resolution 4) set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by them.

As stated in Section 2.8 and 10.6 of the Circular, Independent Shareholders should note that:

(i) if approved by Shareholders, allotment and issue of the Conversion Shares to Wintercrest under the Proposed Shares Issue would result in Wintercrest holding Shares carrying over 49% of the voting rights of the Company based on its Enlarged Share Capital. As a result, Wintercrest and its concert parties will be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer thereafter;

(ii) by voting in favour of the Whitewash Resolution (Ordinary Resolution 4), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group and their concert parties in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and

(iii) the Proposed Share Issue, the Proposed Disposals and the Whitewash Resolution are, subject to and conditional upon the passing of each of the other resolutions. For example, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Share Issue and the Proposed Disposals will not take place.

2. TERMS OF REFERENCE

ACA has been appointed to advise the Independent Directors with respect to the Whitewash Resolution in relation to the Proposed Share Issue and the allotment and issuance of the Conversion Shares. We were neither a party to the negotiations entered into by the Company in relation to the Proposed Debt Restructuring (comprising the Proposed Share Issue and the Proposed Disposals), the allotment and issuance of the Conversion Shares, the Whitewash Resolutions, the proposed transfer of controlling interest, and where applicable any other proposed transaction stipulated in the Circular (collectively, the "**Proposed Transactions**"), nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Transactions, and we do not, by this Letter or otherwise, advise or form any judgement on the merits of the Proposed Transactions contemplated in the Circular or the possibilities or feasibilities of the completion of the Proposed Transactions other than to form an opinion, strictly and solely on the bases set out herein on whether the Whitewash Resolution is

prejudicial to the interests of the Independent Shareholders when considered in the context of the issuance of the Conversion Shares under the Proposed Share Issue. Our scope does not include determining the independence of the Directors for the purpose of making recommendation in respect of the Whitewash Resolution or the Proposed Transactions. We note from the Circular that none of the Directors are interested in the Whitewash Resolution.

We have confined our evaluation strictly and solely on the financial terms of the Proposed Share Issue, being the subject of the Whitewash Resolution and have not taken into account the legal/commercial/financial risks and/or merits (if any) of or the timing for the Proposed Transactions contemplated in the Circular including the structuring or inter-conditionality, of the Proposed Transactions or the validity of any resolution, or to compare its relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, or the future financial performance or position for the Company and its subsidiaries (the "**Group**") subsequent to the Proposed Transactions or the possibility/probability that the Group can improve their financial performance and position or such other proposed corporate actions or that the anticipated benefits from the Proposed Transactions can be realised (as the case may be). In addition, our scope of assessment does not include any evaluation of the going concern assumption or the working capital adequacy or the financial affairs or position of the Company or the Group or the ability of the Group to fulfil all its obligations or whether the Proposed Debt Restructuring will alleviate the uncertainties regarding the Group's going concern or the resolutions to be approved at the EGM other than the Whitewash Resolution. Such evaluation or comment remains the responsibility of the Directors and management ("**Management**") of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with Directors and Management, and sought clarifications with their professional advisers including, *inter alia*, its consultants or advisers or auditors, *inter alia*, regarding their assessment of the rationale for the Whitewash Resolution as well as the Proposed Transactions and have examined publicly available information collated by us including the audited financial statements as well as information including material information or developments pertaining to the Company and the Group (both written and verbal), provided to us by Directors and Management or where applicable professional advisers of the Company including its consultants or advisers or auditors. We have not independently verified such information but have made such enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations which may have be included in the Circular or announced by the Company.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the financial period for the six months ended 30 June 2016 ("**HY2016**") for the Group. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of the Proposed Transactions stipulated in the Circular. We are not required under our scope and terms of reference nor are we able to discuss, comment, opine, or advise on the Group's financial performance, position and conditions after 30 June 2016.

Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after 30 June 2016 or the completion of the transactions stipulated in the Circular. Our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group, and neither are we responsible for it. Accordingly, estimates or analysis or evaluation of the merits of the Company or the Group or the Proposed Transactions or the Whitewash Resolution, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety. Neither are we required to provide opinions on the going concern assumption or the adequacy of the working capital or the sufficiency of the Proposed Debt Restructuring which includes, *inter alia,* the Proposed Share Issue to address the concerns of the Company or the Group.

In the course of our evaluation, we also note that there is a disclaimer of opinion expressed by the independent auditors (the "**Independent Auditors**") named in the annual report of the Group for the financial year ended 31 December 2015 ("**FY2015**") ("**AR2015**" or "**Annual Report 2015**") in their report to the Shareholders dated 4 April 2016 pertaining to, *inter alia*, the going concern assumption. The details of the disclaimer of opinion expressed by the Independent Auditors are set out in Section 5.1(c) of this Letter and can be found in pages 69 – 70 of AR2015 and such other statements in its audited financial statements. Our analysis, comments and opinion in this Letter are subject to confirmation from the Directors that notwithstanding the basis for which Independent Auditors have issued a disclaimer of opinion for AR2015 on *inter alia*, the going concern assumption, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2016 are true and fair; and all material information including but not limited to plans or prospects or proposals or rationale involving the Whitewash Resolution or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading.

Our opinion in this IFA Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Independent Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this IFA Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information, other information provided by the Company, Directors and Management as well as those disclosed in the Circular and economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end for the Company or the Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Whitewash Resolution and our recommendation or opinion or views. Likewise this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided by the Directors contained therein. The Directors have confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Whitewash Resolution or the Proposed Transactions stipulated in the Circular or issue or changes to its

capital structure, available to them and the Management in connection with the Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation property and equipment, development property and assets held for sale) or contracts entered or to be entered into by the Company or the Group. The Directors have represented and confirmed that for their deliberation in connection with, *inter alia,* the Whitewash Resolution, they have commissioned two independent valuers ("**Independent Valuers**") to determine the market value of the Group's development property and assets held for sale as well as the fair value of selected property and equipment of the Group as at 30 June 2016 ("**Valuation Date**"). As the valuation reports issued by the Independent Valuers are not prepared specifically for the purpose of the Proposed Transactions, the valuation reports will not be made publicly available. Nevertheless, the Directors further confirmed that each of the Independent Valuer has given consent to the reference to and/or use of the market value of the Group's development property and assets held for sale and the fair value of selected property and equipment of the Group by the Directors, who have the liberty to disclose such value to us in connection with, *inter alia*, the Whitewash Resolution. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property and equipment, development property and assets held for sale) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets (other than those for which valuation has been conducted, where applicable) and liabilities as well as the financial performance or condition of the Company and the Group as reflected in the full year audited financial statements for the Company and the Group as at 31 December 2015 and the unaudited financial statements for the Company and the Group for HY2016 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the audited financial statements for FY2015 and the unaudited financial statements for HY2016 to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact *inter alia* the recording of assets and liabilities in the financial statements of the Group is appropriate and consistent with applicable accounting standards and policies or valuation or appraisal of assets and liabilities including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon or litigation or potential litigation or claims from any parties, the omission of which would render those statements or information or our analysis or information presented in this Letter to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the audited financial statements for the Group for FY2015 and the unaudited financial statements for the Group for HY2016, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the Whitewash Resolution. We are therefore not expressing any view

herein as to the prices at which the Shares may trade upon completion or rejection of the Whitewash Resolution or the Proposed Transactions or resolutions stipulated in the Circular or the returns that the Independent Shareholders may have owning the Shares or voting for or voting against the Whitewash Resolution or the Proposed Transactions or resolutions stipulated in the Circular or on the future financial performance of the Company or the Group or the plans (if any) for each of them.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Independent Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this IFA Letter or the Whitewash Resolution or the Company or the Group or the Shares or the Conversion Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Independent Director. As such Independent Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this IFA Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Whitewash Resolution or its recommendation, following the date of the issue of this IFA Letter.

This Letter is addressed to the Independent Directors in connection with and for the sole purposes of their evaluation of the financial terms of the Whitewash Resolution. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor Shareholders, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except at the forthcoming EGM and for the sole purpose of the Whitewash Resolution. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. SALIENT TERMS OF THE SETTLEMENT AGREEMENT

The salient terms of the Settlement Agreement are set out in Section 4 of the Circular and have been extracted from the Circular which are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"4.1 Representations and Warranties of Wintercrest

4.1.1 Under the Settlement Agreement, Wintercrest has made and given the following representations and warranties to the Company:

(a) it is subscribing for the Conversion Shares for itself as a principal and not as a nominee of or on trust for any Director or Substantial Shareholder of the Company and is not acting in concert with any Director or Substantial Shareholder of the Company or any third party;

(b) neither it or any of its directors or any of its shareholders or any person having an interest (whether direct or deemed) in the Conversion Shares is a person who is a Director or Substantial Shareholder of the Company or an immediate family member of any Director or Substantial Shareholder of the Company or any of the persons specified in Rule 812(1) of the Mainboard Rules;

(c) it will not offer the Conversion Shares for resale, save pursuant to an applicable exemption under the SFA (other than Section 272B of the SFA);

(d) it will not deal, assign or transfer its rights and obligations under the Settlement Agreement to any other party prior to the listing of the Conversion Shares on the SGX-ST; and

(e) it will not appoint any representative to the board of the Company and/or as management of the Company.

4.2 Debt Restructuring

4.2.1 In accordance with the Settlement Agreement, the Company shall allot and issue to Wintercrest the Conversion Shares, and Wintercrest agrees to subscribe for the Conversion Shares, the payment of which shall be effected by Wintercrest forgiving and releasing the Debt Conversion Amount in partial settlement of the Outstanding Amount. Each Conversion Share when allotted and issued by the Company shall be deemed fully paid up, free from encumbrance, and shall rank pari passu in all respects with, and carry all rights and entitlements similar to issued ordinary shares in the capital of the Company, except that the Conversion Shares will not rank for any dividend, rights, allotments or other distribution the record date for which falls on or before the date of the issue of the Conversion Shares.

4.2.2 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Cokal Shares to Wintercrest or its nominee. Upon receipt of the Cokal Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Cokal Repayment Amount. Upon transfer of the Cokal Shares, the Company will no longer hold any shares in Cokal Limited.

4.2.3 In accordance with the Settlement Agreement, the Company shall sell, transfer and assign to Wintercrest all its rights and benefits in and to the Cokal Loan. Upon the Cokal Loan having been duly and properly assigned in accordance with the laws governing the Cokal Loan, Wintercrest shall release and forgive from the Outstanding Amount, the Cokal Loan Repayment Amount. The Cokal Loan had since the last financial year ended on 31 December 2015 been fully impaired. Since the Cokal Loan amount will be assigned to Wintercrest, the Company will write-back the amount of US$3,742,534 or approximately S$5,290,072 recognised in its books for FY2015, and be reflected as having been paid out to Wintercrest in part settlement upon successful completion of the settlement transaction.

4.2.4 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Azarga Shares to Wintercrest or its nominee. Upon receipt of the Azarga Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Azarga Repayment Amount. Upon transfer of the Azarga Shares, the Company will no longer hold any shares in Azarga Uranium Corp.

4.2.5 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Genesis Shares to Wintercrest or its nominee. Upon

receipt of the Genesis Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Genesis Repayment Amount. Upon transfer of the Genesis Shares, the Company will no longer hold any shares in Genesis Resources Limited.

4.2.6 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Kidman Shares to Wintercrest or its nominee. Upon receipt of the Kidman Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Kidman Repayment Amount. Upon transfer of the Kidman Shares, the Company will no longer hold any shares in Kidman Resources Limited.

4.2.7 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Merlin Shares to Wintercrest or its nominee. Upon receipt of the Merlin Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Merlin Repayment Amount. Upon transfer of the Merlin Shares, the Company will no longer hold any shares in Merlin Diamonds Limited.

4.2.8 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Elysium Shares to Wintercrest or its nominee. Upon receipt of the Elysium Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Elysium Repayment Amount. Upon transfer of the Elysium Shares, the Company will hold 15,000,000 (or 3,100,000 shares, post share consolidation by Elysium Resources Limited, as at the Latest Practicable Date) shares as at 30 June 2016, that were issued by Elysium Resources Limited subsequent to 31 December 2015.

4.2.9 In accordance with the Settlement Agreement, the Company shall transfer or cause to be transferred the Celsius Shares to Wintercrest or its nominee. Upon receipt of the Celsius Shares in Wintercrest's securities account, Wintercrest shall release and forgive from the Outstanding Amount, the Celsius Repayment Amount. Upon transfer of the Celsius Shares, the Company will no longer hold any shares in Celsius Coal Limited.

4.2.10 Under the Settlement Agreement, the Facility Agreement shall continue to be in full force and effect until all transactions contemplated under the Debt Restructuring have been approved and completed.

4.3 Upon completion of the transactions contemplated under paragraphs 4.2.1 to 4.2.10, the Outstanding Amount will be fully settled. As the Company and Wintercrest agreed to settle all amounts owing based on agreed amount, being the Outstanding Amount, all other amounts under the Facility Agreement owing will be written off or deemed waived by Wintercrest.

4.4 Conditions Precedent

Completion of the Debt Restructuring is conditional, inter alia, upon the following having been obtained, performed or satisfied by the Completion Date:

4.4.1 The approval of the Shareholders at a general meeting for (i) the allotment and issuance of the Conversion Shares to Wintercrest (ii) a Whitewash Resolution, under which the Shareholders vote to waive their right to receive an offer by Wintercrest to acquire all of their Shares, and (iii) all other transactions under the Proposed Debt Restructuring;

4.4.2 The approval in-principle of the SGX-ST for the listing and quotation of the Conversion Shares on the Official List of the mainboard of the SGX-ST having been obtained from the SGX-ST, and the approval not having been revoked or amended, and where the approval is subject to conditions, to the extent that any such conditions are required to be fulfilled on or before Completion Date, they are so fulfilled;

4.4.3 The issue of the Conversion Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Settlement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere;

4.4.4 The Whitewash Waiver granted by the SIC;

4.4.5 A written legal opinion issued by the Company's Australian legal advisers that a mandatory takeover offer bid for all other shares not owned or agreed to be owned (under the Settlement Agreement) by Wintercrest in Cokal Limited will not be required by Australian Securities and Investments Commission; and

4.4.6 All other approval and consent necessary or desirable having been received by the Company and/or Wintercrest under all applicable laws and regulations in respect of the Proposed Debt Restructuring.

4.5 Share Capital and Issue Price

4.5.1 As at the date of the Settlement Agreement, the total number of Shares outstanding in the Company is 4,514,224,998. Based on the Issue Price, the Debt Conversion Amount (being USD14,313,647 (or SGD20,232,340) divided by the Issue Price of SGD0.00088) would result in a total of 23,011,537,185 Conversion Shares being issued, and this represents approximately 83.6% of the Enlarged Share Capital of the Company.

4.5.2 The Issue Price (ie, SGD0.00088) for each Conversion Share will represent a discount of approximately 12% to the volume weighted average price of SGD0.001 for trades done on the Shares on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement dated 7 April 2016 was entered into. The Issue Price was arrived at by Wintercrest and the Company on the basis that if the Outstanding Amount were a convertible loan, the discount upon conversion would usually have been based on a formula, on the lower of (i) a certain premium (usually 10% to 25%) to the volume weighted average price of the Company's shares prior to the day of the Facility Agreement or the date of each drawdown and (ii) a discount (usually in the range of between 10% to 25%) to the volume weighted average price of the Company's shares prior to the date of conversion, which in this case, would have been 7 April 2016. In accordance with this basis, Wintercrest and the Company arrived at the Issue Price of SGD0.00088."

4. INFORMATION ON WINTERCREST

Information on Wintercrest is set out in Section 3 of the Circular. We recommend that Independent Shareholders read those pages of the Circular carefully.

5. EVALUATION OF THE WHITEWASH RESOLUTION

For the purposes of evaluating the financial terms of the Whitewash Resolution, we have relied upon the following general bases as well as others set out in this Letter:

(a) As at the Latest Practicable Date, the Company had issued and paid up ordinary Share capital of approximately S$107,093,705 comprising of 4,514,224,998 Shares. The Company did not hold any treasury Shares as at the Latest Practicable Date.

(b) As at Latest Practicable Date, save for the Settlement Agreement, the Company has no other convertible securities which remain outstanding.

In our evaluation of the Whitewash Resolution, we have given due consideration to, *inter alia,* the following key factors:

(i) Rationale for the Proposed Debt Restructuring and use of proceeds;

(ii) Inter-conditionality of the Proposed Debt Restructuring and the Whitewash Resolution;

(iii) Assessment of the Issue Price;

(iv) Potential financial effects of the Proposed Share Issue and the Proposed Debt Restructuring; and

(v) Dilution impact of the Proposed Share Issue for the existing Shareholders.

These factors are discussed in greater in the ensuing sections.

In our assessment of the Proposed Share Issue, being the underlying transaction of the Whitewash Resolution, we have applied certain valuation ratios in assessing the reasonableness of the Whitewash Resolution. A brief description of such valuation ratios are as follows:

(i)	**EV/EBITDA**	**"EV"** or **"Enterprise Value"** is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. **"EBITDA"** stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items. The **"EV/EBITDA"** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cashflow and performance. The numbers used and computations performed are usually based on historical financial statements and as such as limited as predictors of earnings.
(ii)	**Price-to-Earnings ("PER")**	The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company's shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies. The numbers used and computations performed are usually based on historical financial statements and as such as limited as predictors of earnings.

(iii) **Price-to-NAV ("P/NAV")**

The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.

The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

(iv) **Price-to-NTA ("P/NTA")**

The P/NTA ratio is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of companies with properties, as their tangible asset backings are perceived as providing support for the value of their shares.

The P/NTA ratio is based on a company's NTA value recorded in its financial statements, and usually on a historical basis, which may or may not be adjusted for the revaluation of a company's key assets to their current market values. Where the values of certain key assets are adjusted to reflect their market values, the NTA figures derived are referred to as Appraised NTA.

5.1 Rationale for the Proposed Debt Restructuring and use of proceeds

The rationale for the Proposed Debt Restructuring and the use of proceeds has been extracted from Section 7 of the Circular and are set out in italics below. We recommend that Independent Directors advise Independent Shareholders to read this section of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:

"7 RATIONALE FOR THE DEBT RESTRUCTURING AND THE USE OF PROCEEDS

7.1 As at the date of the Settlement Agreement, the Company owes Wintercrest a total of USD31,251,555.86. Pursuant to the Settlement Agreement, the Company and Wintercrest have come to an agreement and determined that the Outstanding Amount owing and payable by the Company to Wintercrest is USD29,374,783.58. Settlement of USD29,374,783.58 will mean that all debt owing by the Company to Wintercrest is discharged.

7.2 In the short to medium term, the Company is and will not be in a position to retire the Outstanding Amount or any meaningful part of it. As the Company has been put on the watchlist by the SGX-ST with effect from 3 June 2016 following notice of three consecutive years' losses released by the Company on 29 February 2016, it is exploring all ways and business opportunities to enable it to re-build its financial position and businesses. Without entering into the Proposed Debt Restructuring as set out in the Settlement Agreement, which includes the Proposed Shares Issue, the Company will not be able to raise any fresh funds from the capital markets, obtain any further facilities from its bankers to re-establish itself. Further, if the Settlement Agreement had not been entered into, Wintercrest would

have exercised its rights to enforce the Collateral Shares and further, commence legal proceedings against the Company for any sum remaining unsatisfied and unpaid. In this event, the Company would likely go into receivership and such an outcome would have adverse financial consequences for the Company and its shareholders.

7.3 *The payment for the Proposed Share Issue will be effected by Wintercrest forgiving and releasing the Debt Conversion Amount in partial settlement of the Outstanding Amount. In other words, all the proceeds from the Proposed Share Issue will be used towards the partial settlement of the Outstanding Amount. Similarly, the proceeds from the Proposed Disposals will be used towards the partial settlement of the Outstanding Amount. Upon completion of the Settlement Agreement, all Collateral Shares will be disposed to Wintercrest and the Company will be discharged from the respective security documents."*

In considering the rationale for the Proposed Debt Restructuring, the details of which are set out in full in Section 7 of the Circular, we have taken into account the following factors:

(a) Financial performance and position of the Group

A summary of the audited consolidated financial statements of the Group for FY2015, FY2014 and FY2013 and the unaudited consolidated financial statements of the Group for HY2016 and HY2015 are set out below:-

Summary of the Consolidated Statement of Income:

Figures in S$'000	Unaudited HY2016	Unaudited HY2015	Audited FY2015	Audited FY2014	Audited FY2013
Revenue	1,843	1,847	3,640	3,598	3,604
Other gains/(losses) - net	1,643	(5,332)	(8,434)	(6,931)	(63,393)
Total expenses	(13,735)	(10,732)	(23,721)	(62,406)	(21,417)
(Loss) before tax	(10,249)	(14,217)	(28,515)	(65,739)	(81,206)
(Loss) after tax	(10,241)	(14,191)	(28,964)	(66,236)	(71,368)
(Loss) after tax attributable to the owner of the Company	(10,609)	(14,554)	(29,561)	(66,856)	(70,815)

Note:

(1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.

Summary of the Consolidated Balance Sheet

Figures in S$'000	Unaudited HY2016	Audited FY2015	Audited FY2014	Audited FY2013
Non-current assets	14,479	20,582	25,825	57,333
Current assets	9,698	11,134	19,143	30,427
Non-current liabilities	708	700	663	628
Current liabilities	50,114	45,109	35,608	10,222
Total borrowings	26,398	27,665	28,325	3,948
Shareholders' equity	(29,301)	(18,169)	4,515	74,288
Net working capital	(40,416)	(33,975)	(16,465)	20,205

Note:

(1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.

We note the following:-

(i) Financial Performance for FY2015, FY2014, and FY2013

The Group's revenue for FY2013 to FY2015 remain generally stable and were derived from two segments namely sterilisation segment (covering the provision of contract sterilisation and polymerisation services to food packaging, medical devices, cosmetics raw materials, and consumers products) and property segment (covering development of properties for sale and long-term holding of properties for rental and related income). In FY2015, the Group's revenue increased by approximately S$41 thousand or 1.1% from approximately S$3.60 million to approximately S$3.64 million. During FY2013 to FY2015, the sterilisation segment continued to be the largest contributor to revenue contributing approximately 70.8% or approximately S$2.6 million in FY2013, 94.4% or approximately S$3.4 million in FY2014, and 98.6% or approximately S$3.6 million in FY2015. The second largest segment, being the property segment, contributed approximately 29.2% or S$1.05 million in FY2013, 5.6% or approximately S$0.2 million in FY2014, and 1.4% or approximately S$49 thousand in FY2015. We understand from the Management that for the property segment, there was no revenue derived from the sale of unit of development property in FY2015 and the revenue of approximately S$49 thousand for the said segment in FY2015 was attributed to rental income (approximately S$25 thousand) and property management fees (approximately S$24 thousand).

We note that the Group reported net other losses of approximately S$8.43 million for FY2015 as compared to approximately S$6.93 million in FY2014. These losses were mainly due to the fair value loss and loss on disposal of the Group's portfolio of equity investments in companies listed in the Singapore Exchange and Bursa Malaysia relating to the investment holding segment. Likewise, in FY2013, the Group reported a significant net other loss of approximately S$63.4 million which are mainly due to the fair value loss of the Group's portfolio of equity investments in companies listed in the Singapore Exchange and Bursa Malaysia relating to the investment holding segment.

The Group's total expenses amounted to approximately S$23.7 million in FY2015 comprising impairment loss on financial assets, available-for-sale, of approximately S$5.9 million, finance costs of approximately S$4.2 million, employee benefits of approximately S$2.2 million, share of loss of an associate of approximately S$1.7 million, impairment loss of an associate of approximately S$0.2 million, raw materials and consumables of approximately S$0.1 million, dilution gain on investment in an associate of approximately S$0.2 million, and others of approximately S$9.6 million (consisted mainly of legal, professional and consultancy fees of approximately S$5.8 million, withholding tax expense of approximately S$1.5 million, allowance for impairment loss on other receivables of approximately S$0.7 million, marketing and advertising of approximately S$0.4 million and depreciation of property and equipment of approximately S$0.4 million). For FY2014, the Group's total expenses amounted to approximately S$62.4 million comprising re-measurement loss on acquisition of investment in an associate of approximately S$21.0 million, impairment loss on financial assets, available-for-sale of approximately S$18.6 million, finance costs of approximately S$5.1 million, impairment loss on investment in an associate of approximately S$4.4 million, employee benefits of approximately S$2.0 million, share of loss of an associate of approximately S$1.5 million, raw materials and consumables of approximately S$0.1 million, cost of development properties sold of approximately S$73 thousand and others of approximately S$9.6 million (consisted mainly of legal, professional and consultancy fees of approximately S$7.0 million, allowance for impairment loss on other receivables of approximately S$0.7 million, and depreciation of property and equipment of approximately S$0.4 million. For FY2013, the Group's total expenses amounted to approximately S$21.4 million comprising impairment loss on financial assets, available-for-sale, of approximately S$10.0 million, employee benefits of approximately S$2.1 million, cost of development properties of approximately S$1.1 million,

finance costs of approximately S$0.2 million, raw materials and consumables of approximately S$0.1 million as well as others of approximately S$7.8 million (consisted mainly of allowance for impairment loss on other receivables of approximately S$2.8 million, legal, professional and consultancy fees of approximately S$1.5 million, transaction costs of approximately S$1.0 million, and management service fees of approximately S$0.5 million).

The Group recorded a loss after tax attributable to the owner of the Company of approximately S$29.6 million, S$66.9 million and S$70.8 million for FY2015, FY2014 and FY2013 respectively.

(ii) Financial Performance for HY2016 vs. HY2015

The Group's revenue in HY2016 declined slightly by approximately 0.2% to approximately S$1.8 million. However, in HY2016, the Group reported to a net other gain of approximately S$1.6 million as compared to a net other loss of approximately S$5.3 million in HY2015. The net other gain of approximately S$1.6 million in HY2016 was attributed to net currency exchange gain of approximately S$2.0 million (resulting from strengthening of Singapore Dollars against United States Dollars) and interest income of approximately S$0.2 million which were partially offset by net fair value loss on equity investment in companies listed in the Singapore Exchange and Bursa Malaysia of approximately S$0.5 million, net loss on disposal of equity investment in companies listed in the Singapore Exchange and Bursa Malaysia of approximately S$0.2 million, loss of conversion of debt instrument to equity of approximately S$0.1 million, claims amounting to approximately S$0.1 million received from Prospect Resources Limited and write-off of other payables of approximately S$0.1 million.

The Group's total expenses increased from approximately S$10.7 million in HY2015 to approximately S$13.7 million in HY2016. The total expenses of approximately S$13.7 million in HY2016 comprised impairment loss on financial assets available-for-sale of approximately S$5.6 million, finance costs of approximately S$2.5 million, employee benefits of approximately S$0.9 million, raw materials and consumables of approximately S$54 thousand and others of approximately S$4.7 million.

The Group recorded loss after tax attributable to the owner of the Company of approximately S$10.6 million in HY2016, as compared to loss after tax attributable to the owner of the Company of approximately S$14.6 million in HY2015.

(iii) Assets and liabilities

As at 30 June 2016, the Group's total assets of approximately S$24.2 million comprised non-current assets of approximately S$14.5 million and current assets of approximately S$9.7 million. The Group's non-current assets as at 30 June 2016 mainly consisted of property, plant and equipment of approximately S$4.4 million, investment in associate of approximately S$5.2 million, financial assets, available for sale of approximately S$4.7 million and deferred tax assets of approximately S$0.2 million.

The Group's current assets as at 30 June 2016 mainly consisted of cash and cash equivalents of approximately S$1.9 million, development properties of approximately S$4.8 million, asset held for sale of approximately S$1.7 million, other current assets of approximately S$0.6 million, trade and other receivables of approximately S$0.7 million and financial asset, at fair value through profit and loss, of approximately S$67 thousand.

The Group's total liabilities as at 30 June 2016 amounted to approximately S$50.8 million and comprised mainly borrowings of approximately S$26.4 million (of which approximately S$26.3 million is current), trade and other payables of approximately S$23.7 million,

employee compensation of approximately S$0.6 million, current income tax liabilities of approximately S$35 thousand and deferred tax liabilities of approximately S$12 thousand.

(iv) Deteriorating Net Working Capital

For the past three financial years under review (being, FY2013 to FY2015), the Group recorded negative net working capital or net current liabilities of approximately S$16.5 million and S$34.0 million for FY2014 and FY2015 respectively. The Group's negative net working capital has deteriorated further to approximately S$40.4 million as at 30 June 2016.

The significant decline in net working capital in the past three financial years were mainly due to impairment and/or net fair value losses relating to the financial assets and significant increase in borrowings, interest payable and accrued administrative fees and extension fees in connection with the Wintercrest Financing Loans.

(v) Negative Operating Cash Flow and Reliance on Financing Activities

Selected Information from Consolidated Statements of Cash Flow

Figures in S$'000	Unaudited HY2016	Unaudited HY2015	Audited FY2015	Audited FY2014	Audited FY2013
Net cash flows from operating activities	922	(1,257)	(1,764)	(10,509)	5,155
Net cash flows from investing activities	(721)	(1,965)	(2,265)	(10,743)	(50,366)
Net cash flows from financing activities	(362)	1,571	2,166	22,614	46,419

Note:

(1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.

We note from the Group's consolidated statements of cash flow, it appears that the Group operating activities have been generally consuming cash in FY2014 and FY2015. The Group generated a positive net cash flow of approximately S$0.9 million from its operating activities in HY2016.

Further we note from the table above that the Group had been relying heavily on cash flow generated from its financing activities to sustain its operations and investment activities, save for HY2016 where the Group did not generate net cash inflow from financing activities.

(b) Capital Base and Debt Burden

We set out below summarised extracts of the financial position relating to the capital base and debt burden of the Group for HY2016, FY2015, FY2014 and FY2013:-

Figures in S$'000	Unaudited HY2016	Audited FY2015	Audited FY2014	Audited FY2013
Shareholders' equity (1)	(29,301)	(18,169)	4,515	74,288
Borrowings				
Current portion	26,330	27,581	28,192	3,740
Non current portion	68	84	133	208
Total Borrowings (2)	26,398	27,665	28,325	3,948
Total liabilities	**50,822**	**45,809**	**36,271**	**10,850**
Cash and cash equivalents	1,862	2,021	3,959	2,534
Total borrowings (net of cash)	24,536	25,643	24,365	1,414
Gearing ratio (3) (times)	n.m.	n.m.	6.3	0.05
Net gearing ratio (4) (times)	n.m.	n.m.	5.4	0.02
Total liabilities/Shareholders' equity (times)	n.m.	n.m.	8.0	0.1

Notes:

(1) Shareholders' equity is defined as the aggregate of issued and paid-up capital, and reserves comprising merger reserves, retained earnings of the Group before minority interest.

(2) Total borrowings is defined as borrowings from banks and financial institutions, trade facility and finance lease liabilities.

(3) Gearing ratio is defined as the ratio of total borrowings to shareholders' equity while leverage ratio is defined as the ratio of total liabilities to Shareholders' equity.

(4) Net gearing ratio is defined as the ratio of total borrowings net of cash and cash equivalent to shareholders' equity.

(5) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding.

We note that the gearing ratio, net gearing ratio, total liabilities to shareholders' equity of the Group as at 30 June 2016 and as at 31 December 2015 are negative (mainly due to the substantial amount of accumulative losses) and not meaningful given the Group's negative shareholders' equity attributable to owners of the Company of approximately S$29.3 million as at 30 June 2016 and S$18.2 million as at 31 December 2015. We wish to highlight that the Group's gearing and net gearing ratio had deteriorated from approximately 0.05 time and 0.02 time respectively in FY2013 to approximately 6.3 times and 5.4 times in FY2014. In addition, the ratio of total liabilities to shareholders' equity for the Group had increased significantly from approximately 0.1 times in FY2013 to 8.0 times in FY2014.

The Group's total borrowing as at 30 June 2016 comprised the Wintercrest Financing Loans of approximately S$26.3 million (FY2015: approximately S$27.5 million) and finance lease liabilities of approximately S$0.1 million (FY2015: approximately S$0.1 million). We wish to highlight that the Wintercrest Financing Loans mentioned above excludes the administrative fees and extension fees of approximately S$9.3 million (FY2015: approximately S$7.2 million) and interests payables in connection with the Wintercrest

Financing Loans of approximately S$9.0 million (FY2015: approximately S$6.8 million), which were recorded under the Group's trade and other payables.

(c) Disclaimer of opinion in Independent Auditors' Report for FY2015

We note that the AR2015 and the Independent Auditors' report dated 4 April 2016 ("**Independent Auditors' Report**") on the Group's and Company's financial statements for FY2015 contained an disclaimer of opinion relating to, *inter alia,* the appropriateness of going concern assumption. The following paragraphs as set out in italics below are extracted from the Independent Auditors' Report (page 69 to 70 of the AR2015) and note 3(a) to the audited financial statements of the Group for FY2015. We recommend that Independent Directors advise Shareholders to read this section of the AR2015 carefully:-

"***Basis for Disclaimer of Opinion***

Appropriateness of Going Concern Assumption

4. *As disclosed in Note 3(a) to the financial statements, the Group incurred a net loss of approximately S$29.0 million and a total comprehensive loss of approximately S$29.3 million (2014: a net loss of approximately S$66.2 million and a total comprehensive loss of approximately S$68.8 million), and a net cash outflow from operating activities of approximately S$1.8 million (2014: net cash outflow from operating activities of approximately S$10.5 million). As at 31 December 2015, the Group's and Company's current liabilities exceeded its current assets by approximately S$34.0 million and S$44.2 million respectively (2014: approximately S$16.5 million and S$32.9 million respectively). Further, the Group and the Company have a shareholders' deficit of approximately S$14.1 million and S$20.1 million respectively (2014: shareholders' surplus of approximately S$8.7 million and S$0.2 million respectively). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.*

5. *The financial statements have been prepared on the assumption that the Group and the Company will continue as going concerns. Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources to satisfy its working capital requirements for the next twelve months ending 31 December 2016 and to pay its debts as and when they fall due. The forecast was prepared based on the assumptions disclosed in Note 3(a) to the financial statements. Those assumptions are premised on future events, the outcome of which is inherently uncertain.*

6. *In view of the material uncertainties as discussed above, we are unable to obtain sufficient appropriate audit assurance regarding the use of the going concern assumption in the preparation of the financial statements. Accordingly, we are unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.*

7. *In the event the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as*

current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

8. *Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 7, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and accordingly, we do not express an opinion on the financial statements."*

Note 3(a) to the audited financial statements are reproduced in italics below.

"3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S$"), which is the functional currency of the Company.

Going Concern Assumption

For the financial year ended 31 December 2015, the Group incurred a net loss of approximately S$29.0 million and a total comprehensive loss of approximately S$29.3 million (2014: a net loss of approximately S$66.2 million and a total comprehensive loss of approximately S$68.8 million), and a net cash outflow from operating activities of approximately S$1.8 million (2014: net cash outflow from operating activities of approximately S$10.5 million). As at 31 December 2015, the Group's and Company's current liabilities exceeded its current assets by approximately S$34.0 million and S$44.2 million respectively (2014: approximately S$16.5 million and S$32.9 million respectively). Further, the Group and the Company have a shareholders' deficit of approximately S$14.1 million and S$20.1 million respectively (2014: shareholders' surplus of approximately S$8.7 million and S$0.2 million respectively).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2015 remains appropriate after taking into consideration the following factors:

(i) *Management is evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities. Management has prepared a cash flow forecast which shows that the Group will have sufficient cash resources to satisfy its day-to-day operations for the next twelve months from 31 December 2015.*

(ii) *Subsequent to year end, the Group has forecasted cash inflows arising from the following transactions:*

- *As disclosed in Note 17 to the financial statements, as at 31 December 2015, the Group is concluding the sale of the Suasana Sentral Condominium located in Malaysia for a total cash consideration of approximately S$1.18 million. Also at year end, the Group is selling one unit of Clear Water Residence located in Malaysia valued at approximately S$0.49 million as at 31 December 2015. The Group expects to complete the sale of these investment properties within the financial year ending 31 December 2016.*

- *As disclosed in Note 37(a) to the financial statements, on 22 May 2015, the Court of Appeal of New South Wales has adjudicated in favour of the Company and various parties (collectively, the "Consortium") and has been awarded to claim costs incurred totaling approximately S$0.32 million from Prospect Resources Limited ("PSC"). The Group expects PSC to reimburse the Consortium with the awarded costs within the financial year ending 31 December 2016.*

- *As disclosed in Note 16(a) to the financial statements, on 4 December 2015, the Group have entered in a joint venture agreement with a third party developer for the development of the Group's leasehold land. In accordance with the joint venture agreement, the third party developer agree to pay the Group approximately S$0.2 million as initial sum of the joint venture consideration. The Group expects to receive this initial sum within the financial year ending 31 December 2016.*

(iii) The Group is currently in negotiation with Wintercrest Advisors LLC for the full and final settlement of the financing loan facility with outstanding balance of S$41.5 million as at 31 December 2015, comprising the principal amount of S$27.5 million, accrued interest of S$6.8 million and accrued administrative and extension fees of S$7.2 million. The aggregate balance is proposed to be settled through a combination of assignment of assets and conversion to equity, subject to regulatory approval.

In the event the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements."

In connection with the sale of Suasana Central Condominium as mentioned above, we note that Raintree Rock Sdn. Bhd. ("**Raintree**"), a wholly owned subsidiary of the Company, has entered into a sale and purchase agreement dated 15 September 2015 (the "**SPA**") with certain purchaser for the sale of one unit of Suasana Sentral Condominium for a cash consideration of RM3.60 million (approximately S$1.18 million). As announced on 26 April 2016, Raintree had been served with a writ of summons (the "**Writ of Summons**") and statement of claim filed in the High Court of Malaya in Kuala Lumpur (the "**Legal Proceedings**"). The Writ of Summons was filed on behalf of Suresh Kumar ("**SK**"), Vigneswari Gopalan ("**VG**") and Libertare Sdn Bhd (the "**Plaintiffs**") against Raintree, Onesentral Park Sdn Bhd and Pendaftar Hakmilik Tanah Wilayah Persekutuan Kuala Lumpur (the Land Titles Registrar of the Federal Territory of Kuala Lumpur) as the defendants. The Legal Proceedings are in relation to the SPA. The Plaintiffs are seeking, *inter alia*, a declaration that Raintree and the other defendants take steps to effect rectification of the strata title to the property, an order for specific performance by Raintree

of the SPA, subject to the Court varying certain terms of the SPA, including the purchase price, or, in lieu of specific performance, a refund of deposits paid by the Plaintiffs, together with liquidated damages of RM600,000 and damages for misrepresentation. The Directors represented and confirmed that there has been no update on this Legal Proceedings as at the Latest Practicable Date.

We further note from the results announcement dated 10 August 2016 for the HY2016 that the ability of the Company to operate as going concern is dependent on, *inter alia,* the Proposed Debt Restructuring. The following paragraphs as set out in italics below are extracted from the results announcement dated 10 August 2016 (page 13). We recommend that Independent Directors advise Shareholders to read this section of the results announcement dated 10 August 2016 carefully:-

*"**19. Going concern assumption***

In the opinion of the Board, the Company would be able to operate as going concern.

The Board has reviewed the Group's cash flow requirements for the next 12 months and believe that although uncertainties exist, there are reasonable grounds to believe that the Group will be able to raise sufficient funds to enable the Group to fund its operations in the next 12 months. The basis for making this statement is as follows:

***Negotiation on full settlement of the outstanding payable to Wintercrest Advisors LLC.** The Company has entered into a settlement agreement dated 7 April 2016 with Wintercrest for the full and final settlement of the outstanding amount owing and payable to Wintercrest under the facility agreement (subject to regulatory and shareholders approval) based on computation as at 31 December 2015. If successful, the immediate impact would be remove the single largest liability and operating cost. Without any further interest charges and administration fees, the Company will be in a good position to return to profitability soon. The SIC has on 23 June 2016 granted the Company with whitewash waiver subject to conditions released in an announcement by the Company on 24 June 2016. The circular containing further details on, inter alia, the proposes share issues, the whitewash resolution as well as all other transactions contemplated within the Settlement Agreement, together with the notice of extraordinary general meeting will be despatched in due course.*

***Recovery of Consortium costs for Prospect Resources Limited.** As announced by the Company on 15 August 2015, the Court has dismissed Prospect Resources Limited ("PSC")'s claims and ordered that PSC pay the Consortium costs. The Company has received A$0.29 million (approximately to S$0.28 million) to date.*

***Cash inflow from sale of properties.** Further the Group is also pending to dispose one unit Clear Water Residence in Malaysia which is valued at approximately S$0.49 million (RM1.50 million) as at 31 December 2015, which the Group is expecting to realise the sale in financial year 2016.*

***Initial sum on joint venture agreement with Eminent Envisage Sdn Bhd ("JV Agreement").** As announced by the Company on 4 December 2015, the Group had assigned the receivable of RM500,000 from Eminent Envisage Sdn Bhd as the initial sum of the JV Agreement in financial year 2016 to a creditor of the Group."*

(d) The Company's watch-list status

As announced on 29 February 2016, the SGX-ST has on the same day and subject to fulfilment of certain conditions granted an extension of time for the first quarterly review of the Company's compliance with the MTP requirements to 1 September 2016 ("**Extension**

of Time"). Pursuant to the SGX-ST's Extension of Time, the SGX-ST will review the Company's compliance with the MTP requirements on 1 September 2016 instead of 1 March 2016. On 23 August 2016, SGX-ST released a press release entitled "SGX proposes more targeted MTP watch-list criteria with market capitalisation test", which provides that the SGX-ST is proposing to add a market capitalisation test to the MTP requirement so that a company is placed on the MTP watch-list if the six months VWAP of its shares is below S$0.20 and its six month average daily market capitalisation is below S$40 million. The SGX-ST also stated in the press release that SGX will not place new issuers onto the MTP watch-list until it has considered feedback to the consultation on the proposed refinements to the MTP watch-list criteria, and proposed changes, if any, to the requirement. As announced on 1 September 2016, the Board is monitoring the situation closely and will update the Shareholders as and when appropriate.

We note from the Company's announcement that it was placed on the watch-list status pursuant to Rule 1311(1) of the Listing Manual with effect of 3 June 2016. The Company will have to meet the requirements of Rule 1314(1) of the Listing Manual for its removal from the watch-list within 36 months from 3 June 2016, failing which the SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

5.2 Inter-conditionality of the Proposed Debt Restructuring and the Whitewash Resolution

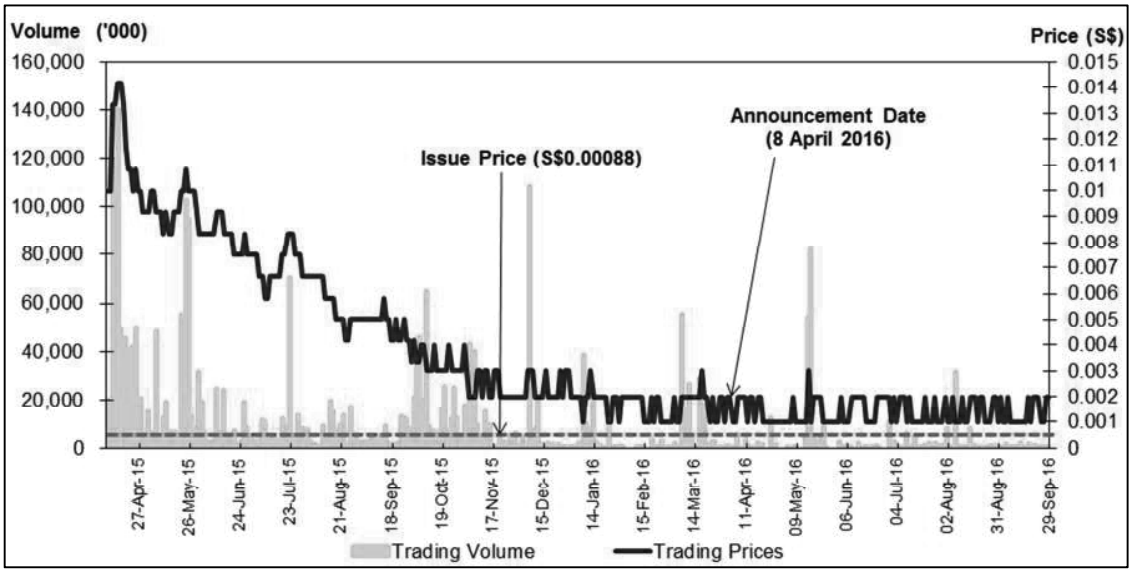
We note from Section 10.6 of the Circular that the Proposed Share Issue, the Proposed Disposals and the Whitewash Resolution are, subject to and conditional upon the passing of each of the other resolutions. Accordingly, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Share Issue and the Proposed Disposals will not take place.

5.3 Assessment of the Issue Price

In assessing the Issue Price for each Conversion Share, we have considered the historical trading performance of Shares, the Group's net assets value ("**NAV**") or net tangible assets ("**NTA**") as well as, salient statistics of selected debt conversion by companies listed on the SGX-ST.

(a) Market quotation and trading activity for the Shares

The historical price chart (based on the closing prices together with the number of Shares traded on a daily basis) for the Shares during the period commencing from 9 April 2015 (being the Market Day 12 months prior to the Announcement Date) and ending on the Latest Practicable Date is set out below:-



Source: *SGX-ST*

For the period commencing from 9 April 2015 and ending on 8 April 2016, being the Announcement Date (both dates inclusive), we note that the Shares were being traded on 233 Market Days out of 252 Market Days. The closing prices of the Shares were always above the Issue Price for the period commencing from 9 April 2015 and ending on 8 April 2016, being the Announcement Date (both dates inclusive). We observed that the prices for the Shares closed at S$0.002 on 11 April 2016, being the Trading Day immediately after the Announcement Date, which is equivalent to the closing price for the Shares on Announcement Date.

For the period commencing from 11 April 2016 till 29 September 2016 (being the Latest Practicable Date), the closing price for the Shares continued to be always higher than the Issue Price and the Share price closed at S$0.002 on the Latest Practicable Date.

As a general market comparison and observation, the FTSE Straits Times Index ("**FTSE STI**") declined by approximately 18.8% for the period commencing from 9 April 2015 and ending on 8 April 2016, being the Announcement Date, and subsequently increased by approximately 2.8% from 11 April 2016 to the Latest Practicable Date. For the same period commencing from 9 April 2015 and ending on 8 April 2016, being the Announcement Date, the price for the Shares declined by approximately 80.0% and subsequently the price for the Share closed at S$0.002 as at the Latest Practicable Date, which is similar to the closing price for the Shares as at 11 April 2016 (being the Market Day immediately after the Announcement Date). We observed that the Shares have underperformed the FTSE STI for the 12 month period prior to the Announcement Date and the period commencing from the Announcement Date till the Latest Practicable Date.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares.

The volume-weighted closing price ("**VWCP**") of the Shares, the highest and lowest transacted prices for the Shares and the average number of Shares traded on a daily basis from 9 April 2015 to the Latest Practicable Date is set out below:-

	VWCP[1] (S$)	Discount of the Adjusted Issue Price from VWCP (%)	Lowest transacted price (S$)	Highest transacted price (S$)	Average daily trading volume[2] (Shares)	Average daily trading volume as % of free-float[3] (%)
For the period prior to the Announcement Date						
Last 12 months	0.007	(87.8)%	0.001	0.016	10,687,700	0.26%
Last 6 months	0.002	(63.6)%	0.001	0.004	6,867,398	0.17%
Last 3 months	0.002	(55.4)%	0.001	0.003	3,966,433	0.10%
Last 1 month	0.002	(57.4)%	0.001	0.003	4,673,239	0.12%
Last transacted price on 7 April 2016[4] (being the last trading date prior to the Announcement Date)	0.002	(56.0)%	0.002	0.002	795,000	0.02%
For the period after the Announcement Date up to the Latest Practicable Date						
Till the Latest Practicable Date	0.0016	(44.0)%	0.001	0.003	2,446,140	0.06%
Latest Practicable Date[5]	0.002	(56.0)%	0.001	0.002	250,000	0.01%

Notes:

(1) The VWCP had been weighted based on the last transacted prices of the Shares and traded volume for the relevant trading days for each of the periods.

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.

(3) Free float refers to approximately 4,065,687,790 Shares (or approximately 90.06% of the issued Share capital) held by Shareholders, other than the Substantial Shareholders and Directors as at the Latest Practicable Date and as enumerated in the Circular.

(4) This represents the last transacted price instead of VWCP for the Shares on 7 April 2016, being the last transacted price for the Shares prior to the Announcement Date. There were no trading for the Shares on the Announcement Date.

(5) *This represents the last transacted price instead of VWCP and trading volume for the Shares on 29 September 2016, being the Latest Practicable Date.*

Based on a general observation of the table above and after taking into consideration the summary of the transacted Share prices, we note that the Issue Price is:-

(i) at a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into (as disclosed in the announcement dated 8 April 2016);

(ii) at a discount of approximately 56.0% from the last transacted price of S$0.002 for each Share on the SGX-ST on 7 April 2016, being the last trading day prior to the Announcement Date;

(iii) at a discount of approximately 87.8%, 63.6%, 55.4% and 57.4% from the VWCP for the Shares for the 12-month, 6-month, 3-month and 1 month period prior to the Announcement Date respectively;

(iv) at a discount of approximately 44.0% from the VWCP for the Shares for the period commencing from the Market Day immediately after the Announcement Date and ending on the Latest Practicable Date; and

(v) at a discount of approximately 56.0% from the last transacted price of S$0.002 for each Share on the SGX-ST on 29 September 2016, being the Latest Practicable Date.

For illustrative purposes only, based on the number of Shares traded on a daily basis during the period commencing from 9 April 2015 and ending on the Latest Practicable Date, we note that:-

(i) From the 9 April 2015 to 8 April 2016, being the Announcement Date (both dates inclusive), the Shares were traded on 233 days out of the total 252 Market Days during the period. The total number of Shares traded during this period was approximately 2.7 billion Shares and the average number of Shares traded on a daily basis is approximately 10.7 million Shares (based on the total number of Market Days), which represents approximately 0.24% of total number of issued Share Capital and approximately 0.26% of the issued Share capital, held by Shareholders other than the Substantial Shareholders and Directors as at the Latest Practicable Date;

(ii) For the period after Announcement Date till the Latest Practicable Date, the Shares were traded on 96 Trading Days out of the total 121 Market Days during the period. The total number of Shares traded during this period was approximately 296.0 million Shares and the average number of Shares traded on a daily basis is approximately 2.4 million Shares (based on the total number of Market Days), which represents approximately 0.05% of total number of the issued Share Capital and approximately 0.06% of the issued Share capital, held by Shareholders other than the Substantial Shareholders and Directors as at the Latest Practicable Date.

We note that trading for the Shares is erratic and that the daily average number of Shares traded during the 12 months period analysed prior to the Announcement Date was 0.26% of the number of Shares held by Shareholders other than Substantial Shareholders and Directors as at the Latest Practicable Date. It appears that prior to the Announcement Date, the trading for the Shares was relatively active. Whilst historically transacted prices for the Shares represent prices between willing buyer and willing seller, they may not be reflective of its fundamental value taking into account the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors for AR2015 on *inter alia* the going concern assumption.

It is noted that whilst the Proposed Share Issue will involve transfer of control to Wintercrest and will raise Wintercrest's shareholding in the Company from 0.0% to 83.6% (thereby giving Wintercrest the "super majority" control over the Company, the Issue Price is lower than the historical prices for the Shares for the 12 month period prior to the Announcement Date and the period commencing from the Market Day immediately after the Announcement Date to the Latest Practicable Date.

We observed that the Shares have generally underperformed the FTSE STI for for the 12 month period prior to the Announcement Date and the period commencing from the Market Day immediately after the Announcement Date to the Latest Practicable Date.

The relatively weaker performance of the Shares as compared to the FTSE STI and the decline in the number of Shares traded after the Announcement Date to the Latest Practicable Date may, *inter alia*, be a reflection of the weak financial position and financial performance of the Group with the disclaimer of opinion issued by the Independent Auditors for AR2015 in relation to, *inter*

alia, the going concern assumption as well as prospects or demand for the Shares after the Announcement Date.

Independent Directors should note that the past trading performance for the Shares may not be relied upon as an indication or promise of its future trading performance.

(b) Analysis of NAV and NTA of the Group

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names) over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account or consideration nor does it take into account the hypothetical sale of assets in a non-orderly or over a short period of time. It does not illustrate the values of which assets may actually be realised or disposed.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly or over a short period of time. It does not illustrate the values of which assets may actually be realised or disposed.

In assessing the Issue Price of S$0.00088 for each Conversion Share, in relation to the NAV and NTA per Share of the Group as at 30 June 2016, we have reviewed the unaudited balance sheet of the Group as at 30 June 2016 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited balance sheet of the Group as at 30 June 2016 and in the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited balance sheet as at 30 June 2016 in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at the Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 30 June 2016, save as disclosed in the unaudited consolidated financial statement of the Group as at 30 June 2016 as well as the Circular. In addition, the Directors are of the opinion that save as

disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2016 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

Consolidated unaudited Balance Sheet as at 30 June 2016	**S$'000**
Non-Current Assets	
Investment in an associate	5,152
Financial assets, available-for-sale	4,732
Property and equipment	4,430
Deferred tax assets	165
	14,479
Current Assets	
Cash and cash equivalents	1,862
Financial assets, at fair value through profit or loss	67
Trade and other receivables	680
Other current assets	562
Development property	4,829
Assets held for sale	1,698
	9,698
Non-Current Liabilities	
Employee compensation	628
Borrowings	68
Deferred tax liabilities	12
	708
Current Liabilities	
Trade and other payables	23,749
Borrowings	26,330
Current income tax liabilities	35
	50,114
Net liabilities value including non-controlling interests	(26,645)
Non-controlling interest	2,656
Net Liabilities attributable to the Shareholders ("Net Liabilities")	(29,301)
Less: Intangible assets	-
Net Tangible Liabilities attributable to the Shareholders ("NTL")	**(29,301)**
Adjustment for the Proposed Debt Restructuring but excluding the Proposed Share Issue [3]	
Less: assignment of investment in associate	(5,152)
Less: assignment of investment in financial assets, available-for-sale to Wintercrest	(4,716)
Add: repayment of interest, administration fees and extension fees to Wintercrest for FY2015	18,727
Add: repayment of Outstanding Amount (excluding Debt Conversion Amount) to Wintercrest	6,065[4]
Total adjustment for debt restructuring	**14,924**

Consolidated unaudited Balance Sheet as at 30 June 2016	S$'000
Adjusted Net Liabilities attributable to the Shareholders ("Adjusted Net Liabilities") or Adjusted NTL attributable to the Shareholders ("Adjusted NTL")	**(14,377)**
Adjusted Net Liabilities or Adjusted NTL per Share (S$ cents)	(0.318)
Issue Price (S$ cents)	0.088
Premium/(discount) of Issue Price over/(from) the Group's Adjusted Net Liabilities or Adjusted NTL per Share	**n.m.**

Notes:

(1) The figures above are based on the Group's latest announced unaudited financial results for HY2016.

(2) The figures are computed based on the Company's issued Share capital of 4,514,224,998 Shares as at the Latest Practicable Date.

(3) Based on the Proposed Debt Restructuring adjustments but excluding the Proposed Share Issue as provided by the Management.

(4) The figure is computed based on the repayment of loan of S$26,297,807 as at 31 December 2015 to Wintercrest as provided by the Management less the Debt Conversion Amount of S$20,232,340 as at 31 December 2015 as disclosed in the announcement dated 8 April 2016.

From the above table, we note that the Group had Net Liabilities or NTL of approximately S$29.3 million based on the unaudited consolidated financial statements as at 30 June 2016 and after taking into account the adjustments for the Proposed Debt Restructuring but excluding the Proposed Share Issue, the Group's Adjusted Net Liabilities or Adjusted NTL is approximately S$14.4 million (or approximately negative 0.318 Singapore cents per Share). Hence, the comparison and analysis of the Issue Price and the Group's Net Liabilities or NTL or Adjusted Net Liabilities or Adjusted NTL are not meaningful.

On 25 May 2016, the Company announced that its wholly-owned subsidiary, Adroit Innovations Investment Pte Ltd ("**Adroit**") has on the same date entered into a sale and purchase agreement with Net Data Investments Limited ("**NDI**"), pursuant to which Adroit has agreed to acquire shares in PT Rel-ion Sterilization Services ("**PT Rel-ion**"), the Company's indirect subsidiary, representing approximately 22.29% of the total issued share capital of PT Rel-ion from NDI for a cash consideration of S$1.5 million (the "**Proposed Acquisition**"). The Proposed Acquisition has been completed on 27 June 2016.

Based on the pro-forma balance sheet post the Proposed Debt Restructuring and including the Proposed Share Issue provided by the Management, we note that the Group will have a positive NTA attributable to the Shareholders of approximately S$5.9 million ("**Adjusted NTA post Debt Restructuring**") or approximately 0.021 Singapore cents per Share. The Issue Price represents a substantial premium of approximately 313.7% over the Group's Adjusted NTA post Debt Restructuring per Share of approximately 0.021 Singapore cents.

Revalued NAV and NTA of the Group

In our evaluation of the Issue Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which recorded in the unaudited balance sheet of the Group as at 30 June 2016.

The Directors have represented and confirmed that for their deliberation in connection with, *inter alia,* the Whitewash Resolution, they had commissioned the Independent Valuers to determine the market value and/ or the fair value of the certain designated assets of the Group comprising

mainly development property, assets held for sale and selected property and equipment (collectively, the "**Appraised Assets**") as at 30 June 2016. As the valuation reports issued by the Independent Valuers are not prepared specifically for the purpose of the Proposed Transactions, the valuation reports will not be made publicly available. Nevertheless, the Directors further confirmed that each of the Independent Valuer has given consent to the reference to and/or use of the open market value of the Group's development property and assets held for sale and the fair value of selected property and equipment of the Group by the Directors, who have the liberty to disclose such value to us in connection with, *inter alia*, the Whitewash Resolution.

In addition, the Directors have represented and confirmed that (i) the Independent Valuers have no present or contemplated interest in the Appraised Assets which are the subject of the valuation report and are acting independent of all parties; (ii) the directors and substantial shareholders of Independent Valuers are not related to the Company and its subsidiaries, Wintercrest and its subsidiaries and their concert parties and their respective directors or substantial shareholders, and (iii) the Independent Valuers have no other dealings other than the valuation of the Appraised Assets undertaken for the Company.

The Management has represented that the Appraised Assets of with a net book value of approximately S$10.7 million as at 30 June 2016, comprises:

(a) Development property comprising a leasehold land located at Lot No.1719, Section 13, Town of Shah Alam, District of Petaling, Selangor, Malaysia with a net book value of approximately S$4.8 million as at 30 June 2016. It is noted that on 4 December 2015, the Group entered into a joint venture arrangement ("**JVA**") with a third party (the "**Developer**") to undertake a mixed development on a piece of leasehold land held by the Group. The Developer has agreed to pay the Group 20% of the gross sales value from the project or the sum of RM25.0 million (equivalent to S$8.2 million) guaranteed minimum consideration whichever is higher (the "**JV Consideration**") and shall be paid by the Developer on or before the project completion date. The JVA also provides that the Developer shall pay the Group an initial sum of RM0.5 million (S$0.2 million) which shall constitute part of the JV Consideration.

    We understand from the Directors and the Management that as at the Latest Practicable Date, the Developer is in the midst of applying for various approvals required for and securing a bank loan for the construction of the development property. As at the Latest Practicable Date, the construction of the said development property has not commenced and the initial sum of RM0.5 million has been received by the Company.

(b) Assets held for sale comprising 2 condominium units in Kuala Lumpur Malaysia (Suasana Sentral Condominium and Clear Water Residence) with a net book value of approximately S$1.7 million as at 30 June 2016.

    As mentioned previously, Raintree, a wholly owned subsidiary of the Company, has entered into the SPA with certain purchaser for the sale of one unit of Suasana Sentral Condominium for a cash consideration of approximately RM3.6 million (or approximately S$1.18 million). As announced on 26 April 2016, Raintree had been served with the Writ of Summons and statement of claim filed in the High Court of Malaya in Kuala Lumpur. The Legal Proceedings are in relation to the SPA. The Plaintiffs are seeking, *inter alia*, a declaration that Raintree and the other defendants take steps to effect rectification of the strata title to the property, an order for specific performance by Raintree of the SPA, subject to the Court varying certain terms of the SPA, including the purchase price, or, in lieu of specific performance, a refund of deposits paid by the Plaintiffs, together with liquidated damages of RM600,000 and damages for misrepresentation. The Directors and

the Management represented that there has been no update on this matter as at the Latest Practicable Date.

The Directors and the Management represented that the one unit of Clear Water Residence has been advertised for sale and the sale is expected to be realised in the financial year 2016, however no definitive sale and purchase agreement has been executed as at the Latest Practicable Date.

(c) Selected property and equipment comprising freehold land, freehold building, construction in progress, cobalt isotope, equipment and motor vehicles) with a net book value of approximately S$4.2 million as at 30 June 2016.

The Appraised Assets accounted for approximately 44.3% of the Group's total assets as at 30 June 2016. The Management represented and confirmed that the remaining property and equipment (with a net book value of approximately S$0.2 million as at 30 June 2016), for which no valuation has been commissioned, consist of motor vehicle, renovations, office computer and other equipment.

The Directors further confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining property and equipment highlighted above for which no valuation was obtained and their respective book value.

The Directors confirmed that they are aware of and satisfied with the selection of the Appraised Assets for the valuation exercise.

We have not made any independent evaluation or appraisal of the Group's assets and with respect to such valuation, we are not experts in the evaluation or appraisal of the Appraised Assets and have relied on the opinion of and confirmation from the Directors that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining property and equipment highlighted above for which no valuation was obtained and their respective book value.

We understand that the Directors having reviewed the valuation reports issued by the Independent Valuers (*inter alia,* the assumptions, methodology used and information relied upon by the Independent Valuers) as a whole and are of the opinion that the assumptions and methodology used by the Independent Valuers are reasonable.

The Directors and the Management have represented and confirmed the following:-

(i) The aggregate market value of the Group's development property and assets held for sale as ascribed by one of the Independent Valuers as at the Valuation Date is approximately RM29.85 million (or equivalent to approximately S$9.88 million based on the exchange rate of S$1:RM3.02206 as at the Latest Practicable Date.

(ii) The fair value of the Group's selected property and equipment as ascribed by one of the Independent Valuers as at the Valuation Date is approximately IDR73.04 billion (or equivalent to approximately S$7.67 million based on the exchange rate of S$1:IDR9,517 as at the Latest Practicable Date).

Based on the information provided by the Management, we note that the net book value of the Appraised Assets is approximately S$10.7 million as at 30 June 2016.

In addition, we note that the Group holds investments in Singapore and Malaysia listed equities which are booked under financial assets, at fair value through profit and loss amounting to approximately S$67 thousand as at 30 June 2016. The Directors and the Management represented and confirmed that, on aggregate basis, there are no material differences between the market value of the financial assets, at fair value through profit and loss as at the Latest Practicable Date and their respective book value as at 30 June 2016.

For illustrative purpose only, the revaluation surplus for the Appraised Assets has been calculated and presented in the table below assuming a hypothetical sale of the Appraised Assets at the value as represented by the Directors above. The Directors represented and confirmed that to the best of their knowledge and based on the information made available to them by the Management (save as disclosed above), there is no intention to sell or redeploy the Appraised Assets of the Group and that there will be potential tax liability of approximately S$1.8 million if the Appraised Assets were to be sold at the market value ascribed by the Independent Valuers.

Revalued Net Liabilities and Revalued NTL	**S$'000**
Total open market value and/or fair value of the Appraised Assets	17,551
Less: net book value of the Appraised Assets (as at 30 June 2016)	10,713
Revalued surplus	**6,838**
Adjusted Net Liabilities or NTL of the Group	(14,377)
Add: Revalued surplus	6,838
Less: potential tax liability(1)	(1,783)
Revalued Net Liabilities or NTL of the Group attributable to the Shareholders ("**Revalued Net Liabilities**" or "**Revalued NTL**)	(9,322)
Revalued Net Liabilities or NTL per Share (S$ cents)(2)	(0.207)
Issue Price (S$ cents)	**0.088**
Premium/(discount) of Issue Price over/from the Revalued Net Liabilities or NTL per Share	**n.m.**

Notes:

(1) The figure for potential tax liability is provided by the Management.

(2) The figures are computed based on the Company's issued Share capital of 4,514,224,998 Shares as at the Latest Practicable Date.

Based on the table above, after taking into account the market value of the Appraised Assets, the Group's Revalued Net Liabilities or Revalued NTL amounted to approximately S$9.3 million (or approximately negative 0.207 Singapore cents per Share). Hence, the comparison and analysis of the Issue Price and the Group's Revalued Net Liabilities or NTL per Share are not meaningful.

We wish to highlight that although the Revalued Net Liabilities and Revalued NTL shown above include revaluation surplus on the Appraised Assets, Independent Shareholders should note that the Group has not realised the surplus on the Appraised Assets as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus eventually recorded by the Group on the Appraised Assets as described above (in the event that the investments are disposed) will be the same as that indicated above.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated value indicated

above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA and is realisable or distributable to the shareholders of the Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Company decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Company as a going concern nor can it capture or illustrate any value for the Company's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realised or disposed.

(c) Comparison with selected debt conversions

In our assessment of the reasonableness of the Proposed Share Issue and the Issue Price, we have considered the salient terms of selected other transactions which involves conversion of debt into equity undertaken by companies listed on the SGX-ST (the "**Selected Debt Conversions**") to provide, *inter alia*, a general comparison of the dilution, the premiums or discount represented by issue price over/from NTA and last transacted prices prior to the respective announcement, without having regard to specific industry characteristics or consideration structure or other relevant considerations. We wish to highlight that the list of the Selected Debt Conversions is by no means exhaustive, and that the premium or discount of the issue price depends on various factors, including, *inter alia*, debt conversion structure, prevailing market conditions and sentiments, attractiveness and profitability of the business and assets of the issuer as well as relative "bargaining position" of issuer/subscriber. Accordingly, any comparison made with respect to the Selected Debt Conversion is intended to serve as an illustrative guide only.

We have tabulated the Selected Debt Conversions to illustrate the typical premium/discount represented by the issue price to NTA and the last traded price for the respective share on the market day immediately preceding the date of the respective announcement, wherein the share was last traded. Shareholders should note that some of these Selected Debt Conversions are more than 3 years old and as such references or observation made herein is necessarily limited.

Company	Date of announcement	Outstanding debt (S$ million)	Issue price (S$)	No. of conversion shares ('million)	% of existing shares[1] (%)	Financial Position	Premium over/ (discount to) last transacted price prior to announcement (%)	Issue Price / NTA[2] (times)
RH Petrogas Limited ("**RH Petrogas**")	22-May-12	77.5	0.360	157.5	34.47%	Profitable (negative NWC)	5.81%	n.m.[3]
SunMoon Food Company Limited ("**SunMoon**")	18-Mar-13	24.4	0.001	6,000.0	76.16%	Loss making (EOM on going concern & negative NWC)	(99.67)%	n.m.[3]
Lereno Bio-Chem Ltd. ("**Lereno**")	2-Jul-13	3.9	0.006	656.4	22.63%	Loss making (EOM on going concern & negative NWC)	0.00%	n.m.[3]
Asian Micro Holdings Limited ("**Asian Micro**")	26-Aug-13	1.3	0.029	44.7	8.24%	Loss making (EOM on going concern but positive NWC)	(9.38)%	n.m.[3]
OLS Enterprise Ltd. ("**OLS**")	21-Apr-14	8.7	0.008	857.2	77.26%	Loss making (EOM on going concern & negative NWC)	(70.70)%	n.m.[3]
Swee Hong Limited ("**Swee Hong**")	5-Sep-15	20.1	0.02	1,006.7	273.18%	Loss making (Disclaimer of Opinion on going concern & negative NWC)	(84.13)%	n.m.[3]
Annica Holdings Limited ("**Annica**")	11-Feb-16	3.5	0.001	3,504.8	113.91%	Loss making (EOM on going concern but positive NWC)	0.00%	0.3
Singapore Myanmar Investco Limited (f.k.a. Singapore Windsor Holdings Limited) ("**SMIL**")	11-Feb-16	12.7	0.36	35.3	60.66%	Loss making	(10.0)%	4.6

Company	Date of announcement	Outstanding debt (S$ million)	Issue price (S$)	No. of conversion shares ('million)	% of existing shares[1] (%)	Financial Position	Premium over/ (discount to) last transacted price prior to announcement (%)	Issue Price / NTA[2] (times)
MAXIMUM		**77.5**			**273.18%**		**5.81%**	**4.6**
MINIMUM		**1.3**			**8.24%**		**(99.67)%**	**0.3**
MEDIAN		**10.7**			**68.41%**		**(9.69)%**	**2.5**
SIMPLE AVERAGE		**19.0**			**83.31%**		**(33.51)%**	**2.5**
The Group	**6-Apr-16**	**20.2**	**0.00088**	**23,011.5**	**509.76%**	**Loss making (disclaimer of opinion on going concern & negative NWC)[1][2]**	**(56.00)%[5]**	**n.m.[4]**

Source: *Circulars and announcements for the respective companies*

Notes:

(1) The existing share capital is based on the respective companies issued share capital and the number of settlement shares as at the respective announcement dates for their abovementioned transactions.

(2) The NTA of the respective companies are based on the latest audited NTA prior to the respective announcement date.

(3) Not Meaningful as Asian Micro, Lereno, OLS, RH Petrogas, Swee Hong and SunMoon were in net tangible liabilities position.

(4) The Group had a NTL as at 30 June 2016 and based on the Revalued NTL.

(5) As disclosed in the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.

Based on the table above, we observe the following:-

(i) In terms of the size, the Debt Conversion Amount under the Proposed Share Issue appears to be within the range, higher than the median but relatively in line with the simple average for the Selected Debt Conversions.

(ii) In terms of dilution, the Conversion Shares represents approximately 509.8% of the Existing Share Capital, and this ratio is higher than any of the Selected Debt Conversions.

(iii) Most of the companies under the Selected Debt Conversions were loss making (save for RH Petrogas) and their financial positions were weak prior to the announcement of the respective debt conversion with negative net working capital (save for Asian Micro, Annica, and SMIL) and emphasis of matters and/or disclaimer of opinion on going concern (save for RH Petrogas and SMIL). Likewise, the Group had been loss making since FY2013 to HY2016 and had a negative net working capital of approximately S$40.4 million as at 30 June 2016 and disclaimer of opinion issued by the Independent Auditors on, *inter alia,* going concern assumption in AR2015.

(iv) Most of the companies under the Selected Debt Conversions (save for Annica and SMIL) were in NTL position prior to the announcement of the respective debt conversions. Likewise, the Group was in NTL of approximately S$29.3 million as at 30 June 2016.

(v) The discount of approximately 56.0% as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement Date is less favourable than the simple average and median for the Selected Debt Conversions but still within range of the Selected Debt Conversions. We also note from the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into. In particular, the discount of approximately 56.0% as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement Date is slightly lower than the average discounts of approximately 63.6% for Lereno, OLS, Swee Hong and SunMoon (which were, similar to the Company, in the loss making and NTL position and negative net working capital with uncertainties on the ability to continue as a going concern).

Independent Shareholders should note that as the circumstances for each of the companies listed and the transactions outlined above are unique and as the companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is limited. Further, the list of Selected Debt Conversions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed Share Issue and the Selected Debt Conversions serves as an illustrative guide only.

(d) Comparison with selected past fund raising undertaken by the Company

We note that since FY2015 to the Latest Practicable Date, the Company has conducted the following fund raising exercises:

(a) The Company had on 20 January 2015 entered into a placement agreement ("**2015 Placement Agreement**") with one (1) individual subscriber ("**2015 Subscriber**") pursuant to which the Company had agreed to allot and issue 100,000,000 new Shares ("**2015 Placement Shares**") to the 2015 Subscriber at an issue price of S$0.01705 per 2015 Placement Share ("**Placement Price**"), amounting to an aggregate gross consideration of approximately S$1.7 million, and on the terms and conditions of the 2015 Placement Agreement (the "**2015 Placement**"). The 2015 Placement Shares represent approximately

3.8% of the then existing issued Share capital or approximately 3.7% of the then enlarged Share capital. The 2015 Placement Price represents a premium of approximately 2.3% over the last transacted price on 20 January 2015, being the announcement date. The 2012 Placement Shares were listed and quoted on the SGX-ST on or about 9 February 2015; and

(b) The Company had also on 25 June 2015 announced a renounceable non-underwritten rights issue of up to 1,433,074,999 new Shares ("**Rights Shares**") at an issue price of S$0.00675 for each Rights Share ("**Rights Issue Price**") on the basis of one (1) Rights Share for every two (2) existing ordinary Shares ("**2015 Rights Issue**"). The Rights Issue Price was subsequently revised to S$0.002 for each Rights Share as announced on 7 September 2015, which was represent a discount of approximately 66.7% from the last transacted price on 4 September 2015, being the market day immediately prior to the announcement of revision of the 2015 Rights Issue Price. The 2015 Rights Issue was completed on 4 November 2015 and the 2015 Rights Shares were listed on 5 November 2015.

We tabulate below the comparison between the Proposed Share Issue with the 2015 Placement and the 2015 Rights Issue.

Transactions	Announcement Date	No of shares or new shares issued	Placement /Issue Price (S$)	% of the enlarged shares (%)	Premium/ discount over/from the last transacted price prior to announcement (%)	P/NTA (times)	Gross proceeds (S$ million)
2015 Placement	20 Jan 2015	100,000,000	0.01705	3.7%	2.3%	0.84(1)	1.7
2015 Rights Issue	25 Jun 2015	1,433,074,999	0.002	33.3%	(66.7)%	n.m. (2)	2.9
Proposed Share Issue	**8 Apr 2016**	**23,011,537,185**	**0.00088**	**83.6%**	**(56.0)% (3)**	**n.m.(4)**	**20.2**

Notes:

(1) The P/NTA is computed based on the Group's latest announced unaudited NTA as at 30 September 2014.

(2) *The Group recorded negative equity attributable to shareholders of the Company of approximately S$1.1 million as at 31 March 2015. Accordingly, the P/NTA is negative and not meaningful.*

(3) *As disclosed in the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.*

(4) *The Group recorded negative equity attributable to Shareholders of approximately S$18.2 million as at 31 December 2015. Accordingly, the P/NTA is negative and not meaningful.*

For illustrative purpose only, we note the following:-

(i) The Issue Price is significantly lower than the Placement Price and the Rights Issue Price, which we have viewed in conjunction with the fact that the closing prices for the Shares have been on the downward trend during the 12 month period prior to the Announcement Date (declined by approximately 80.0% from 9 April 2015 to 8 April 2016, being the Announcement Date).

(ii) The discount as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement is less favourable than the slight premium implied by the Placement Price over the last transacted price prior to the announcement of the 2015

Placement. However, the discount as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement is more favourable than the discount implied by the Rights Issue Price from the last transacted price prior to the announcement of the 2015 Rights Issue. We also note from the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.

(iii) For the Proposed Share Issue and the 2015 Rights Issue, the valuation of the Group in terms of P/NTA is negative and not meaningful and is less favourable. Meanwhile, the valuation of the Group in terms of P/NTA (implied by the Placement Price) was approximately 0.84 times.

The above comparison should be assessed in conjunction with the fact that (a) the closing prices for the Shares have been on the downward trend during the 12 month period prior to the Announcement Date (declined by approximately 80.0% from 9 April 2015 to 8 April 2016, being the Announcement Date), (b) the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors for FY2015 on *inter alia* the going concern assumption, and (c) the Group's shareholders equity has deteriorated from positive S$74.3 million in FY2013 to negative S$29.3 million in HY2016. Lastly, we note that the gross proceeds raised from the 2015 Placement and 2015 Rights Issue was approximately S$1.7 million and S$2.9 million, which is substantially lower than the Debt Conversion Amount via the Proposed Share Issue.

The above comparison has to be assessed in the context of the fact that the economic or general market conditions for the Shares or the prices for which the Shares were traded at the time then prevailing as well as the purpose for the issuance of such instruments may have been different from the Proposed Share Issue or the Whitewash Resolution. Hence, the comparison between the Proposed Share Issue with the 2015 Placement and the 2015 Rights Issue above is necessarily limited and meant for illustration purpose.

5.4 Potential financial effects of the Proposed Share Issue and the Proposed Debt Restructuring

The pro-forma financial effects of the Proposed Share Issue and the Proposed Debt Restructuring as well as its underlying assumptions are set out in Section 9 of the Circular. We recommended that Independent Shareholders read those pages of the Circular carefully and in its entirety.

The following is an extract form the Circular and is set out in italics below. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"9. FINANCIAL EFFECTS OF THE PROPOSED ISSUE AND THE DEBT RESTRUCTURING

9.1 For illustration purposes only and based on the unaudited consolidated financial statements of the Group for FY2015, the financial effects of the Proposed Debt Restructuring (including the proposed issue of the Conversion Shares) are set out below. The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Debt Restructuring (including proposed issue of the Conversion Shares). The analysis below makes the following assumptions:

(a) for the purpose of computing the LPS of the Group after the completion of the Debt Restructuring, it is assumed that the Debt Restructuring (including proposed issue of the Conversion Shares) was completed on 1 January 2015;

(b) for the purpose of computing the NTA per Share, it is assumed that the Debt Restructuring (including proposed issue of the Conversion Shares) was completed on 31 December 2015; and

(c) the allotment and issue of the Conversion Shares.

9.2 Share Capital

	Number of Shares	***Share Capital (SGD)***
Before the Proposed Share Issue (i.e. Existing Share Capital)	*4,514,224,998*	*107,095,362*
After the Proposed Share Issue (i.e. Enlarged Share Capital)	*27,525,762,183*	*127,327,702*

9.3 NTA

	Before the Debt Restructuring	***After the Debt Restructuring***
Consolidated NTA attributable to Shareholders	*(SGD13,184,000)*	*SGD7,048,340*
NTA per Share	*(0.292 cents)*	*0.026 cents*

9.4 LPS

	Before the Debt Restructuring	***After the Debt Restructuring***
Consolidated loss after taxation	*(SGD28,430,000)*	*(SGD28,430,000)*
Weighted average number of Shares for the year ended 31 December 2015	*3,619,936,142*	*26,631,473,327*
LPS	*(0.785 cents)*	*(0.107 cents)"*

For illustrative purposes only, we note from the table above that after the completion of the Proposed Share Issue and the Proposed Debt Restructuring, the Group's NTA per Share would improve from a negative 0.292 Singapore cents to a positive 0.026 cents. In addition, the loss per Share ("**LPS**") of the Group would decline from 0.785 Singapore cents for FY2015 to 0.107 Singapore cents, which is mainly due to dilution effect from the issuance and allotment of the Conversion Shares.

In summary, based on the pro-forma financial effects as set out in Section 9 of the Circular, the Proposed Share Issue and the Proposed Debt Restructuring would have positive effect to the Group's LPS and NTA per Share. The Directors represented and confirmed that the Proposed Share Issue and the Proposed Debt Restructuring is in the interest of and beneficial to the Group as (a) the Proposed Debt Restructuring which includes the Proposed Share Issue would alleviate, to certain extent, uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up; (b) as stated in Section 7 of the Circular, in the short to medium term, the Company is and will not be in position to retire the Outstanding Amount or any meaningful part of it; and (c) the Proposed Debt Restructuring which includes the Proposed Share Issue is necessary to facilitate the Group in re-building its financial position and performance (including opening up possibilities to raise fresh funds from the capital market or financial institutions for *inter alia* any potential business opportunities) which are crucial in view of, *inter alia,* the Company's watch-list status.

5.5 Dilution impact of the Proposed Share Issue for the existing Shareholders

It is important to note that upon completion of the Proposed Share Issue, the shareholdings of the existing Shareholders will be diluted significantly. In evaluating the dilution impact of the Proposed Share Issue on the existing Shareholders, we have considered the following:

	Existing Shareholdings		**Subsequent to the Proposed Share Issue**	
	Total Interests	**%**	**Total Interests**	**%**
Concert Party Group	-	0.00%	23,011,537,185	83.60%
Directors				
Ng Kim Huatt	100,000,000	2.22%	100,000,000	0.36%
Calvin Lim Huan Kim	21,700,000	0.48%	21,700,000	0.08%
Tan Gim Kang, Arran	15,000,000	0.33%	15,000,000	0.05%
Aris Muhammad Rizal	10,000,000	0.22%	10,000,000	0.04%
Alan Chin Yu	-	-	-	-
Substantial Shareholders				
Goh Seh Kiat	301,837,208	6.69%	54,534,175	0.20%
Public Shareholders	**4,065,687,790**	90.06%	**4,312,990,823**	**15.67%**
TOTAL	**4,514,224,998**	**100%**	**27,525,762,183**	**100%**

Note:

(1) Based on the total issued share capital of the Company comprising 4,514,224,998 Shares as at the Latest Practicable Date.

As stated in the Circular, the Concert Party Group do not hold any Shares or instruments convertible into, rights to subscribe for and options in respect of the Shares as at the Latest Practicable Date. Based on the illustration above, we note that upon issuance of the Conversion Shares, the Concert Party Group's interest in the Company will increase from nil to approximately 83.6%, existing Shareholders will collectively suffer a reduction of approximately 83.6% of their percentage shareholding interests in the Company and their collective voting rights in the Company would hence be correspondingly reduced. The percentage of the shareholding held by the existing Shareholders (other than the Directors and Substantial Shareholders) ("**Existing**

Public Shareholders") will decline from approximately 90.06% to approximately 15.67%, the collective interest of the Existing Public Shareholders to vote on any matters will be significantly affected.

We note that the existing Shareholders' and the Existing Public Shareholders' ability to influence the outcome of resolutions will be significantly reduced after issuance of the Conversion Shares. In addition, Independent Directors should note that upon issuance and allotment of the Conversion Shares, the Concert Party Group would have super majority control over the Company (shareholding exceeding 75%) and hence the Concert Party Group would be in a position to be able to pass all ordinary and special resolutions on matters in which the Concert Party Group do not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company.

Independent Shareholders should note that the Proposed Debt Restructuring which includes the Proposed Share Issue is conditional, among other things, upon the passing of the Whitewash Resolution by Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Debt Restructuring will not take place.

Independent Shareholders should also note that by voting for the Whitewash Resolution, they will be waiving their rights to a general offer from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group for the Shares in the six (6) months preceding the allotment and issuance of the Conversion Shares.

Independent Shareholders should note that the allotment and issuance of the Conversion Shares to Wintercrest under the Proposed Share Issue would result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company based on the Enlarged Share Capital, and the Concert Party Group would then be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

6. OTHER CONSIDERATIONS IN RELATION WITH THE WHITEWASH RESOLUTION

6.1 No alternative offers or alternative fund raising to the Proposed Debt Restructuring (including the Proposed Share Issue)

The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer or financing with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers or financing, which is comparable in nature, size and scope to the Proposed Debt Restructuring which includes the Proposed Share Issue. The Proposed Debt Restructuring which includes the Proposed Share Issue pursuant to the Settlement Agreement would allow the Group to retire the Outstanding Amount which otherwise the Group is and will not be in position to retire the Outstanding Amount or any meaningful part of it in the short to medium term and the fact that the ability of the Group to continue as a going concern is significantly dependent on *inter alia* completion of the Proposed Share Issue and the Proposed Debt Restructuring given the weak historical financial performance and position of the Group with disclaimer of opinion by the Independent Auditors for AR2015 in relation to, *inter alia*, going concern assumption.

We understand from Directors that they had considered other fund raising alternatives, including but not limited to search for other strategic investors/partners, undertaking of rights issue, and obtaining external borrowings from financial institutions, before eventually deciding to proceed with the Proposed Debt Restructuring. The Directors note that the Group's currently weak financial performance and position (in particular, the significant losses incurred for FY2013 to HY2016, the negative net working capital and the negative shareholders' equity) with the disclaimer of opinion from the Independent Auditors pertaining to, *inter alia,* going concern

assumption makes it difficult to seek any meaningful amount of external borrowing from financial institutions or funds from a rights issue without a significant discount to the Share price. The Directors have also represented that there was no support from the substantial Shareholders for a rights issue. Further, Directors are of the opinion that it may not be feasible for the rights issue to be underwritten and hence there is no certainty that any meaningful amounts of funds can be raised via a right issue.

6.2 No assurance of profitability or prices for Shares

We would also like to highlight that there is no assurance that the Proposed Debt Restructuring which includes the Proposed Share Issue and/or the steps taken or to be taken by the Company subsequent to the Proposed Debt Restructuring to improve its financial position and performance (including, *inter alia,* exploring new business opportunities) will be successful or would result in an enhancement of Shareholder value. We note that based on the unaudited results of the Group for HY2016, the Group recorded a net loss after tax attributable to owner of the Company of approximately S$10.6 million and had current liabilities which exceeded current assets by approximately S$40.4 million whilst the Proposed Debt Restructuring including the issuance of Conversion Shares to the Concert Party Group would result in significant improvement to the Group's financial position in terms of NTA per Share and alleviate, to certain extent, uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up.

6.3 Implication of Concert Party Group's controlling interest in the Company

Shareholders should note that after passing of all the ordinary resolution(s) for the Proposed Transactions during the EGM, the Concert Party Group's interest in the Company will increase from nil to approximately 83.6%. In such event, the Concert Party Group will be in a position to exercise super majority control of the Company and the Concert Party Group would be in a position to be able to pass all ordinary and special resolutions on matters in which the Concert Party Group do not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company.

6.4 Potential Take-Over Offer from Third Party

Independent Shareholders should note that in the event the Whitewash Resolution is approved, after the issuance of Conversion Shares, the Concert Party Group will hold more than 50% of the Enlarged Share Capital. In such a scenario, the Company will be in a relatively less favourable position, in the context of interest from potential parties seeking control for the Company or who may have intentions to acquire a significant interest or control of the Company and thus, it may be less likely for a third party to make a takeover offer for the Company without the support of the Concert Party Group.

6.5 No moratorium

We understand from the Directors and the Management that there is no moratorium undertaking from the Concert Party Group and that as at the Latest Practicable Date, the last transacted prices for the Shares was S$0.002 per Share, which is approximately 127.3% higher than the Issue Price. As there is no moratorium undertaking from the Concert Party Group, Independent Directors should note that the Investor is able to and may dispose of the Conversion Shares subsequent to the allotment and issuance of Conversion Shares.

Independent Shareholders should also note that notwithstanding that the Concert Party Group may stand to gain from disposing of the Conversion Shares (as the current market price for the Shares is higher than the Issue Price), as described in Section 6.1 of this Letter, the Directors have confirmed as at the Latest Practicable Date that they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Debt Restructuring which would, to certain extent, alleviate the Group's going concern issue and mitigate the possibility of winding

up. Likewise, the Proposed Debt Restructuring has positive financial effects and will result in a significant improvement in shareholders' equity (which is currently in the negative) and NTA per Share.

6.6 Material litigation

The Directors have confirmed that save for the Legal Proceedings which are disclosed in Section 5.3 (b) of this Letter, they are not aware of any claims or legal or arbitration proceedings pending or threatened against the Company or any of its subsidiaries during the twelve (12) months preceding the date of the Circular which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such claim, litigation or arbitration claim.

Our analysis does not include costs or damages or payments made or to be made pursuant to *inter alia* such claim or litigation which upon settlement or arbitration or judgment of the courts (as the case may be) may result in the Group making payments or compensation. Accordingly, in the event that such costs or damages or payments are made or required from the Group, the Group's requirements for cash, sufficiency of funds and its ability to satisfy such requirements and sufficiency as well as its net tangible assets may be affected.

7. OPINION

In arriving at our recommendation in respect of the Whitewash Resolution, we have taken into account, *inter alia*, the following factors summarised below as well as others elaborated elsewhere in our Letter. Our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company and the Group, the Group's ability to continue as a going concern, and the adequacy of the working capital or the sufficiency of the Proposed Debt Restructuring (which includes, *inter alia,* the Proposed Share Issue) to address the concerns of the Company or the Group. Our analysis, comments and opinion in this Letter are subject to confirmation from the Directors that notwithstanding the basis for which Independent Auditors have issued a disclaimer of opinion for AR2015 on *inter alia*, the going concern assumption, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited consolidated financial statements of the Group as at 30 June 2016 are true and fair; and all material information including but not limited to plans or prospects or proposals or rationale involving the Whitewash Resolution or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading.

The following should be read in conjunction with, and in the context of, the full text of this Letter.

(a) The rationale for the Proposed Debt Restructuring and use of proceeds as described in Section 7 of the Circular respectively. We note from Section 7 of the Circular that without entering into the Proposed Debt Restructuring as set out in the Settlement Agreement, which includes the Proposed Share Issue, the Company will not be able to raise any fresh funds from the capital markets, obtain any further facilities from its bankers to re-establish itself. In addition, Wintercrest is not subscribing for the Conversion Shares with the intention to trigger a mandatory offer under Rule 14 of the Code but to advance its business interests, which will in turn advance the business interests of the Company at opportune timings and the Proposed Share Issue will in turn benefit the Shareholders of the Company.

(b) The disclaimer of opinion issued by the Independent Auditors which can be found on pages 69 - 70 of the AR2015 and such other statements in its audited financial statements, pertaining to, *inter alia,* the going concern assumption. It is further noted from the results announcement dated 10 August 2016 for the HY2016 that the Board is of the view that the ability of the Company to operate as going concern is dependent on, *inter alia,* the Proposed Debt Restructuring.

(c) The current weak financial position and performance of the Group. The Group has incurred substantial losses after tax attributable to owner of the Company of approximately S$70.8 million, S$66.9 million, S$29.6 million, and S$10.6 million in FY2013, FY2014, FY2015 and HY2016 respectively. As a result, Group's shareholders' equity had declined from approximately S$74.3 million as at 31 December 2013 to approximately negative S$29.3 million as at 30 June 2016. In addition, the Group's weak financial position was also reflected in (i) its negative net working capital of approximately S$40.4 million as at 30 June 2016; (ii) negative cash flow from its operating activities for FY2014 and FY2015; and (iii) high total borrowings amount of approximately S$26.4 million as at 30 June 2016 which was approximately 2.9 times of the Group's market capitalisation as at the Latest Practicable Date.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the audited financial statements for the Group for FY2015 and the unaudited financial statements for the Group for HY2016, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(d) The Company's watch-list status pursuant to Rule 1311(1) of the Listing Manual.

(e) The Issue Price (as set out in Section 5 of this Letter) after taking into account, *inter alia*, the following factors:-

(i) The Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.

(ii) The Issue Price represents a discount of approximately 56.0% from the last transacted price of S$0.002 for each Share on the SGX-ST on 7 April 2016, being the last trading day prior to the Announcement Date.

(iii) The Issue Price represents a discount of approximately 87.8%, 63.6%, 55.4% and 57.4% from the VWCP for the Shares for the 12-month, 6-month, 3-month and 1 month period prior to the Announcement Date respectively.

(iv) The Issue Price, represents a discount of approximately 44.0% from the VWCP for the Shares for the period commencing from the Market Day immediately after the Announcement Date and ending on the Latest Practicable Date.

(v) The Issue Price, represents a discount of approximately 56.0% from the last transacted price of S$0.002 for each Share on the SGX-ST on 29 September 2016, being the Latest Practicable Date.

(vi) The Group had Net Liabilities or NTL of approximately S$29.3 million based on the unaudited consolidated financial statements as at 30 June 2016 and after taking into account the adjustments for the Proposed Debt Restructuring but excluding the Proposed Share Issue, the Group's Adjusted Net Liabilities or Adjusted NTL is

approximately S$14.4 million (or approximately negative 0.318 Singapore cents per Share).

(vii) After taking into account the market value and/or fair value of the Appraised Assets, the Group's Revalued Net Liabilities or Revalued NTL amounted to approximately S$9.3 million (or approximately negative 0.207 Singapore cents per Share).

(viii) Comparison with the Selected Debt Conversions which shows that the discount of approximately 56.0% as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement Date is less favourable than the simple average and median for the Selected Debt Conversions but still within range of the Selected Debt Conversions. We also note from the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into. In particular, the discount of approximately 56.0% as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement Date is slightly lower than the average discounts of approximately 63.6% for Lereno, OLS, Swee Hong and SunMoon (which were, similar to the Company, in the loss making and NTL position and negative net working capital with uncertainties on the ability to continue as a going concern).

(ix) Comparison of the Issue Price and the implied discount from the historical market prices with the Group's previous fund raising exercises, namely the 2015 Placement and the 2015 Right Issue, which we have assessed in conjunction with the fact that (a) the closing prices for the Shares have been on the downward trend during the 12 month period prior to the Announcement Date (declined by approximately 80.0% from 9 April 2015 to 8 April 2016, being the Announcement Date), (b) the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors on *inter alia* the going concern assumption, and (c) the Group's shareholders equity has deteriorated from positive S$74.3 million in FY2013 to negative S$29.3 million in HY2016. Lastly, we note that the gross proceeds raised from the 2015 Placement and 2015 Rights Issue was approximately S$1.7 million and S$2.9 million, which is substantially lower than the Debt Conversion Amount via the Proposed Share Issue.

(f) The pro-forma financial effects of the Proposed Share Issue and the Proposed Debt Restructuring based on the assumptions therein, as outlined in Section 9 of the Circular would have positive effect to the Group's LPS and NTA per Share. The Directors' representation and confirmation that the Proposed Share Issue and the Proposed Debt Restructuring is in the interest of and beneficial to the Group as (a) the Proposed Debt Restructuring which includes the Proposed Share Issue would alleviate, to certain extent, uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up; (b) as stated in Section 7 of the Circular, in the short to medium term, the Company is and will not be in position to retire the Outstanding Amount or any meaningful part of it; and (c) the Proposed Debt Restructuring which includes the Proposed Share Issue is necessary to facilitate the Group in re-building its financial position and performance (including opening up possibilities to raise fresh funds from the capital market or financial institutions for *inter alia* any potential business opportunities) which are crucial in view of, *inter alia*, the Company's watch-list status.

(g) The dilutive impact of the Proposed Transactions, set out in Section 5.5 of this Letter, on the percentage of shareholding interest of existing Shareholders and the significant reduction in the voting interest in the Company pursuant to the Proposed Transactions

which we have viewed in conjunction with the Group weak financial performance and position (including but not limited to losses incurred since FY2013 to HY2016, erosion of shareholder's equity, negative net working capital, and cash flow constraints) as well as uncertainty surrounding the Group's ability to continue as going concern as highlighted in the Independent Auditors' Report of AR2015.

(h) The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer or financing with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers or financing, which is comparable in nature, size and scope to the Proposed Debt Restructuring which includes the Proposed Share Issue. The Proposed Debt Restructuring which includes the Proposed Share Issue pursuant to the Settlement Agreement would allow the Group to retire the Outstanding Amount which otherwise the Group is and will not be in position to retire the Outstanding Amount or any meaningful part of it in the short to medium term and the fact that the ability of the Group to continue as a going concern is significantly dependent on *inter alia* completion of the Proposed Share Issue and the Proposed Debt Restructuring given the weak historical financial performance and position of the Group with disclaimer of opinion by the Independent Auditors for AR2015 in relation to, *inter alia*, going concern assumption.

(i) Completion of the Proposed Transactions is, *inter alia*, conditional on the approval of the Whitewash Resolution. Accordingly, if the Whitewash Resolution is not passed by a majority of the Shareholders, the Proposed Transactions will not take place.

(j) Other relevant considerations as set out in Section 5 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, as well as the confirmation from the Directors that notwithstanding the basis for which Independent Auditors have issued a disclaimer of opinion for AR2015 on *inter alia*, the going concern assumption, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2016 are true and fair, **we are of the opinion that the financial terms of the Proposed Share Issue, being the subject of the Whitewash Resolution, is, on balance FAIR, REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders.

For the purposes of evaluating the Proposed Share Issue, being the transaction that is the subject of the Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "fair" and "reasonable" comprises two distinct concepts:

(i) Whether issuance of shares is "fair" relates to an opinion on the value of the issue price. This is based strictly on a fundamental analysis and evaluation of the issue price as set out in this Letter, based on information known to us and which is publicly available;

(ii) Whether issuance of shares is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the issuance of shares as well as the Company or the Group *inter alia* the Group's imminent need for debt restructuring to settle outstanding liabilities etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms for the Proposed Share Issue (which is the subject of the Whitewash Resolution) to be **FAIR**, from a financial point of view after factoring, *inter alia*, the following:

(i) Despite the Issue Price represents discounts to the historical prices for the Shares (which represent prices between willing buyer and willing seller), the historical prices for the Shares may not be reflective of the Group's fundamental value taking into account the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors for AR2015 on *inter alia* the going concern assumption.

(ii) The Group had Net Liabilities or NTL of approximately S$29.3 million based on the unaudited consolidated financial statements as at 30 June 2016 and after taking into account the adjustments for the Proposed Debt Restructuring but excluding the Proposed Share Issue, the Group's Adjusted Net Liabilities or Adjusted NTL is approximately S$14.4 million (or approximately negative 0.318 Singapore cents per Share). After taking into account the open market value and/or fair value of the Appraised Asset, the Group's Revalued Net Liabilities or Revalued NTL amounted to approximately S$9.3 million (or approximately negative 0.207 Singapore cents per Share).

(iii) Fair comparison with the Selected Debt Conversion - in particular, the discount of approximately 56.0% as implied by the Issue Price from the last transacted price for the Shares prior to the Announcement Date is within the range of the Selected Debt Conversion and slightly lower than the average discounts of approximately 63.6% for Lereno, OLS, Swee Hong and SunMoon (which were, similar to the Company, in the loss making and NTL position and negative net working capital with uncertainties on ability to continue as a going concern). We also note from the announcement dated 8 April 2016, the Issue Price represents a discount of approximately 12.0% from the volume weighted average price of S$0.001 for each Share on the SGX-ST on 6 April 2016, being the full market day immediately prior to which the Settlement Agreement was entered into.

(iv) Fair comparison with the past fund raisings conducted by the Company after taking into account the fact that (a) the closing prices for the Shares have been on the downward trend during the 12 month period prior to the Announcement Date (declined by approximately 80.0% from 9 April 2015 to 8 April 2016, being the Announcement Date), (b) the Group's weak financial performance and position (with losses after tax since FY2013 to HY2016, negative shareholders' equity of approximately S$29.3 million as at 30 June 2016 and negative net working capital of approximately S$40.4 million as at 30 June 2016), with disclaimer of opinion issued by the Independent Auditors on *inter alia* the going concern assumption for AR2015, and (c) the Group's shareholders equity has deteriorated from positive S$74.3 million in FY2013 to negative S$29.3 million in HY2016. Lastly, we note that the gross proceeds raised from the 2015 Placement and 2015 Rights Issue was approximately S$1.7 million and S$2.9 million, which is substantially lower than the Debt Conversion Amount via the Proposed Share Issue.

We consider the Proposed Share Issue (which is the subject of the Whitewash Resolution) to be **REASONABLE** and **NOT PREJUDICIAL** to the interest of the Company, the Independent Shareholders, from a financial point of view after factoring*, inter alia*, the following:

(i) The current weak financial position and performance of the Group with substantial losses since FY2013 to HY2016, erosion of the Group's shareholders' equity (declined from approximately S$74.3 million as at 31 December 2013 to approximately negative S$29.3 million as at 30 June 2016), negative net working capital of approximately S$40.4 million as at 30 June 2016, as well as the disclaimer of opinion issued by the Independent Auditors in AR2015 pertaining to, *inter alia*, going concern assumptions.

(ii) The potential favourable financial impact of the Proposed Transactions as outlined in Section 9 of the Circular on the Group's NTA per Share and loss per Share.

(iii) The Directors' representation and confirmation that the Proposed Share Issue and the Proposed Debt Restructuring is in the interest of and beneficial to the Group as (a) the Proposed Debt Restructuring which includes the Proposed Share Issue would alleviate, to certain extent, uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up; (b) as stated in Section 7 of the Circular, in the short to medium term, the Company is and will not be in position to retire the Outstanding Amount or any meaningful part of it; (c) the Proposed Debt Restructuring which includes the Proposed Share Issue is necessary to facilitate the Group in re-building its financial position and performance (including opening up possibilities to raise fresh funds from the capital market or financial institutions for *inter alia* any potential business opportunities) which are crucial in view of, *inter alia*, the Company's watch-list status; (d) whilst significant efforts have been made by the Directors and Management to source for alternative offer or financing with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers or financing, which is comparable in nature, size and scope to the Proposed Debt Restructuring which includes the Proposed Share Issue; and (e) the ability of the Group to continue as a going concern is significantly dependent on *inter alia* completion of the Proposed Share Issue and the Proposed Debt Restructuring.

Recommendation

Based on our assessment of the Whitewash Resolution as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote **in favour of** the Whitewash Resolution to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia,* our limitation in analysis, evaluation, comments and opinion in this Letter is limited and subject to the disclaimer of opinion expressed by the Independent Auditors and the Group's ability to continue as going concern and that our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company and the Group, the Group's ability to continue as a going concern, and the adequacy of the working capital or the sufficiency of the Proposed Debt Restructuring (which includes, *inter alia,* the Proposed Share Issue) to address the uncertainties with regards to the Group's ability to continue as a going concern. We advise the Independent Director to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Whitewash Resolution.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company after the completion of the Proposed Transactions and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Whitewash Resolution.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

(1) Independent Shareholders should read the Independent Auditors' Report as set out in pages 69 - 70 of the AR2015 and such other statements in its audited financial statements, pertaining to, *inter alia*, the going concern assumption.

(2) Independent Shareholders should note that the Proposed Debt Restructuring which includes the Proposed Share Issue is conditional, among other things, upon the passing of the Whitewash Resolution by Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Debt Restructuring will not take place.

Independent Shareholders should also note that by voting for the Whitewash Resolution, they will be waiving their rights to a general offer from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group for the Shares in the six (6) months preceding the allotment and issuance of the Conversion Shares.

Independent Shareholders should note that the allotment and issuance of the Conversion Shares to Wintercrest under the Proposed Share Issue would result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company based on the Enlarged Share Capital, and the Concert Party Group would then be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

(3) Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation property and equipment, development property and assets held for sale) or contracts entered or to be entered into by the Company or the Group. The Directors have represented and confirmed that for their deliberation in connection with, *inter alia,* the Whitewash Resolution, they have commissioned the Independent Valuers to determine the market value of the Appraised Assets as at 30 June 2016. As the valuation reports issued by the Independent Valuers are not prepared specifically for the purpose of the Proposed Transactions, the valuation reports will not be made publicly available. Nevertheless, the Directors further confirmed that each of the Independent Valuer has given consent to the reference to and/or use of the market value of the Group's development property and assets held for sale and the fair value of selected property and equipment of the Group by the Directors, who have the liberty to disclose such value to us in connection with, *inter alia*, the Whitewash Resolution. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property and equipment, development property and assets held for sale) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property and equipment, development property and assets held for sale) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

In addition, the Directors have represented and confirmed that (i) the Independent Valuers have no present or contemplated interest in the Appraised Assets which are the subject of the valuation report and are acting independent of all parties; (ii) the directors and substantial shareholders of Independent Valuers are not related to the Company and its subsidiaries, Wintercrest and its subsidiaries and their concert parties and their respective directors or substantial shareholders, and (iii) the Independent Valuers have no other dealings other than the valuation of the Appraised Assets undertaken for the Company.

Notwithstanding the basis for which Independent Auditors have issued a disclaimer of opinion for AR2015 on *inter alia*, the going concern assumption, the Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or

condition of the Company and the Group as reflected in the unaudited financial statements for the Company and the Group for HY2016 are true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter and the unaudited financial statements for the Group for HY2016, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(4) Our scope does not require us to express and we do not express, a view on the future growth prospects of or the financial condition of the Company or the Group before and after the transactions stipulated in the Circular or the Whitewash Resolution, *inter alia* the ability of the Group to settle the uncertainties with regards to going concern.

Specific Objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Independent Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

8. ACTION 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 the 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 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, 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 proxy need not be a Shareholder of the Company.

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 72 hours before the EGM.

In addition, Independent Shareholders are advised to read Section 16 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is addressed to the Independent Directors in connection with and for the sole purpose of their evaluation of the Whitewash Resolution and is not meant or intended to be an evaluation of the other resolutions to be proposed or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except at the forthcoming EGM and for the sole purpose of the Whitewash Resolution. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any reenactment thereof shall not apply.

The recommendations made by the Independent Directors to the Independent Shareholders in relation to the Whitewash Resolution as well as other resolutions referred to in the Circular and the issue of the Circular shall remain the sole responsibility of the Independent Directors and the Directors respectively.

Yours faithfully,

For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

BLUMONT GROUP LTD. (博诺有限公司)

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199302554G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING ("**EGM**") of Blumont Group Ltd. (the "**Company**") will be convened on 22 November 2016 at 10.00 a.m., at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 for the purpose of considering and, if thought fit, passing with or without any modifications the following resolutions:–

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1:

THE PROPOSED ALLOTMENT AND ISSUE OF NEW ORDINARY SHARES IN THE COMPANY ("CONVERSION SHARES") TO WINTERCREST ADVISORS LLC (THE "PROPOSED SHARE ISSUE") SUCH THAT WINTERCREST ADVISORS LLC ("WINTERCREST") WILL OWN APPROXIMATELY 83.6 PERCENT OF THE ENLARGED SHARE CAPITAL OF THE COMPANY AFTER THE PROPOSED SHARE ISSUE (THE "ENLARGED SHARE CAPITAL") AS PART OF THE FULL AND FINAL SETTLEMENT OF TOTAL OUTSTANDING AMOUNT OWING AND PAYABLE BY THE COMPANY TO WINTERCREST UNDER THE FACILITY AGREEMENT DATED 24 DECEMBER 2013, WHICH IS USD29,374,783.58, BASED ON THE COMPANY'S CALCULATIONS, AS AT 31 DECEMBER 2015, AND THE PRICE OF SUCH PROPOSED SHARE ISSUE BEING ISSUED AT MORE THAN 10% DISCOUNT.

THAT subject to and contingent upon the passing of Ordinary Resolutions 2, 3 and 4:

(A) approval be and is hereby given to the Directors to allot and issue such number of fully paid Conversion Shares which 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 issue of the Conversion Shares; and

(B) the Directors and each of them be and are hereby authorised and empowered to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to these Resolutions.

ORDINARY RESOLUTION 2:

THE POTENTIAL TRANSFER OF CONTROLLING INTEREST TO WINTERCREST ARISING FROM THE PROPOSED SHARE ISSUE

THAT subject to and contingent upon the passing of Ordinary Resolutions 1, 3 and 4:

(A) approval be and is hereby given to the Directors to issue the Conversion Shares that would result in the transfer of a controlling interest in the Company to Wintercrest pursuant to Rule 803 of the Listing Manual of the SGX-ST; and

(B) the Directors and each of them be and are hereby authorised and empowered to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to these Resolutions.

ORDINARY RESOLUTION 3:

THE PROPOSED DISPOSALS OF THE COMPANY'S SHARES IN/INTERESTS RELATING TO: (I) COKAL LIMITED; (II) AZARGA URANIUM CORP; (III) GENESIS RESOURCES LIMITED; (IV) KIDMAN RESOURCES LIMITED; (V) MERLIN DIAMONDS LIMITED; (VI) ELYSIUM RESOURCES LIMITED; AND (VII) CELSIUS COAL LIMITED.

THAT subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 4:

(A) approval be and is hereby given to the Directors for the transfer or assignment (as the case may be) of the following:

(i) transfer to Wintercrest or its nominee of 60,057,034 shares owned by the Company in Cokal Limited.;

(ii) assign to Wintercrest of a debt of USD3,742,534 owing by Cokal Limited to the Company as at 31 December 2015 on terms acceptable to Wintercrest;

(iii) transfer to Wintercrest or its nominee of 18,053,810 shares owned by Powerlite Ventures Limited, a wholly-owned subsidiary of the Company in Azarga Uranium Corp;

(iv) transfer to Wintercrest or its nominee of 33,002,561 shares owned by the Company in Genesis Resources Limited;

(v) transfer to Wintercrest or its nominee of 11,300,000 shares owned by the Company in Kidman Resources Limited;

(vi) transfer to Wintercrest or its nominee of 27,538,461 shares owned by the Company in Merlin Diamonds Limited;

(vii) transfer to Wintercrest or its nominee of 4,000,000 shares owned by the Company in Elysium Resources Limited; and

(viii) transfer to Wintercrest or its nominee of 202,213 shares owned by the Company in Celsius Coal Limited; and

(B) the Directors and each of them be and are hereby authorised and empowered to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to these Resolutions.

ORDINARY RESOLUTION 4:

THE WHITEWASH RESOLUTION IN RELATION TO THE CONCERT PARTY GROUP

THAT subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 3:

(A) the Shareholders (other than Wintercrest and its concert parties (together, the "**Concert Party Group**") and parties not independent of the Concert Party Group), do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, for all the Shares not already owned or controlled by the Concert Party Group, as a result of the subscription of the Conversion Shares by Wintercrest pursuant to the Proposed Share Issue; and

(B) the Directors and each of them be and are hereby authorised and empowered to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to these Resolutions.

ORDINARY RESOLUTION 5:

GENERAL SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**"), and the Listing Manual of the SGX-ST, authority be and is hereby given for the Directors at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (i)]

Explanatory Note (i): Ordinary Resolution 5 proposed is to empower the Directors, from the date of the passing of Ordinary Resolution 5 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders.

BY ORDER OF THE BOARD

Ng Kim Huatt
Executive Director

13 October 2016

Notes:–

a. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the EGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

b. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

c. A proxy need not be a member of the Company.

d. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

e. The instrument appointing a proxy must be deposited at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, at least 48 hours before the time set for the EGM or any postponement or adjournment thereof.

f. A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the EGM.

Personal Data Privacy:

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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) 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.

BLUMONT GROUP LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199302554G)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT:
CPF Investors

1. For investors who have used their CPF monies to buy Blumont Group Ltd. shares, this Circular is forwarded to them at the request of their CPF Approved Nominee 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 meeting as observers have to submit their requests through their respective CPF Approved Nominees within the time frame specified.

Personal Data Privacy

4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's notice of EGM.

Multiple Proxies

5. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the EGM.

I/We _____ (Name), NRIC/Passport No. _____ of

_____ (Address)

being a shareholder/member of **BLUMONT GROUP LTD.** (the "**Company**") hereby appoint:–

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

and/or (delete as appropriate)

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

or failing whom the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be convened on 22 November 2016 at 10.00 a.m. at Level 2 Room Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

RESOLUTIONS	FOR*	AGAINST*
(1) THE PROPOSED ALLOTMENT AND ISSUE OF NEW ORDINARY SHARES IN THE COMPANY ("CONVERSION SHARES") TO WINTERCREST ADVISORS LLC (THE "PROPOSED SHARE ISSUE") SUCH THAT WINTERCREST ADVISORS LLC ("WINTERCREST") WILL OWN APPROXIMATELY 83.6 PERCENT OF THE ENLARGED SHARE CAPITAL OF THE COMPANY AFTER THE PROPOSED SHARE ISSUE (THE "ENLARGED SHARE CAPITAL") AS PART OF THE FULL AND FINAL SETTLEMENT OF TOTAL OUTSTANDING AMOUNT OWING AND PAYABLE BY THE COMPANY TO WINTERCREST UNDER THE FACILITY AGREEMENT DATED 24 DECEMBER 2013, WHICH IS USD29,374,783.58, BASED ON THE COMPANY'S CALCULATIONS, AS AT 31 DECEMBER 2015, AND THE PRICE OF SUCH PROPOSED SHARE ISSUE BEING ISSUED AT MORE THAN 10% DISCOUNT.		
(2) THE POTENTIAL TRANSFER OF CONTROLLING INTEREST TO WINTERCREST ARISING FROM THE PROPOSED SHARE ISSUE		
(3) THE PROPOSED DISPOSALS OF THE COMPANY'S SHARES IN/INTERESTS RELATING TO: (I) COKAL LIMITED; (II) AZARGA URANIUM CORP; (III) GENESIS RESOURCES LIMITED; (IV) KIDMAN RESOURCES LIMITED; (V) MERLIN DIAMONDS LIMITED; (VI) ELYSIUM RESOURCES LIMITED; (VII) CELSIUS COAL LIMITED.		
(4) THE WHITEWASH RESOLUTION IN RELATION TO THE CONCERT PARTY GROUP		
(5) GENERAL MANDATE (SHARE ISSUE)		

(*If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this _____ day of _____ 2016

Total Number of Shares Held	
CDP register	Register of Members

_____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.

Notes:–

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the register of Shareholders of our 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 Shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the extraordinary general meeting.

3. Where a member of the Company appoints more than one proxy, the proportion of his/her Shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Cap. 50, who is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors,

   you are entitled to **appoint one or more proxies** to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming annual general meeting.

5. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 298 Tiong Bahru Road, #11-03 Central Plaza, Singapore 168730, not less than 48 hours before the time appointed for the extraordinary general meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. A body corporate 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 extraordinary general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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

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