CIRCULAR DATED 7 APRIL 2014

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF ADVENTUS HOLDINGS LIMITED AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

This Circular is issued by Adventus Holdings Limited (the "**Company**"). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company ("**Shares**") held through The Central Depositary (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

Adventus

ADVENTUS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200301072R)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE MANDATORY UNCONDITIONAL CASH OFFER

by

CHIN BAY CHING
(NRIC: S1173413H)

to acquire all the issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by Chin Bay Ching and parties acting in concert with him

Independent Financial Adviser to the Independent Directors of the Company

PRIME Partners

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. ON 23 APRIL 2014.

THE OFFEROR DOES NOT INTEND TO EXTEND THE OFFER BEYOND THAT DATE OR TO REVISE THE TERMS OF THE OFFER.

THE OFFEROR HAS GIVEN NOTICE THAT THE OFFER WILL CLOSE AT 5.30 P.M. ON 23 APRIL 2014 AND WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5.30 P.M. ON 23 APRIL 2014 AND WILL NOT BE REVISED, SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION.

*This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not verified the contents of this Circular including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this Circular.*

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Bernard Lui.
Telephone number: 6389 3000 Email: bernard.lui@stamfordlaw.com.sg

CONTENTS

DEFINITIONS

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

"Acceptance Forms"	:	The FAA and the FAT collectively, or either one of them (as the case may be)
"Articles"	:	The Articles of Association of the Company
"Board"	:	The board of Directors
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular dated 7 April 2014 issued by the Company to Shareholders in relation to the Offer (including, inter alia, the Appendices to this Circular) and any other document which may be issued by or on behalf of the Company to amend, revise, supplement or update this Circular from time to time
"Closing Date"	:	5.30 p.m. on 23 April 2014, being the last day for the lodgement of acceptances of the Offer, the ESOS Options Proposal or the Warrants Offer (as the case may be)
"Code"	:	The Singapore Code on Take-overs and Mergers
"Company"	:	Adventus Holdings Limited
"Companies Act"	:	The Companies Act, Chapter 50, of Singapore
"CPF"	:	The Central Provident Fund
"CPF Agent Banks"	:	Agent banks included under the CPFIS
"CPFIS"	:	The Central Provident Fund Investment Scheme
"CPFIS Investors"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"Despatch Date"	:	26 March 2014, being the date on which the Offer Document was despatched to Shareholders
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"Encumbrances"	:	Has the meaning given to it in Section 2.5 of this Circular
"ESOS"	:	The SNF 2004 share option scheme, approved and adopted by the Company at the extraordinary general meeting of the Company held on 17 February 2004 and subsequently amended on 29 December 2008
"ESOS Optionholders"	:	Holders of ESOS Options
"ESOS Options"	:	Employee share options to subscribe for new Shares granted by the Company pursuant to the ESOS
"ESOS Options Proposal"	:	The proposal put forth by the Offeror to the ESOS Optionholders as described in Section 3 of this Circular
"ESOS Options 2004"	:	Outstanding ESOS Options that were issued on 25 November 2004

"FAA"	:	Form of Acceptance and Authorisation, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
"FAT"	:	Form of Acceptance and Transfer, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP
"FY"	:	Financial year ended 31 December
"Group"	:	The Company and its subsidiaries
"IFA" or "PrimePartners"	:	PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Offer, the ESOS Options Proposal and the Warrants Offer
"IFA Letter"	:	The letter dated 7 April 2014 from the IFA to the Independent Directors in relation to the Offer, the ESOS Options Proposal and the Warrants Offer, entitled "Letter of Advice from PrimePartners Corporate Finance Pte. Ltd. to the Independent Directors", as set out in Appendix I to this Circular
"Independent Directors"	:	The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, the ESOS Options Proposal and the Warrants Offer, being Lim Keng Hock Jonathan, Kum Ping Wei, Gersom G Vetuz, Tan Poh Chye Allan and Ong Soon Teik
"Independent Valuers"	:	Asian Appraisal Co Pte Ltd and PREMAS Valuers & Property Consultants Pte Ltd
"Latest Practicable Date"	:	31 March 2014, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date
"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"Offer"	:	The mandatory unconditional cash offer by the Offeror to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
"Offer Announcement"	:	The announcement of the Offer released by the Offeror on the Offer Announcement Date
"Offer Announcement Date"	:	12 March 2014, being the date of the Offer Announcement
"Offer Document"	:	The document dated 26 March 2014 issued by the Offeror, including the FAA and the FAT
"Offer Period"	:	The period from the Pre-Conditional Offer Announcement Date until the date the Offer is declared to have closed or lapsed
"Offer Price"	:	S$0.0165 in cash for each Offer Share, being the offer price in relation to the Offer
"Offer Shares"	:	All Shares to which the Offer relates, as more particularly defined in Sections 2.4 of this Circular
"Offeror"	:	Chin Bay Ching

"Overseas Shareholders"	:	Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP
"Pre-Conditional Offer Announcement"	:	The announcement relating to the Offer made by the Offeror on the Pre-Conditional Offer Announcement Date
"Pre-Conditional Offer Announcement Date"	:	26 November 2013, being the date of the Pre-Conditional Offer Announcement
"Register"	:	The register of members of the Company
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"Securities"	:	(a) securities which carry voting rights in the Company, including but not limited to the Shares, and (b) convertible securities, warrants, options and derivatives in respect of such securities in (a)
"Securities and Futures Act"	:	The Securities and Futures Act, Chapter 289, of Singapore
"SGXNET"	:	SGX-ST's website at www.sgx.com
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Registrar"	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd)
"Shareholders"	:	Holders of issued Shares, including Depositors whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST, and "Shareholder" shall be construed accordingly
"Shares"	:	Issued and paid-up ordinary shares in the capital of the Company
"SIC"	:	The Securities Industry Council of Singapore
"Subscription"	:	The subscription of 875,000,000 new Shares by the Offeror at an issue price of S$0.0165 per Share, as completed on 12 March 2014
"Subscription Announcement"	:	The announcement released by the Company on 26 November 2013 relating to the Subscription
"Subscription Agreement"	:	The subscription agreement dated 26 November 2013 entered into between the Company and the Offeror relating to the Subscription
"Substantial Shareholder"	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
"S$" and "cents"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"Undertakings"	:	The undertakings given in favour of the Offeror, as described in Section 5 of this Circular
"Valuation Reports"	:	The valuation reports from the Independent Valuers set out in Appendix VI of this Circular
"Warrant Price"	:	Has the meaning ascribed to it in Section 4.1 of this Circular

"Warrantholders"	:	Holders of Warrants
"Warrants"	:	Warrants to subscribe for new Shares issued by the Company pursuant to the deed poll dated 6 January 2012
"Warrants Offer"	:	The offer by the Offeror to the Warrantholders as described in Section 4 of this Circular
"%"or "per cent."	:	Per centum or percentage

Acting in Concert. Unless otherwise defined, the term "**acting in concert**" shall have the meaning ascribed to it in the Code, and references to "**concert parties**" shall be construed accordingly.

Depositors. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Act.

Subsidiaries and related corporations. The terms "**subsidiaries**" and "**related corporations**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Act.

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

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. 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 Act, the Listing Manual, the Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the Listing Manual, the Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Sections. Any reference in this Circular to a section is a reference to a section of this Circular, unless otherwise stated.

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

Rounding. 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.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Articles are set out in this Circular in italics and all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document, the IFA Letter and the Articles respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "if", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Date of despatch of the Offer Document	:	26 March 2014
Date of despatch of Circular	:	7 April 2014
Closing Date	:	5.30 p.m. (Singapore time) on 23 April 2014, being the last day for the lodgement of acceptances for the Offer, the ESOS Options Proposal or the Warrants Offer (as the case may be).
Date of settlement of consideration for valid acceptances of the Offer	:	Within 10 days of the date of receipt of each valid and complete acceptance.

ADVENTUS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200301072R)

Board of Directors:

Lim Keng Hock Jonathan *(Chairman and Executive Director)*
Kum Ping Wei *(Executive Director)*
Gersom G Vetuz *(Non-Executive Independent Director)*
Tan Poh Chye Allan *(Non-Executive Independent Director)*
Ong Soon Teik *(Non-Executive Independent Director)*

Registered Office:

20 Maxwell Road
#05-09
Maxwell House
Singapore 069113

7 April 2014

To: The Shareholders of Adventus Holdings Limited

Dear Sir/Madam

MANDATORY UNCONDITIONAL CASH OFFER BY THE OFFEROR FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 12 March 2014, the Offeror announced that:

(a) he had, on 12 March 2014, completed the subscription for an aggregate of 875,000,000 Shares at the issue price of S$0.0165 per Share (the "**Subscription**"), pursuant to the Subscription Agreement, representing approximately 51.47% of the total number of Shares as at the Offer Announcement Date; and

(b) the Offeror is required to make a mandatory unconditional cash offer for all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with him as at the date of the Offer, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and Rule 14 of the Code.

A copy of each of the Pre-Conditional Offer Announcement and the Offer Announcement is available on the SGXNET.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document despatched by the Offeror on 26 March 2014, setting out, *inter alia*, the formal offer by the Offeror, for the Offer Shares, subject to the terms and conditions set out in the Offer Document.

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the SGXNET.

1.3 Independent Financial Adviser

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors in relation to the Offer, the ESOS Options Proposal and the Warrants Offer.

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer, the ESOS Options Proposal and the Warrants Offer.

Shareholders should carefully consider the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors set out in this Circular before deciding whether or not to accept the Offer and/or the ESOS Options Proposal and/or the Warrants Offer.

2. THE OFFER

Based on the information set out in the Offer Document, the Offeror has offered to acquire the Offer Shares in accordance with Section 139 of the Securities and Futures Act and Rule 14 of the Code. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

2.1 Offer Price

Section 2.1 of the Offer Document states that the Offer is made on the following basis:

For each Offer Share: S$0.0165 in cash

Section 2.2 of the Offer Document states that the Offeror does not intend to increase the Offer Price. Shareholders should note that the Offer Price of S$0.0165 per Offer Share is final and will not be revised.

2.2 Closing Date

Section 2.3 of the Offer Document states that the Offeror does not intend to extend the Offer beyond the Closing Date. Accordingly, the Offer will close at 5.30 p.m. on 23 April 2014.

2.3 Unconditional Offer

Section 2.4 of the Offer Document states that the Offer is **unconditional in all respects.**

2.4 Offer Shares

Section 2.5 of the Offer Document states that the Offer is extended to (a) all the Shares not already owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with the Offeror; and (b) all new Shares (if any) unconditionally issued or to be issued prior to the close of the Offer, pursuant to the valid exercise of any (i) outstanding Warrants; and (ii) outstanding ESOS Options.

2.5 No Encumbrances

Section 2.6 of the Offer Document states that the Offer Shares will be acquired (a) fully paid, (b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, preemptive or similar right, right of first refusal and any other encumbrance or condition whatsoever ("**Encumbrances**"), and (c) with all such rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date. If any dividend, distribution or return of capital is announced, declared, paid or made on or after the Pre-Conditional Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

2.6 Warranty

Section 2.7 of the Offer Document states that acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from any Encumbrance, and (c) with all such rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

2.7 Further details of the Offer

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of the acceptances of the Offer, are set out in Appendix 3 to the Offer Document.

2.8 Procedures for acceptance

The procedures for the acceptance of the Offer are set out in Appendix 4 to the Offer Document.

3. OPTIONS PROPOSAL

3.1 Terms

Section 3.1 of the Offer Document states that as at 19 March 2014 (being the latest practicable date prior to the printing of the Offer Document), there are 8,305,000 outstanding ESOS Options granted under the ESOS. Under the rules of the ESOS, the ESOS Options are not transferrable by the ESOS Optionholders. In view of this restriction, the Offeror will not make an offer to acquire the ESOS Options (although, for the avoidance of doubt, the Offer will be extended to all new Shares issued or to be issued pursuant to the valid exercise of the ESOS Options on or prior to the close of the Offer). Instead, in accordance with Rule 19 of the Code, the Offeror intends to make a proposal (the "**ESOS Options Proposal**") to the ESOS Optionholders on the following terms:

Subject to such ESOS Options continuing, on or after the date of the ESOS Options Proposal, to be exercisable into new Shares, the Offeror will pay to such ESOS Optionholders a cash amount determined as provided below (the "**Option Price**") in consideration of such ESOS Optionholder agreeing:

(a) not to exercise the ESOS Options held by him into new Shares; and

(b) not to exercise any of his rights as a holder of the ESOS Options,

in each case, from the date of his acceptance of the ESOS Options Proposal to the respective dates of expiry of the relevant ESOS Options, and

(c) to surrender his ESOS Options for cancellation.

3.2 Option Price

Section 3.2 of the Offer Document states that the Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to any ESOS Option is the amount by which the Offer Price is in excess of the exercise price of that Option. For illustration purposes, if the exercise price for an outstanding ESOS Option is S$0.0100 and with the Offer Price being S$0.0165, the Option Price for that outstanding ESOS Option will be S$0.0065. If the exercise price of an Option is equal to or more than the Offer Price, the Option Price for each Option will be the nominal amount of S$0.001.

3.3 Separate Offer

Section 3.3 states that for the avoidance of doubt, the Offer is not conditional upon acceptances received in relation to the ESOS Options Proposal. The Offer and the ESOS Options Proposal are separate and are mutually exclusive. The ESOS Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if ESOS Optionholders exercise their ESOS Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the ESOS Options Proposal in respect of such ESOS Options. Conversely, if ESOS Optionholders wish to accept the ESOS Options Proposal in respect of their ESOS Options, they may not exercise those ESOS Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

3.4 Duration of the ESOS Options Proposal

Section 3.4 of the Offer Document states that the ESOS Options Proposal shall remain open for acceptance until 5.30 p.m. on the Closing Date.

3.5 Acceptance Irrevocable

Section 3.5 of the Offer Document states that acceptances of the ESOS Options Proposal shall be irrevocable.

3.6 ESOS Options Proposal

Section 3.6 of the Offer Document states that details of the ESOS Options Proposal are set out in a separate letter which has been despatched to Optionholders on the Despatch Date.

4. <u>WARRANTS OFFER</u>

4.1 Terms

Section 4.1 of the Offer Document states that as at 19 March 2014 (being the latest practicable date prior to the printing of the Offer Document), there are 244,454,946 outstanding Warrants. The Offeror intends to make an offer to Warrantholders, in accordance with Rule 19 of the Code, on the following terms (the "**Warrants Offer**"):

Subject to such Warrants continuing, on or after the date of the Warrants Offer, to be exercisable into new Shares, the Offeror will pay to such Warrantholders a cash amount determined as provided below (the "**Warrant Price**") in consideration of such Warrantholder agreeing to transfer his Warrants to the Offeror, fully paid, free from all Encumbrances and with all such rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto.

The Warrants acquired by the Offeror pursuant to the Warrants Offer will be surrendered for cancellation.

4.2 Warrant Price

Section 4.2 of the Offer Document states that the Warrant Price is computed on a "see-through" basis. In other words, the Warrant Price in relation to any Warrant is the amount by which the Offer Price is in excess of the exercise price of that Warrant. If the exercise price of a Warrant is equal to or more than the Offer Price, the Warrant Price for each Warrant will be the nominal amount of S$0.001. As at 19 March 2014 (being the latest practicable date prior to the printing of the Offer Document), based on the latest information available to the Offeror, the exercise price of a Warrant is S$0.02. As the exercise price of a Warrant is more than the Offer Price, the Warrant Price for each Warrant will be S$0.001.

4.3 Separate Offer

Section 4.3 of the Offer Document states that, for the avoidance of doubt, the Offer is not conditional upon acceptances received in relation to the Warrants Offer. The Offer and the Warrants Offer are separate and are mutually exclusive. The Warrants Offer does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Warrantholders exercise their Warrants in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Warrants Offer in respect of such Warrants. Conversely, if Warrantholders wish to accept the Warrants Offer in respect of their Warrants, they may not exercise those Warrants in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

4.4 Duration of the Warrants Offer

Section 4.4 of the Offer Document states that the Warrants Offer shall remain open for acceptance until 5.30 p.m. on the Closing Date.

4.5 Acceptance Irrevocable

Section 4.5 of the Offer Document states that acceptances of the Warrants Offer shall be irrevocable.

4.6 Warrants Offer

Section 4.6 of the Offer Document states that details of the Warrants Offer are set out in a separate letter which has been despatched to Warrantholders on the Despatch Date.

5. UNDERTAKINGS

The information on the irrevocable undertakings received by the Offeror to accept or reject the Offer set out in italics below has been extracted from Section 5 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"*5.1* ***In respect of Shares.*** *Each of (i) Jonathan Lim, the chairman and executive director of the Company; (ii) Tang Jia Li Jared; and (iii) Kum Ping Wei, the executive director of the Company, has provided an undertaking to the Offeror (a) not to sell, dispose or otherwise transfer any of the Shares held by each of them as at the Pre-Conditional Offer Announcement Date (unless consented to by the Offeror) from the Pre-Conditional Offer Announcement Date up to the close of the Offer; and (b) not to accept the Offer in respect of any Shares held by each of them as at the Pre-Conditional Offer Announcement Date.*

5.2 ***In respect of Warrants.*** *Each of (i) Jonathan Lim and (ii) Tang Jia Li Jared has provided an undertaking to the Offeror not to (a) sell, dispose or otherwise transfer and/or convert any of the Warrants held by each of them as at the Pre-Conditional Offer Announcement Date (unless consented to by the Offeror) from the Pre-Conditional Offer Announcement Date up to the close of the Offer; and (b) not to accept the Warrants Offer in respect of any of the Warrants held by each of them as at the Pre-Conditional Offer Announcement Date.*

5.3 ***No Other Undertakings.*** *Save as disclosed in this Offer Document, the Offeror has not received any undertaking from any party to accept or reject the Offer as at the Latest Practicable Date.*"

6. INFORMATION ON THE OFFEROR

The information on the Offeror set out in italics below has been extracted from Section 6 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"*Following completion of the Subscription, the Offeror is a substantial shareholder of the Company. The Offeror has been involved in property development for the last 25 years, with experience and business contacts in the property development industry.*

For purposes of information and disclosure, please note that Rule 23.4(a) to (h) (both inclusive) of the Code requiring disclosure of certain financial information of the Offeror is not relevant in this case as the Offeror is an individual and not a corporate entity."

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror's Intentions for the Company has been extracted from Section 8 of the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

"*8.1 **Rationale for the Offer.** The Offer is made to comply with the requirements of the Code because following the Subscription, the Offeror and parties acting in concert with him hold an aggregate of 875,000,000 Shares, representing approximately 51.47% of the total number of Shares as at the Latest Practicable Date.*

*8.2 **The Offeror's Intentions for the Company.** In line with the announcement in relation to the Subscription made by the Company on 26 November 2013 and the Pre-Conditional Offer Announcement, the Offeror may offer his experience and business contacts in the property development industry to the Company for future growth prospects in addition to carrying on its existing businesses. It is the intention of the Offeror that the Company maintains its listing status on the SGX-ST. Save as disclosed in this Offer Document, the Offeror presently has no plans to (i) introduce any major changes to the businesses of the Company or the operations of any of its subsidiaries, (ii) redeploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the employees of the Company and its subsidiaries, other than in the ordinary course of business.*

The intentions of the Offeror for the Company as set out in this Section 8 are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror. There is no assurance that the current intentions will be carried into effect, and the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Offeror or the Company."

8. LISTING STATUS

The full text of the intentions of the Offeror relating to the listing status of the Company has been extracted from Section 9 of the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the extract below carefully.

*"9.1 **No Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if an offeror (which is a corporation) receives valid acceptances pursuant to an offer in respect of not less than 90% of the total number of shares in a company (other than those already held by the offeror, its related corporations or their respective nominees as at the date of the offer, and excluding treasury shares), the offeror will be entitled to exercise the right to compulsorily acquire all the shares from the shareholders of that company who have not accepted the offer. Section 215(1) of the Companies Act cannot be invoked by a natural person.*

The Offeror, being a natural person, is not entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act. It is anyway the intention of the Offeror to maintain the listing status of the Company on the SGX-ST.

9.2 ***Free Float Requirement.*** *Under Rule 1104 of the Listing Manual, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the Shares owned by the Offeror and parties acting in concert with him to above 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the listing of the Shares until it is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual also states that if the Offeror garners acceptances exceeding 90% of the total number of Shares (excluding treasury shares), thus causing the percentage of Shares held in public hands to fall below 10%, the SGX-ST may suspend the trading of the Shares at the close of the Offer.*

In addition, under Rule 724 of the Listing Manual, if the percentage of Shares held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor and announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724 of the Listing Manual further provides that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

As it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST, the Offeror reserves the right to take appropriate actions to procure that at least 10% of the total number of Shares are held by the public in accordance with the rules of the Listing Manual. The Offeror may engage a licensed intermediary to place out some or all of the Offer Shares acquired pursuant to the Offer following the close of the Offer. Further details on any such arrangements will be announced in due course as and when it is appropriate."

9. ADVICE AND RECOMMENDATION

9.1 General

Shareholders, ESOS Optionholders and Warrantholders should read and carefully consider the advice of the IFA to the Independent Directors on the Offer, the ESOS Options Proposal and the Warrants Offer, as set out in the IFA Letter, and the recommendation of the Independent Directors before deciding whether to accept or reject the Offer and/or the ESOS Options Proposal and/or the Warrants Offer. The IFA Letter is set out in Appendix I to this Circular.

9.2 Independence of Directors

All the Directors consider themselves to be independent for the purposes of making recommendations on the Offer, the ESOS Options Proposal and the Warrants Offer.

9.3 Advice of the IFA to the Independent Directors

The IFA's advice to the Independent Directors in respect of the Offer, the ESOS Options Proposal and the Warrants Offer, as extracted from Section 11 of the IFA Letter, is set out below and should be read in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meaning as defined in the IFA Letter.

"***Having regard to the considerations set out in this Letter and information available as at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer, the ESOS Options Proposal (save for the ESOS Options Proposal in respect of the ESOS Options 2004) and the Warrants Offer are not fair from a market perspective and accordingly, we advise the Independent Directors to recommend that Shareholders, ESOS Optionholders (save for the ESOS Optionholders of the ESOS Options 2004) and Warrantholders REJECT the Offer, the ESOS Options Proposal (save for the ESOS Options Proposal in respect of the ESOS Options 2004) and the Warrants Offer respectively.*** *Shareholders who are not confident or optimistic about the prospects of the Group and wish to realise all or part of their investments in the Shares may wish to consider selling the Shares in the open market if they can obtain a price higher than the Offer Price (after deducting related expenses). In this regard, we note that the Shares had been trading above the Offer Price since 2 December 2011 and up to the Latest Practicable Date.*

Having regard to the considerations set out in this Letter and information available as at the Latest Practicable Date, we are of the opinion that the financial terms of the ESOS Options Proposal in respect of the ESOS Options 2004 are fair as the Option Price is higher than the theoretical value of the ESOS Options 2004 and accordingly, we advise the Independent Directors to recommend that the ESOS Optionholders of the ESOS Options 2004 ACCEPT the ESOS Options Proposal in respect of the ESOS Options 2004."

9.4 Recommendation of the Independent Directors

The Independent Directors, having carefully considered the terms of the Offer, the ESOS Options Proposal and the Warrants Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, **CONCUR** with the advice of the IFA in respect of the Offer, the ESOS Options Proposal and the Warrants Offer. Accordingly, the Independent Directors recommend as follows:

(a) that Shareholders and Warrantholders **REJECT** the Offer and the Warrants Offer; and

(b) that ESOS Optionholders **REJECT** the ESOS Options Proposal save for the ESOS Optionholders of the ESOS Options 2004, who are recommended to **ACCEPT** the ESOS Options Proposal in respect of the ESOS Options 2004.

Shareholders, ESOS Optionholders and Warrantholders are advised to read the IFA Letter set out in Appendix I to this Circular carefully before deciding whether to accept or reject the Offer. Shareholders, ESOS Optionholders and Warrantholders should note that the advice of the IFA and the recommendation of the Independent Directors should not be relied on by any Shareholder or ESOS Optionholder or Warrantholder as the sole basis for deciding whether or not to accept the Offer or the ESOS Options Proposal or the Warrants Offer, as the case may be.

Further, in rendering the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder or ESOS Optionholder or Warrantholder.

As different Shareholders and ESOS Optionholders and Warrantholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder or ESOS Optionholder or Warrantholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

10. ACTION TO BE TAKEN BY THE SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. (Singapore time) on 23 April 2014**. Shareholders should note that the Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on 23 April 2014 as stated in the Offer Document. Shareholders who wish to accept the Offer should refer to Appendix 4 to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document (including the FAA and/or FAT) which has been sent to them.

11. **OVERSEAS SHAREHOLDERS**

11.1 Availability of the Offer to Overseas Shareholders

Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") should refer to Section 12 of the Offer Document, the full text of which is set out in italics below.

"*12.1* ***Availability to Overseas Shareholders.*** *The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. It is currently not intended that the Offer will be made in or into, and the Offer is not capable of acceptance in or from, any jurisdiction in or from which the making of the Offer is prohibited or affected by the laws of that jurisdiction. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements. For the avoidance of doubt, the Offer is open to all the Shareholders, including those to whom this Offer Document, the FAAs and/or the FATs have not been, or may not be, despatched.*

12.2 ***Overseas Jurisdiction.*** *It is the responsibility of any Overseas Shareholder who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on his behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on his behalf may be required to pay. Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction. In accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.*

12.3 ***Copies of the Offer Document.*** *The Offeror reserves the right not to send this Offer Document, the FAA and the FAT to any Overseas Shareholder due to potential restrictions on sending such documents to the relevant jurisdictions. Any affected Overseas Shareholder may, nonetheless, apply to obtain copies of this Offer Document, and the FAA or the FAT, as the case may be, and any related documents during normal business hours and up to the Closing Date, from the Offeror through the Share Registrar, being Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #02-00, Singapore 068898. Alternatively, an Overseas Shareholder may write in to the Offeror through the Share Registrar at the above-stated address to request for this Offer Document, the FAA or the FAT, as the case may be, and any related documents to be sent to an address in Singapore by ordinary post at his own risk (the last date for despatch in respect of such request shall be a date falling 3 Market Days prior to the Closing Date). It is the responsibility of any Overseas Shareholder who wishes to request for this Offer Document, the FAA, the FAT and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for this Offer Document, the FAA, the FAT and any related documents, the Overseas Shareholder represents and warrants to the Offeror that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.*"

11.2 Copies of Circular

This Circular may not be sent to any Overseas Shareholder due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nonetheless, obtain copies of this Circular during normal business hours and up to the Closing Date, from the office of the Share Registrar, being Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, or make a request to the Share Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk. The last date for despatch in respect of such request shall be the date falling three (3) Market Days prior to the Closing Date.

12. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. CPFIS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular), 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 Offer, 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.

The recommendation of the Independent Directors set out in paragraph 9.4 of this Circular is the sole responsibility of the Independent Directors.

In respect of the IFA Letter and the Valuation Reports, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including information extracted from the Offer Document), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular which form part of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
ADVENTUS HOLDINGS LIMITED

Lim Keng Hock Jonathan
Chairman and Executive Director
7 April 2014

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Company Registration No.: 200207389D)
(Incorporated in the Republic of Singapore)
20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

7 April 2014

To: The Independent Directors of Adventus Holdings Limited in relation to the Offer

Lim Keng Hock Jonathan	(Chairman and Executive Director)
Kum Ping Wei	(Executive Director)
Gersom G Vetuz	(Non-Executive Independent Director)
Tan Poh Chye Allan	(Non-Executive Independent Director)
Ong Soon Teik	(Non-Executive Independent Director)

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE MANDATORY CASH OFFER BY CHIN BAY CHING (THE "OFFEROR"), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF ADVENTUS HOLDINGS LIMITED (THE "COMPANY") OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH HIM (THE "OFFER")

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 7 April 2014 issued by the Company to the Shareholders (the "**Circular**") shall have the same meaning herein.*

1. INTRODUCTION

On 26 November 2013, the Board of Directors announced that the Company has entered into a subscription agreement dated 26 November 2013 (the "**Subscription Agreement**") with Chin Bay Ching (the "**Offeror**") (the "**Subscription Announcement**"), pursuant to which the Company shall allot and issue to the Offeror an aggregate of 875,000,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**") at the issue price of S$0.0165 per Subscription Share (the "**Subscription Price**") (the "**Subscription**"). Completion of the Subscription is subject to the satisfaction of certain conditions precedent. At the time of the Subscription Announcement, the Offeror did not own any Shares.

In connection with the above, the Offeror announced, on the same day, on 26 November 2013 (the "**Pre-conditional Offer Announcement Date**"), that the Offeror intends to make a pre-conditional mandatory cash offer (the "**Pre-conditional Offer Announcement**") to acquire all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") at S$0.0165 in cash (the "**Offer Price**") for each Share.

On 12 March 2014 (the "**Offer Announcement Date**"), Chin Bay Ching announced that the Subscription has been completed on 12 March 2014, pursuant to the Subscription Agreement and following the completion of the Subscription, he owns an aggregate of 875,000,000 Shares, representing 51.47% of the total number of Shares as at the Offer Announcement Date. As a result of the Subscription, the Offeror is required to make a mandatory unconditional cash offer (the "**Offer**") for all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with him as at the date of the Offer (the "**Offer Shares**"), in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") (the "**Offer Announcement**").

In connection with the Offer, the Offeror will also make an offer (the "**Warrants Offer**") to holders (the "**Warrantholders**") of outstanding warrants issued by the Company pursuant to the deed poll dated 6 January 2012 (the "**Warrants**") in accordance with Rule 19 of the Code, and a proposal (the "**ESOS Options Proposal**") to holders (the "**ESOS Optionholders**") of outstanding employee share options granted by the Company pursuant to the SNF 2004 share option scheme (as amended from time to time) (the "**ESOS**"), approved and adopted by the Company at the extraordinary general meeting of the Company held on 17 February 2004 and subsequently amended on 29 December 2008 (the "**ESOS Options**").

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST and the Offeror, being a natural person, is not entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company to advise the Independent Directors (as defined herein) in respect of the Offer, the ESOS Options Proposal and the Warrants Offer. This Letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer, the ESOS Options Proposal and the Warrants Offer and our opinion thereon, and will form part of the Circular issued by the Company providing, *inter alia*, details of the Offer, the ESOS Options Proposal and the Warrants Offer and the recommendation of the Independent Directors (this "**Letter**"). In this regard, we note that all the Directors are deemed to be independent in respect of the Offer, the ESOS Options Proposal and the Warrants Offer (the "**Independent Directors**").

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer, the ESOS Options Proposal and the Warrants Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer, the ESOS Options Proposal and the Warrants Offer and have not taken into account the commercial risks and/or commercial merits of the Offer, the ESOS Options Proposal and the Warrants Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer, the ESOS Options Proposal and the Warrants Offer or on the future prospects of the Company or the method and terms by which the Offer, the ESOS Options Proposal and the Warrants Offer is made or any other alternative methods by which the Offer, the ESOS Options Proposal and the Warrants Offer may be made, although we may draw upon the views of the Directors or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We are not authorised and we have not solicited, any indications of interest from any third party with respect to the Offer, the ESOS Options Proposal and the Warrants Offer. We are therefore not addressing the relative merits of the Offer, the ESOS Options Proposal and the Warrants Offer as compared to any alternative transaction that may be available to the Company (or its Shareholders, ESOS Optionholders and/or Warrantholders, as the case may be), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, the ESOS Options Proposal and the Warrants Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made by the management of the Company (the "**Management**"), the Directors and the Company's solicitors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the ESOS Options Proposal and the Warrants Offer and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer, the ESOS Options Proposal and the Warrants Offer and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the property, plant and equipment) of the Company or the Group and have only relied on the independent valuation reports as set out in Appendix VI of the Circular, by Asian Appraisal Co Pte Ltd and PREMAS Valuers & Property Consultants Pte Ltd (collectively, the "**Independent Valuers**") in relation to the valuation of the Revalued Assets (as defined herein) as at 28 February 2014 (in relation to the leasehold land and building) and as at 31 December 2013 (in relation to the plant and machinery).

Our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders, ESOS Optionholders and/or Warrantholders, as the case may be, should further take note of any announcements relevant to their consideration of the Offer, the ESOS Options Proposal and the Warrants Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder, ESOS Optionholders and/or Warrantholders. As each Shareholder, ESOS Optionholders and/or Warrantholders would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder, ESOS Optionholders and/or Warrantholders who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer, the ESOS Options Proposal and the Warrants Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter set out in the Circular).

Our opinion in respect of the Offer, the ESOS Options Proposal and the Warrants Offer, as set out in paragraph 11 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

Shareholders (except for Overseas Shareholders as explained in Section 11 of the Circular) should have by now received a copy of the Offer Document, as announced by the Offeror, to have been despatched on 26 March 2014, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document and Appendix 3 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on SGXNET at http://www.sgx.com.

Based on the information set out in the Offer Document, the Offeror made the Offer to acquire all the Offer Shares on the terms and conditions set out in the Offer Document, the FAA and FAT on the key basis as set out below:

3.1 Offer Price

The consideration for each Offer Share is as follows:

For each Offer Share: S$0.0165 in cash.

3.2 No Increase of Offer Price

The Offeror has stated that he does not intend to increase the Offer Price. Shareholders should note that the Offer Price of S$0.0165 per Offer Share is final and will not be revised.

3.3 No Extensions

The Offeror does not intend to extend the Offer beyond the Closing Date. Accordingly, the Offer will close at 5.30 p.m. on 23 April 2014.

3.4 No Conditions to the Offer

The Offer is **unconditional in all respects**.

3.5 Offer Shares

The Offer is extended to:

(a) all the Shares not already owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with the Offeror; and

(b) all new Shares (if any) unconditionally issued or to be issued prior to the close of the Offer, pursuant to the valid exercise of any:

  (i) outstanding Warrants; and

  (ii) outstanding ESOS Options.

As at the Latest Practicable Date, there are 244,454,946 outstanding Warrants and 8,305,000 outstanding ESOS Options which may be exercised and result in Shares being issued, on or prior to the close of the Offer. For the purpose of the Offer, the expression "**Offer Shares**" shall include such Shares.

3.6 No Encumbrances

The Offer Shares will be acquired (a) fully paid, (b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever ("**Encumbrances**"), and (c) with all such rights, benefits, entitlements attached thereto as at the Pre-conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-conditional Offer Announcement Date. If any dividend, distribution or return of capital is announced, declared, paid or made on or after the Pre-conditional Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

3.7 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from any Encumbrance, and (c) with all such rights, benefits, entitlements attached thereto as at the Pre-conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-conditional Offer Announcement Date.

4. THE ESOS OPTIONS PROPOSAL

As at the Latest Practicable Date, there are 8,305,000 outstanding ESOS Options granted under the ESOS.

Under the rules of the ESOS, the ESOS Options are not transferrable by the ESOS Optionholders. In view of this restriction, the Offeror will not make an offer to acquire the ESOS Options (although, for the avoidance of doubt, the Offer will be extended to all new Shares issued or to be issued pursuant to the valid exercise of the ESOS Options on or prior to the close of the Offer). Instead, in accordance with Rule 19 of the Code, the Offeror intends to make the ESOS Options Proposal to the ESOS Optionholders on certain terms as set out in Section 3.1 of the Offer Document.

4.1 Option Price

The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to any ESOS Option is the amount by which the Offer Price is in excess of the exercise price of that ESOS Option. For illustration purposes, if the exercise price for an outstanding ESOS Option is S$0.0100 and with the Offer Price being S$0.0165, the Option Price for that outstanding ESOS Option will be S$0.0065. If the exercise price of an Option is equal to or more than the Offer Price, the Option Price for each Option will be the nominal amount of S$0.001.

The Directors have confirmed that there are no ESOS Options with an exercise price that is less than the Offer Price as at the Latest Practicable Date. In this regard, the Option Price for all outstanding ESOS Options as at the Latest Practicable Date would be the nominal amount of S$0.001.

4.2 Separate Offer

For the avoidance of doubt, the Offer is not conditional upon acceptances received in relation to the ESOS Options Proposal. The Offer and the ESOS Options Proposal are separate and are mutually exclusive. The ESOS Options Proposal does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if ESOS Optionholders exercise their ESOS Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the ESOS Options Proposal in respect of such ESOS Options. Conversely, if ESOS Optionholders wish to accept the ESOS Options Proposal in respect of their ESOS Options, they may not exercise those ESOS Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

4.3 Duration of the ESOS Options Proposal

The ESOS Options Proposal shall remain open for acceptance until 5.30 p.m. on the Closing Date.

5. THE WARRANTS OFFER

As at the Latest Practicable Date, there are 244,454,946 outstanding Warrants.

The Offeror intends to make an offer to the Warrantholders, in accordance with Rule 19 of the Code, on the following terms:

Subject to such Warrants continuing, on or after the date of the Warrants Offer, to be exercisable into new Shares, the Offeror will pay to such Warrantholders a cash amount determined as provided below (the "**Warrant Price**") in consideration of such Warrantholder agreeing to transfer his Warrants to the Offeror, fully paid, free from all Encumbrances and with all such rights, benefits, entitlements attached thereto as at the Pre-conditional Offer Announcement Date and thereafter attaching thereto.

The Warrants acquired by the Offeror pursuant to the Warrants Offer will be surrendered for cancellation.

5.1 Warrant Price

The Warrant Price is computed on a "see-through" basis. In other words, the Warrant Price in relation to any Warrant is the amount by which the Offer Price is in excess of the exercise price of that Warrant. If the exercise price of a Warrant is equal to or more than the Offer Price, the Warrant Price for each Warrant will be the nominal amount of S$0.001. As the exercise price of a Warrant is S$0.02, which is more than the Offer Price, the Warrant Price for each Warrant will be S$0.001.

5.2 Separate Offer

For the avoidance of doubt, the Offer is not conditional upon acceptances received in relation to the Warrants Offer. The Offer and the Warrants Offer are separate and are mutually exclusive. The Warrants Offer does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if Warrantholders exercise their Warrants in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Warrants Offer in respect of such Warrants. Conversely, if Warrantholders wish to accept the Warrants Offer in respect of their Warrants, they may not exercise those Warrants in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

5.3 Duration of the Warrants Offer

The Warrants Offer shall remain open for acceptance until 5.30 p.m. on the Closing Date.

6. UNDERTAKINGS

6.1 In respect of the Shares

Each of (i) Lim Keng Hock Jonathan, the Chairman and Executive Director of the Company; (ii) Tang Jia Li Jared; and (iii) Kum Ping Wei, the Executive Director of the Company, has provided an undertaking to the Offeror (collectively, the "**Undertaking Shareholders**") (a) not to sell, dispose or otherwise transfer any of the Shares held by each of them as at the Pre-conditional Offer Announcement Date (unless consented to by the Offeror) from the Pre-conditional Offer Announcement Date up to the close of the Offer; and (b) not to accept the Offer in respect of any Shares held by each of them as at the Pre-conditional Offer Announcement Date.

As at the Latest Practicable Date, the Undertaking Shareholders collectively hold 396,226,578 Shares, representing 23.3% of the total issued Shares.

6.2 In respect of the Warrants

Each of (i) Lim Keng Hock Jonathan and (ii) Tang Jia Li Jared (collectively, the "**Undertaking Warrantholders**") has provided an undertaking to the Offeror not to (a) sell, dispose or otherwise transfer and/or convert any of the Warrants held by each of them as at the Pre-conditional Offer Announcement Date (unless consented to by the Offeror) from the Pre-conditional Offer Announcement Date up to the close of the Offer; and (b) not to accept the Warrants Offer in respect of any of the Warrants held by each of them as at the Pre-conditional Offer Announcement Date.

As at the Latest Practicable Date, the Undertaking Warrantholders collectively hold all the 244,454,946 outstanding Warrants.

7. INFORMATION ON THE OFFEROR

The information on the Offeror, as set out below in italics, has been extracted from Section 6 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"*Following completion of the Subscription, the Offeror is a substantial shareholder of the Company. The Offeror has been involved in property development for the last 25 years, with experience and business contacts in the property development industry.*"

As set out in Section 6 of Appendix II of the Circular, we note the Board is of the view that the Offeror's plans for the Company as stated in the Offer Document are in line with the Company's position as set out in paragraph 2 of the Subscription Announcement (as defined in the Circular) and Section 2 of the circular to Shareholders dated 20 February 2014 relating to the Subscription (the "**Subscription Circular**"), namely that the Offeror's potential involvement in the Company offers the Company the possibility of tapping into his experience and business contacts in the property development industry.

We further note from the Subscription Circular that the Directors were unanimously of the view that the Subscription is in the best interest of the Company, and they had recommended that the Shareholders vote in favour of the Subscription at the extraordinary general meeting held on 7 March 2014. On 7 March 2014, the said resolution for the Subscription was duly passed by the Shareholders at the extraordinary general meeting. The Subscription completed on 12 March 2014.

8. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer has been extracted from Section 8 of the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"8.1 ***Rationale for the Offer.*** *The Offer is made to comply with the requirements of the Code because following the Subscription, the Offeror and parties acting in concert with him hold an aggregate of 875,000,000 Shares, representing approximately 51.47% of the total number of Shares as at the Latest Practicable Date.*

*8.2 **The Offeror's Intentions for the Company.** In line with the announcement in relation to the Subscription made by the Company on 26 November 2013 and the Pre-Conditional Offer Announcement, the Offeror may offer his experience and business contacts in the property development industry to the Company for future growth prospects in addition to carrying on its existing businesses. It is the intention of the Offeror that the Company maintains its listing status on the SGX-ST. Save as disclosed in this Offer Document, the Offeror presently has no plans to (i) introduce any major changes to the businesses of the Company or the operations of any of its subsidiaries, (ii) redeploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the employees of the Company and its subsidiaries, other than in the ordinary course of business.*

The intentions of the Offeror for the Company as set out in this Section 8 are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror. There is no assurance that the current intentions will be carried into effect, and the Offeror retains the flexibility at any time to consider any options in relation to the Company which may present themselves and which the Offeror may regard to be in the interest of the Offeror or the Company."

9. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In our assessment of the financial terms of the Offer, we have considered the following which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

(i) Historical financial performance of the Group;

(ii) Net asset value ("**NAV**"), Adjusted NAV and Revalued NAV ("**RNAV**") of the Group;

(iii) Historical market price performance and trading activity of the Shares;

(iv) Comparison with recently completed mandatory general offers for companies listed on the SGX-ST;

(v) Comparison with valuation ratios of selected listed companies broadly comparable to the Group;

(vi) Evaluation of the ESOS Options Proposal; and

(vii) Evaluation of the Warrants Offer.

We have also taken into account other relevant considerations which have a significant bearing on our assessment as set out in paragraph 10 of this Letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST and other public filings as at the Latest Practicable Date. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

9.1 Historical financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited financial results of the Group for the financial year ended 31 December ("**FY**") 2012 and the latest unaudited financial results of the Group for FY2013.

The following summary financial information should be read in conjunction with the full text of the Group's annual report for FY2012 and financial results announcement for FY2013 in respect of the relevant financial periods including the notes thereto.

(S$'000)	Audited FY2012	Unaudited FY2013
Revenue	3,920	4,386
Gross profit	389	971
Loss attributable to owners of the Company	(6,907)	(803)

(S$'000)	As at 31 December 2012	As at 31 December 2013
Assets		
Current assets	5,776	5,597
Non-current assets	5,034	4,406
Total assets	**10,810**	**10,003**
Liabilities		
Current liabilities	1,517	1,768
Non-current liabilities	2,089	1,605
Total liabilities	**3,606**	**3,373**
NAV	**7,204**	**6,630**

Sources: Group's annual report for FY2012 and the announcement relating to the unaudited financial statements of the Group for FY2013 dated 28 February 2014

We note that total revenue for FY2013 increased by S$0.5 million or 11.9% from S$3.9 million in FY2012 to S$4.4 million in FY2013 which was mainly due to an improvement in sales volume. The Group's gross profit had increased by S$0.6 million or 149.5% from S$0.4 million to S$1.0 million and its gross profit margin increased by 12.2 percentage points from 9.9% in FY2012 to 22.1% in FY2013 which was as a result of the increase in revenue, and a decrease in cost of sales which was mainly due to the lower depreciation charged over machineries that were impaired in FY2012.

Loss after tax attributable to the owners of the Company decreased by 88.4% or S$6.1 million from S$6.9 million in FY2012 to S$0.8 million in FY2013 which was mainly due to the decrease in administrative costs of S$4.6 million or 59.2% from S$7.7 million in FY2012 to S$3.1 million in FY2013. This was mainly due to certain events which occurred in FY2012 but not in FY2013, being (a) the allowance for doubtful receivables of S$2.2 million, (b) impairment on goodwill of S$1.5 million, and (c) an impairment loss of property, plant and equipment of S$0.5 million in FY2012 as compared to a lower impairment loss of S$0.1 million in FY2013. In addition, the Group's other operating income increased by 166.1% or S$0.9 million from S$0.6 million in FY2012 to S$1.5 million in FY2013 which was mainly due to the reversal of allowance for doubtful receivables of S$1.3 million and a gain on disposal of available-for-sale quoted investments of S$0.1 million in FY2013.

As at 31 December 2013, total assets of the Group amounted to S$10.0 million. Non-current assets and current assets accounted for 44.0% and 56.0% of total assets, respectively. Non-current assets of the Group consisted of property, plant and equipment of S$4.4 million (44.0% of total assets) which mainly comprised leasehold land and buildings of S$3.2 million and plant and machinery of S$1.2 million. Current assets of the Group consisted mainly of cash and cash equivalents of S$2.4 million (24.2% of total assets), inventories of S$1.4 million (13.9% of total assets), trade receivables of S$0.5 million (4.8% of total assets) and other receivables and prepayment of S$1.3 million (13.0% of total assets).

The Group's current liabilities mainly consisted of trade, accruals and other payables of S$1.3 million and finance leases of S$0.4 million. Non-current liabilities mainly consisted of interest-bearing loans of S$1.1 million relating to a loan from a financial institution for its leasehold property and building, deferred tax liabilities of S$0.2 million and finance leases of S$0.2 million. Total liabilities of the Group amounted to S$3.4 million as at 31 December 2013.

As at 31 December 2013, the Group had net assets of S$6.6 million. As the Group does not have any intangible assets, its net asset value ("**NAV**") is equivalent to its net tangible assets ("**NTA**").

9.2 NAV, Adjusted NAV and RNAV of the Group

9.2.1 NAV of the Group

Based on the latest unaudited financial statements of the Group for FY2013, the NAV of the Group is S$6.6 million and its NAV per Share is S$0.0080 based on the number of Shares as at 31 December 2013. The Offer Price is at a premium of **105.3%** over the NAV per Share and values the Group at a price-to-NAV ratio ("**P/NAV**") of **2.1 times**.

9.2.2 Adjusted NAV of the Group

For the purpose of our analysis, we have also considered whether there were any material events which have occurred since 31 December 2013 and up to the Latest Practicable Date that may have a material impact on the NAV of the Group as at 31 December 2013. In this respect, the Directors have confirmed that, save for the completion of the Subscription on 12 March 2014, as at the Latest Practicable Date, there are no material events that have or will have a material impact on the NAV of the Group as at 31 December 2013.

We set out below our computation of the Adjusted NAV of the Group after taking into account the completion of the Subscription on 12 March 2014:

	(S$'000)
NAV as at 31 December 2013	6,630
Add: Net proceeds from the Subscription	14,191(1)
Adjusted NAV	20,821
Outstanding number of Shares as at the Latest Practicable Date	1,700,054,385
Adjusted NAV per Share (S$)	0.0122
Premium of Offer Price over Adjusted NAV per Share	**34.7%**
Price-to-Adjusted NAV as implied by the Offer Price	**1.3 times**

Note:

(1) As disclosed in the Company's announcement dated 26 November 2013.

Based on the above, we note that the Offer Price is at a premium of **34.7%** over the Adjusted NAV per Share of S$0.0122 and values the Group at a Price-to-Adjusted NAV ratio of **1.3 times**.

9.2.3 RNAV of the Group

Based on the Group's latest unaudited financial statements for FY2013, the Group's property, plant and equipment had a book value of S$4.4 million which accounted for 44.0% of the total assets of the Group as at 31 December 2013.

In connection with the Offer, the Company has commissioned PREMAS Valuers & Property Consultants Pte Ltd to conduct an independent valuation to determine the market value of the leasehold land and buildings and Asian Appraisal Co Pte Ltd to conduct an independent valuation to determine the market value of certain plant and machinery which accounts for 68.6% of the net book value of the plant and machinery of the Group as at 31 December 2013 ("**Revalued Assets**"). A summary of the valuation methods the Independent Valuers have employed is summarised below and should be read in conjunction with the full text of the valuation reports set out in Appendix VI of the Circular ("**Valuation Reports**"):

Revalued Assets	Methods of valuation
Leasehold land and building	Direct comparison method and investment (income) method
Plant and machinery	Depreciated replacement cost method

Sources: Valuation Reports set out in Appendix VI of the Circular

A summary of the revalued amount of each class of the Revalued Assets and the net revaluation surplus for each class of the Revalued Assets are set out below:

Revalued Assets	Book value as at 31 December 2013 (S$'000)	Revalued amount based on the Valuation Reports (S$'000)	Revaluation surplus (S$'000)
Leasehold land and building	3,152	4,400	1,248
Plant and machinery	811	1,271	460
Total			1,708

Sources: Group's unaudited management accounts for FY2013 and the Valuation Reports set out in Appendix VI of the Circular

Based on the above, we set out below the adjustments which are made to determine the RNAV of the Group:

	(S$'000)
Adjusted NAV of the Group	20,821
Add: Revaluation surplus arising from the Revalued Assets	1,708
RNAV of the Group	**22,529**
Outstanding number of Shares as at the Latest Practicable Date	1,700,054,385
RNAV per Share (S$)	0.0133
Premium of Offer Price over RNAV per Share	**24.5%**
Price-to-RNAV ("P/RNAV") ratio as implied by the Offer Price	**1.2 times**

Sources: Group's unaudited management accounts for FY2013 and the Valuation Reports set out in Appendix V and Appendix VI of the Circular

Based on the above, we note that the Offer Price is at a premium of **24.5%** over the RNAV per Share of S$0.0133 and values the Group at a P/RNAV ratio of **1.2 times**.

We wish to reiterate that the RNAV per Share shown above are based on the estimated revaluation surpluses of the Revalued Assets and does not take into account factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the RNAV that can be realised. Shareholders should note that the Group has not realised the gains on such Revalued Assets as at the Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such Revalued Assets will be the same as that derived from the assessments by the Independent Valuers and the Management's estimates in relation to the potential expenses and liabilities.

The Directors have confirmed that there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited financial statements as at 31 December 2013 in accordance with 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 Latest Practicable Date.

The Directors have confirmed to us that there has been no material acquisitions and disposals of assets by the Group since 31 December 2013 and up to the Latest Practicable Date. Save as set out in paragraph 7 above, Section 6 of Appendix II of the Circular and Section 8.2 of the Offer Document, the Group does not have any plans for any impending material acquisition or disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date.

Save for the Revalued Assets, the other assets of the Group based on the Group's latest unaudited financial results for FY2013, comprising mainly (i) cash and cash equivalents of S$2.4 million (24.2% of total assets), (ii) inventories of S$1.4 million (13.9% of total assets), (iii) trade receivables of S$0.5 million (4.8% of total assets) and (iv) other receivables, prepayment of S$1.3 million (13.0% of total assets), and (v) property, plant and equipment (which were not part of the Revalued Assets) of S$0.4 million (4.4% of total assets), have not been revalued for the purpose of determining the RNAV of the Group.

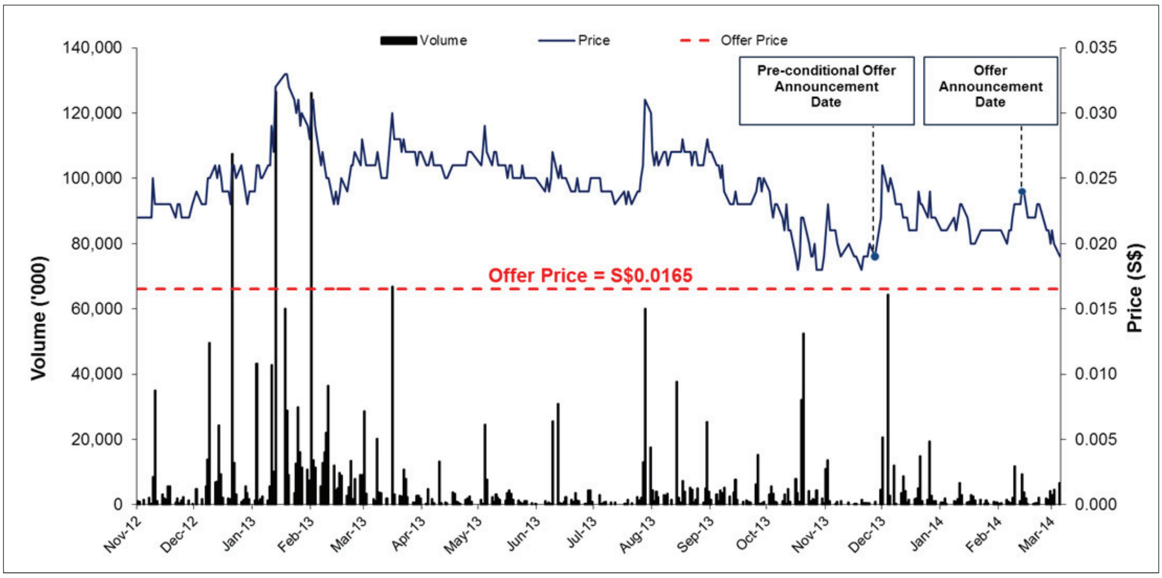
The Directors and the management have confirmed to us that, save as disclosed in this Letter, there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 December 2013, which would result in a material impact on the NAV or RNAV of the Group.

The Directors have also confirmed to us that other than that already provided for in the Group's unaudited financial results for FY2013, there are no other contingent liabilities which would have a material impact on the NAV and RNAV of the Group as at the Latest Practicable Date.

9.3 Historical market price performance and trading activity of the Shares

We have compared the Offer Price to the historical market price performance of the Shares over different observation periods prior to the Pre-conditional Offer Announcement, and after the Pre-conditional Offer Announcement Date and up to the Latest Practicable Date.

We set out below a chart showing the daily closing price and daily trading volume of the Shares from 27 November 2012, being the 1-year period prior to the Pre-conditional Offer Announcement, up to and including the Latest Practicable Date ("**Period under Review**").



Source: Bloomberg L.P.

Based on the above and the daily closing price of the Shares, we note that during the Period under Review, the Shares had traded within the range of S$0.018 to S$0.033 and consistently traded above the Offer Price of S$0.165 per Share. We further note that the Shares last traded below the Offer Price on 1 December 2011.

The last traded price prior to the Pre-conditional Offer Announcement on 26 November 2013 was S$0.019. Subsequent to the Pre-conditional Offer Announcement and up to the Offer Announcement Date, the Shares traded within a range of S$0.018 to S$0.026 based on the daily closing price of the Shares. The last traded price prior to the Offer Announcement on 12 March 2014 was S$0.024. For the period from the Offer Announcement Date to the Latest Practicable Date, the Shares traded within a range of S$0.019 to S$0.023 based on the daily closing price of the Shares. As at the Latest Practicable Date, the last traded price is S$0.019.

Based on the above, we note for the 1-year period prior to the Pre-conditional Offer Announcement, the Shares traded within a range of S$0.018 to S$0.033 which is above the Offer Price. Following the Pre-conditional Offer Announcement and up to the Latest Practicable Date, we further note that the Shares continued to trade above the Offer Price within a range of S$0.018 to S$0.026. As the price of the Shares had maintained above the Offer Price following the Pre-conditional Offer Announcement and up to the Latest Practicable Date, the market price performance of the Company following the Pre-conditional Offer Announcement does not appear to be affected by the Offer. However, it should be noted that the market price performance of the Company may be due to other various factors which may not be easily isolated or identified with certainty.

We also set out below the discounts of the Offer Price to the historical volume-weighted average price ("**VWAP**") and historical trading volume of the Shares over the Period under Review.

Reference period	Highest traded price (S$)	Lowest traded price (S$)	VWAP[(1)] (S$)	(Discount) of Offer Price to VWAP (%)	Average daily trading volume[(2)] ('000)	Average daily trading volume as a percentage of free float [(2)(3)] (%)
Prior to the Pre-conditional Offer Announcement						
1-year	0.036	0.017	0.027	(38.9)	7,479	1.7
6-month	0.029	0.017	0.025	(34.0)	4,419	1.0
3-month	0.030	0.017	0.024	(31.3)	4,953	1.2
1-month	0.024	0.017	0.021	(21.4)	6,134	1.4
26 November 2013, being the last traded day prior to the Pre-conditional Offer Announcement	0.019	0.018	0.019[(4)]	(13.2)	410	0.1
After the Pre-conditional Offer Announcement and up to the Offer Announcement						
After the Pre-conditional Offer Announcement and up to 12 March 2014, being the last traded day prior to the Offer Announcement	0.028	0.018	0.023	(28.3)	3,684	0.9
Offer Announcement Date	0.024	0.023	0.024[(4)]	(31.3)	3,761	0.9
After the Offer Announcement and up to the Latest Practicable Date						
After the Offer Announcement and up to the Latest Practicable Date	0.024	0.018	0.021	(21.4)	2,074	0.5
Latest Practicable Date	0.020	0.018	0.019[(4)]	(13.2)	6,566	1.5

Source: Bloomberg L.P.

Notes:

(1) VWAP is calculated as the total traded value divided by the total traded volume for the relevant period.

(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 over the same period ("**Total Market Days**").

(3) Free float refers to approximately 428.1 million Shares or approximately 25.2% of the issued share capital of the Company held by the public (as defined in the SGX-ST Listing Manual) as at the Latest Practicable Date.

(4) This refers to the last traded price prior to the release of the respective announcements or the Latest Practicable Date, as the case may be.

Based on the above, we note the following:

(i) Over the 1-year period and up to the Pre-conditional Offer Announcement Date, the Shares had traded between a low of S$0.017 and a high of S$0.036. Accordingly, the Offer Price represents a discount of 2.9% to the lowest traded price and a significant discount of 54.2% to the highest traded price;

(ii) The Offer Price represents a discount of 38.9%, 34.0%, 31.3% and 21.4% to the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the Pre-conditional Offer Announcement, respectively;

(iii) The Offer Price represents a discount of 13.2% to the last traded price of S$0.019 prior to the Pre-conditional Offer Announcement;

(iv) After the Pre-conditional Offer Announcement Date and up to the Offer Announcement Date, the Offer Price represents a discount of 28.3% to the VWAP of the Shares of S$0.023. The Offer Price also represents a discount of 31.3% to the last traded price of S$0.024 prior to the Offer Announcement;

(v) After the Offer Announcement Date and up to the Latest Practicable Date, the Offer Price represents a discount of 21.4% to the VWAP of the Shares of S$0.021. The Offer Price also represents a discount of 13.2% to the last traded price of S$0.019 as at the Latest Practicable Date;

(vi) During the 1-year period prior to the Pre-conditional Announcement, the Shares had traded on 251 market days or 94% of the Total Market Days over the said period. The total number of Shares traded was 1.9 billion Shares with an average daily trading volume of 7.5 million Shares representing approximately 1.7% of the Company's free float; and

(vii) After the Pre-conditional Offer Announcement Date and up to the Latest Practicable Date, the Shares had traded on 79 days or 92% of the Total Market Days over the said period. The total number of Shares traded was 296 million Shares with an average daily volume of 3.4 million Shares, representing 0.8% of the Company's free float.

Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

9.4 Comparison with completed mandatory general offers for companies listed on the SGX-ST

For the purpose of our evaluation on the financial terms of the Offer, we have compared the financial terms of the Offer to other recently completed mandatory take-over offers of companies listed on the SGX-ST which were announced since 1 January 2012 and up to the Latest Practicable Date ("**Precedent Transactions**"). We have excluded OKH Global Ltd. (formerly known as Sinobest Technology Holdings Ltd.) as the mandatory general offer had arose from a reverse takeover exercise.

Target company	Date of announcement	Offer price (S$)	Premium/(Discount) of the Offer Price over/to the: Last traded price prior to the announcement (%)	VWAP 1-month prior to the announcement (%)	VWAP 3-month prior to the announcement (%)	VWAP 6-month prior to the announcement (%)	P/NTA *(or as indicated in the notes below)* (times)
Westminster Travel Ltd	25-Jan-12	0.089	(22.6)	(22.6)	(28.7)	(30.8)	0.8
Hup Soon Global Corporation	26-Jul-12	0.10	–	(3.6)	1.6	(5.0)	0.6
Sakari Resources Limited[1]	27-Aug-12	1.90	25.8	32.0	36.9	21.0	3.3
Zagro Asia Limited[2]	31-Aug-12	0.15	(37.5)	(37.9)	(36.7)	(34.9)	0.5
Asia Pacific Breweries Limited[3]	15-Nov-12	53.00	52.8	53.6	55.2	64.4	10.7[4]
Nera Telecommunications Ltd	20-Nov-12	0.49	(5.8)	(6.6)	1.7	10.2	2.8
SingHaiyi Group Ltd. (formerly known as SingXpress Land Ltd.)	27-Nov-12	0.0118	(21.3)	(21.3)	(26.3)	(21.3)	0.9[5]
Charisma Energy Services (formerly known as YHM Group Limited)[6]	20-Dec-12	0.0018	(82.0)	(75.3)	(74.3)	(70.5)	1.3[7]
Fraser and Neave Limited[8]	18-Jan-13	9.55	20.9	31.7	38.8	41.5	1.7
3Cnergy Limited (formerly known as HSR Global Limited	04-Mar-13	0.21	21.4	21.4	6.1	1.4	1.8
Dynamic Colours Limited	03-May-13	0.185	2.8	19.0	28.8	30.2	0.7[5]
Tsit Wing International Holdings Limited	11-Jun-13	0.3075	36.7	36.7	36.2	30.9	1.3[5]
Viz Branz Limited	05-Jul-13	0.78	10.0	12.9	12.4	12.4	2.6
China Minzhong Food Corporation Limited	02-Sep-13	1.12	10.3	5.5	6.9	2.2	0.7
Singapore Windsor Holdings Limited	13-Sep-13	0.18	28.6	39.2	41.2	37.0	0.8[5]
Youyue International Limited	18-Nov-13	0.025	(34.2)	(34.2)	(19.4)	(19.4)	1.1[5]
Boardroom Limited	22-Jan-14	0.575	(0.9)	2.7	(2.9)	(1.7)	n.m.[9]
High			**52.8**	**53.6**	**55.2**	**64.4**	**10.7**
Mean			**0.3**	**3.1**	**4.6**	**4.0**	**1.4**
Median			**2.8**	**5.5**	**6.1**	**2.2**	**1.1**
Low			**(82.0)**	**(75.3)**	**(74.3)**	**(70.5)**	**0.5**
Company[10] (as implied by the Offer Price)	**12-Mar-14**	**0.0165**	**(13.2)**	**(21.4)**	**(31.3)**	**(34.0)**	**1.2**

Sources: Bloomberg L.P. and the respective target companies' announcements and shareholders' circular in respect of the Precedent Transactions.

Notes:

(1) The market premium in the table above was computed based on the offer price of S$1.900 less dividends of S$0.0249.

(2) The discounts implied by the offer price were benchmarked against the historical prices of the shares prior to the pre-conditional offer announcement date, being 29 February 2012.

(3) Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited had made a joint announcement on 16 July 2012 that they were approached with an offer to purchase, *inter alia*, their combined stakes in the target company (aggregating approximately 7.92% of the target company's total issued shares, and they were having discussions on this. Hence, the premia implied by the offer price were benchmarked against the historical prices of the shares prior to 16 July 2012.

(4) Excluded as a statistical outlier in the computation of the mean and median discounts/premia of the Precedent Transactions.

(5) Based on revalued NTA of the target company.

(6) The discounts implied by the offer price were benchmarked against the historical prices of the shares prior to the pre-conditional offer announcement date, being 25 October 2012.

(7) Based on the adjusted NTA after taking into consideration the issue and allotment of new shares of the target company and the increase in market value of the shares in Ezion Holdings Limited held by the target company as at the latest practicable date of the offeree circular dated 18 January 2013.

(8) Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited had made a joint announcement on 16 July 2012 that they were approached with an offer to purchase, *inter alia*, their combined stakes in the target company (aggregating approximately 18.2% of the target company's total issued shares, and they were having discussions on this. Hence, the premia implied by the offer price were benchmarked against the historical prices of the shares prior to 16 July 2012.

(9) n.m. denotes not meaningful as the target group had a net tangible liabilities position as at 31 December 2013.

(10) The discounts implied by the Offer Price were benchmarked against the historical prices of the shares prior to the Pre-conditional Offer Announcement which was released on 26 November 2013. The P/NTA ratio is based on the RNAV of the Group as computed in paragraph 9.2.3 above.

Based on the above analysis, we note the following:

(a) The discount of 13.2% implied by the Offer Price to the last traded price prior to the Pre-conditional Announcement is within the range and at a greater discount as compared to the mean and median of the discounts/premia of the Precedent Transactions;

(b) The discounts of 21.4%, 31.3% and 34.0% implied by the Offer Price to the VWAP for the 1-month, 3-month and 6-month periods prior to the Pre-conditional Announcement is within the range and at a greater discount as compared to the mean and median of the discounts/premia of the Precedent Transactions; and

(c) The P/RNAV ratio of 1.2 times is within the range and below the mean and above median of the P/NTA ratios of the Precedent Transactions.

The list of Precedent Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Transactions over the respective periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Transactions or the relative efficiency of information or the underlying liquidity of the shares of the relevant target companies or the performance of the shares of the target companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Group is not in the same industry and does not conduct the same businesses as the other target companies in the list of Precedent Transactions and would not, therefore, be directly comparable to the list of target companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Transactions. Therefore, any comparison of the Offer with the Precedent Transactions is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Group.

9.5 Comparison with the valuation ratios of selected listed companies broadly comparable to the Group

We note that from the Company's annual report for FY2012 and the latest unaudited financial statements for FY2013, the Group's total revenue is derived entirely from its advanced materials and solutions segment. In this regard, for the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of companies listed on various stock exchanges which we consider to be broadly comparable to the Group ("**Comparable Companies**"), to get an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST or other stock exchanges which we may consider to be identical to the Group in terms of, *inter alia,* geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial position and other relevant criteria. The Independent Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

In addition, the Independent Directors should note that companies listed on different stock exchanges may be subject to different risk-reward expectations, trading conditions and any cross border valuation statistics will be subject to differing political, regulatory, market, investment, economic and currency conditions and as such may not be directly comparable to the Group.

Brief descriptions of the Comparable Companies are set out below:

Comparable Company	Stock exchange	Business description	Financial year ended
Wuhu Token Science Co., Ltd. ("**Wuhu Token**")	Shenzhen Stock Exchange	Wuhu Token researches, produces and sells vacuum thin film material for flat panel displays. The company's products are liquid crystal display conductive film glass, touch-screen conductive film glass, and mobile phone panel material.	31 Dec 2013
Komori Corporation ("**Komori**")	Tokyo Stock Exchange	Komori manufactures offset printing machines and equipment. The company specializes in sheet-fed offset presses and computerized printing systems. Komori also repairs and sells used printing machines and related parts. The company operates sales subsidiaries in the United States, Canada, and the United Kingdom.	31 Mar 2013
Sakata Inx Corporation ("**Sakata**")	Tokyo Stock Exchange	Sakata mainly produces printing inks, equipment, and other related materials for the newspaper and cardboard industries.	31 Mar 2013
Guangdong Dongfang Precision Science & Technology Company Limited ("**Guangdong Precision**")	Shenzhen Stock Exchange	Guangdong Precision develops, designs, manufactures and sells multi-color printing equipment for corrugated carton paper.	31 Dec 2013
Solar Applied Materials Technology Corp. ("**Solar Applied**")	Taiwan Stock Exchange	Solar Applied processes materials. The company specializes in the areas of sputtering target for thin film, precious metal materials, specialty chemicals and resource recycling, as well as equipment engineering.	31 Dec 2013
Beijing Jingcheng Machinery Electric Co. Ltd. ("**Beijing Jingcheng**")	Hong Kong Stock Exchange	Beijing Jingcheng is in the production and sale of printing presses, related spare parts and originals. The company also provides printing services.	31 Dec 2012
YMC Co., Ltd. ("**YMC**")	Korea Exchange	YMC manufactures sputtering targets used in the vapor deposition process of flat panel display (FPD) production process. The company also produces backing plates used to hold sputtering targets in chambers and other FPD parts.	31 Dec 2012
Miura Printing Corporation ("**Miura**")	Tokyo Stock Exchange	Miura is a commercial printing company specializing in offset printing. The company provides printing materials such as catalogs, posters, calendars, and business forms.	31 Mar 2013
Sonocom Co., Ltd. ("**Sonocom**")	Tokyo Stock Exchange	Sonocom manufactures and markets screen printing plates used for the electronics industry. The company also purchases and sells printing related materials and equipment.	31 Mar 2013

Comparable Company	Stock exchange	Business description	Financial year ended
Top High Image Corp., ("**Top High**")	Taiwan Stock Exchange	Top High manufactures and markets presensitized offset printing plates.	31 Dec 2012
Versatile Creative Berhad ("**Versatile**")	Bursa Malaysia	Versatile is an investment holding company. The company, through its subsidiaries, manufactures and trades paper board packaging products, offset printed boxes, and offset laminated cartons. Versatile also provides color separation, lithography services, and printed materials.	31 Dec 2012
Fuji Offset Plates Manufacturing Ltd ("**Fuji**")	Singapore Exchange	Fuji manufactures and sells aluminum offset plates and related industrial chemicals for the printing industry. Through its subsidiaries, the company also operates an ice-skating rink and other related businesses, manufactures, sells, and trades printing cylinders and its related products, and invests in properties.	31 Dec 2013
Koyosha, Inc. ("**Koyosha**")	Tokyo Stock Exchange	Koyosha manufactures, prints, and markets photographic printing plates. The company's plates are used for printing such products as catalogs, posters, and calendars. Koyosha also plans and produces display, films, and multimedia and sells printing machines as well as related equipment and materials.	31 Mar 2013
Ushine Photonics Corporation ("**Ushine**")	Taiwan Stock Exchange	Ushine produces indium tin oxide film products. The company focuses on thin-film coating processes, specializing in roll-to-roll reactive sputtering processes as well as thin-film coating on large areas of flexible plastic substrates.	31 Dec 2012

Source: Bloomberg L.P.

In our evaluation, we have considered the following widely used valuation measures:

Valuation ratio	Description
Price-to-earnings ratio ("**PER**")	PER or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders. The PER is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. It is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
Enterprise value-to-earnings before interests, taxes, depreciation and amortisation ("**EV/EBITDA**")	EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents. EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PER (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.
P/NTA	NTA refers to consolidated net tangible assets, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities. P/NTA refers to the ratio of a company's share price divided by NTA per share. The ratio represents an asset-based relative valuation which takes into consideration the book value or NTA backing of a company. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.

The valuation ratios for the Comparable Companies based on their last traded share prices as at the Latest Practicable Date are set out below.

Comparable Companies	Market Capitalisation(1) (S$'million)	PER (times)	EV/EBITDA (times)	P/NTA (times)
Wuhu Token	2,036	38.2	26.0	6.1
Komori	1,072	n.m.(2)	17.9	0.8
Sakata	744	10.9	9.0	1.4
Guangdong Precision	511	45.0	33.0	3.2
Solar Applied	454	27.9	19.6	1.2
Beijing Jingcheng	402	n.m.(2)	n.m.(2)	4.2
YMC	77	8.8	6.8	1.9
Miura	36	19.7	11.4	0.6
Sonocom	32	58.7	10.3	0.4
Top High	30	10.7	7.8	1.0
Versatile	18	22.0	9.5	1.0
Fuji	15	133.9(3)	2.7	0.7
Koyosha	14	65.7	7.0	2.6
Ushine	6	n.m.(2)	n.m.(2)	0.7
High		**133.9**	**33.0**	**6.1**
Mean		**30.8**	**13.4**	**1.8**
Median		**22.0**	**9.9**	**1.1**
Low		**8.8**	**2.7**	**0.4**
Company (implied by the Offer Price)		**n.m.(2)**	**n.m.(2)**	**1.2(4)**

Sources: Bloomberg L.P., annual reports, latest publicly available full-year financial statements and PPCF calculations.

Notes:

(1) Based on the last traded price of the shares as at the Latest Practicable Date which has been translated to Singapore Dollars at the prevailing exchange rate as at the Latest Practicable Date.

(2) n.m. denotes not meaningful.

(3) Excluded as a statistical outlier in the computation of the mean and median discounts/premia of the Comparable Companies.

(4) Based on the Group's RNAV as at 31 December 2013 as computed in paragraph 9.2.3 above.

Based on the above, we note that:

(a) The PER and EV/EBITDA ratio of the Company is not meaningful as the Group had recorded a loss after tax and loss before interest, tax, depreciation and amortisation for FY2013; and

(b) The P/RNAV ratio of the Company of 1.2 times is within the range and lower than the mean and higher than the median of the P/NTA ratios of the Comparable Companies.

9.6 Evaluation of the ESOS Options Proposal

As at the Latest Practicable Date, there are 8,305,000 outstanding ESOS Options granted under the ESOS.

Under the rules of the ESOS, the ESOS Options are not transferrable by the ESOS Optionholders. In view of this restriction, the Offeror will not make an offer to acquire the ESOS Options (although, for the avoidance of doubt, the Offer will be extended to all new Shares issued or to be issued pursuant to the valid exercise of the ESOS Options on or prior to the close of the Offer). Instead, in accordance with Rule 19 of the Code, the Offeror intends to make the ESOS Options Proposal to the ESOS Optionholders on certain terms as set out in Section 3.1 of the Offer Document.

The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to any ESOS Option is the amount by which the Offer Price is in excess of the exercise price of that Option. If the exercise price of an Option is equal to or more than the Offer Price, the Option Price for each Option will be the nominal amount of S$0.001.

The Directors have confirmed that there are no outstanding ESOS Options with an exercise price that is less than the Offer Price. In this regard, the Option Price would be the nominal amount of S$0.001 for all outstanding ESOS Options as at the Latest Practicable Date.

Please refer to Section 3.4 of Appendix II of the Circular for the full details of the outstanding ESOS Options.

For the purpose of our analysis of the Option Price, we have considered the following:

(a) As at the Latest Practicable Date, the intrinsic value of the ESOS Options which is the current price of the underlying Shares less the exercise price of the ESOS Option is zero for all the outstanding ESOS Options, save for the outstanding ESOS Options that were issued on 15 August 2011 which have an intrinsic value of S$0.0007 each; and

(b) The theoretical value of the outstanding ESOS Options is derived using the Black-Scholes model, a method commonly used for the valuation of call options. Based on the Black-Scholes model, the theoretical value of the ESOS Options as derived from Bloomberg L.P., ranged from S$0.0000 to S$0.0143 as at the Latest Practicable Date. The Option Price of S$0.001 is hence less than the theoretical value of the outstanding ESOS Options, save for the outstanding ESOS Options that were issued on 25 November 2004 ("**ESOS Options 2004**") which have a theoretical value of S$0.0000 each as at the Latest Practicable Date.

It should be noted that the theoretical value of the ESOS Options using the Black-Scholes model may not reflect the actual value of the ESOS Options.

9.7 Evaluation of the Warrants Offer

As at the Latest Practicable Date, the Company has 244,454,946 Warrants. Lim Keng Hock Jonathan and Tang Jia Li Jared hold 44,454,946 Warrants and 200,000,000 Warrants, respectively.

Each Warrant entitled the Warrantholders to subscribe for one (1) Share at the exercise price of S$0.02 (the "**Warrant Exercise Price**") at any time from the date of issue, being 6 January 2012 to 31 December 2014. The Warrants are not listed or traded on Catalist or any other stock exchange.

In accordance with Rule 19 of the Code, the Offeror will be making the Warrants Offer to the Warrantholders.

The Warrant Price is computed on a "see-through" basis that is, the Warrant Price in relation to any Warrant is the amount by which the Offer Price is in excess of the exercise price of that Warrant. If the exercise price of a Warrant is equal to or more than the Offer Price, the Warrant Price for each Warrant will be the nominal amount of S$0.001.

As the Warrant Exercise Price for all the outstanding Warrants is S$0.02 for each Warrant, which is more than the Offer Price, the Warrant Price for each Warrant will be S$0.001.

For the purpose of our analysis of the Warrant Price, we have considered the following:

(a) As at the Latest Practicable Date, the intrinsic value of the Warrants, which is the current price of the underlying Shares of S$0.019 less the Warrant Exercise Price of S$0.02, is nil; and

(b) The theoretical value of the Warrants is derived using the Black-Scholes model, a method commonly used for the valuation of call options. Based on the Black-Scholes model, the theoretical value of a Warrant as derived from Bloomberg L.P. is S$0.0049 as at the Latest Practicable Date. The Warrant Price of S$0.001 is hence less than the theoretical value of the Warrants of S$0.0049 as at the Latest Practicable Date.

    It should be noted that the theoretical value of the Warrants using the Black-Scholes model may not reflect the actual value of the Warrants.

Notwithstanding the above, we note that all the Warrantholders had already undertaken to the Offeror, *inter alia*, (i) not to sell, dispose or otherwise transfer any of the Warrants held by each of them as at the Pre-conditional Offer Announcement Date; and (ii) not to accept the Warrants Offer for any of the Warrants held by each of them as at the Pre-conditional Offer Announcement Date.

10. OTHER RELEVANT CONSIDERATIONS

10.1 Offeror's intention to maintain the listing status

As set out in Section 9 of the Offer Document, it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST and the Offeror, being a natural person, is not entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act.

10.2 Offeror's intention not to revise the Offer Price and not to extend the Offer Period

We note that the Offeror had stated in Sections 2.2 and 2.3 of the Offer Document that the Offeror does not intend to increase the Offer Price and the Offer Price is final and will not be revised. The Offeror also stated that he does not intend to extend the Offer beyond the Closing Date of the Offer.

10.3 No alternative or competing offers

The Directors has confirmed that, as at the Latest Practicable Date, they have not received any alternative or competing offers or proposals from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

10.4 Irrevocable undertakings

In respect of the Shares

As set out in Section 5.1 of the Offer Document, we note that (a) Lim Keng Hock Jonathan, the Chairman and Executive Director of the Company; (b) Kum Ping Wei, the Executive Director of the Company, and (c) Tang Jia Li Jared (collectively, the "**Undertaking Shareholders**") have each provided an undertaking to the Offeror not to sell, dispose or otherwise transfer any of the Shares held by each of them as at the Pre-conditional Announcement Date and not to accept the Offer.

As at the Latest Practicable Date, the Undertaking Shareholders collectively hold 396,226,578 Shares, representing 23.3% of the total issued Shares.

In respect of the Warrants

We also note in Section 5.2 of the Offer Document that (a) Lim Keng Hock Jonathan and, (b) Tang Jia Li Jared had undertaken to the Offeror, *inter alia*, (i) not to sell, dispose or otherwise transfer any of the Warrants held by each of them as at the Pre-conditional Offer Announcement Date; and (ii) not to accept the Warrants Offer for any of the Warrants held by each of them as at the Pre-conditional Offer Announcement Date.

As at the Latest Practicable Date, we note that Lim Keng Hock Jonathan and Tang Jia Li Jared collectively hold all the 244,454,946 Warrants.

10.5 Intention of the Directors

As set out in Section 5.5 of Appendix II of the Circular and paragraph 10.4 of this Letter, Lim Keng Hock Jonathan, the Chairman and Executive Director of the Company, has a direct interest in an aggregate of 159,860,806 Shares, representing approximately 9.40% of the total number of issued Shares, and holds 44,454,946 Warrants and he has undertaken not to accept the Offer and the Warrants Offer pursuant to the undertaking that he has provided in favour of the Offeror, as such he will reject both the Offer and the Warrants Offer in respect of the Securities held by him.

As at the Latest Practicable Date, Kum Ping Wei, the Executive Director of the Company, has a direct interest in an aggregate of 236,365,772 Shares, representing approximately 13.90% of the total number of issued Shares and she has undertaken not to accept the Offer pursuant to the undertaking that she has provided in favour of the Offeror, as such she will reject the Offer in respect of the Offer Shares held by her.

Tan Poh Chye Allan, the Non-Executive Independent Director of the Company, has a direct interest in an aggregate of 700,000 Shares, representing approximately 0.04% of the total number of issued Shares, and holds 1,500,000 ESOS Options. He has informed the Company that he will reject both the Offer and the ESOS Options Proposal in respect of the Securities held by him.

Gersom G Vetuz, the Non-Executive Independent Director of the Company, holds 2,200,000 ESOS Options. He has informed the Company that he will reject the ESOS Options Proposal in respect of the ESOS Options held by him.

Ong Soon Teik, the Non-Executive Independent Director of the Company, holds 1,550,000 ESOS Options. He has informed the Company that he will reject the ESOS Options Proposal in respect of the ESOS Options held by him.

Save as disclosed above, none of the Directors has any other direct or deemed interest in the Securities.

11. OPINION

In arriving at our opinion on the Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this Letter):

(a) The P/NAV ratio, Price-to-Adjusted NAV ratio and P/RNAV ratio as implied by the Offer Price is 2.1 times, 1.3 times and 1.2 times, respectively;

(b) The Shares had traded within the range of S$0.018 to S$0.033 and consistently traded above the Offer Price of S$0.0165 over the Period under Review based on the daily closing price of the Shares. The Shares last traded below the Offer Price on 1 December 2011. The last traded price prior to the Pre-conditional Announcement was S$0.019;

(c) As the price of the Shares had maintained above the Offer Price following the Pre-conditional Offer Announcement and up to the Latest Practicable Date, the market price performance of the Company following the Pre-conditional Offer Announcement does not appear to be affected by the Offer;

(d) The Offer Price represents discounts of 38.9%, 34.0%, 31.3%, 21.4% and 13.2% to the 1-year, 6-month, 3-month and 1-month VWAP and the last traded price prior to the Pre-conditional Offer Announcement of the Shares respectively;

(e) During the 1-year period prior to the Pre-conditional Offer Announcement, the Shares had traded on 94% of the Total Market Days with an average daily trading volume of 7.5 million Shares, representing 1.7% of free float. After the Pre-conditional Offer Announcement Date and up to the Latest Practicable Date, the Shares had traded on 92% of the Total Market Days with an average daily trading volume of 3.4 million Shares, representing 0.8% of free float;

(f) In comparison with the Precedent Transactions:

- The discount of 13.2% implied by the Offer Price to the last traded price prior to the Pre-conditional Announcement is within the range and at a greater discount as compared to the mean and median of the discounts of the Precedent Transactions;

- The discounts of 21.4%, 31.3% and 34.0% implied by the Offer Price to the VWAP for the 1-month, 3-month and 6-month periods prior to the Pre-conditional Announcement is within the range and at a greater discount as compared to the mean and median of the discounts/premia of the Precedent Transactions; and

- The P/RNAV ratio of 1.2 times is within the range and below the mean and above the median of the P/NTA ratios of the Precedent Transactions;

(g) In comparison with the Comparable Companies:

- the PER and EV/EBITDA ratio of the Company is not meaningful as the Group had recorded a loss and loss before interest, tax, depreciation and amortisation for FY2013; and

- the P/RNAV ratio of the Company of 1.2 times is within the range of the P/NTA ratios of the Comparable Companies, and lower than the mean and higher than the median of the P/NTA ratios of the Comparable Companies;

(h) As at the Latest Practicable Date, the intrinsic value of the ESOS Options which is the current price of the underlying Shares less the exercise price of the outstanding ESOS Option is zero for all the outstanding ESOS Options, save for the outstanding ESOS Options that were issued on 15 August 2011 which has an intrinsic value of S$0.0007 each. In addition, based on the Black-Scholes model, the theoretical values of the ESOS Options as derived from Bloomberg L.P., ranged from S$0.0000 to S$0.0143 as at the Latest Practicable Date. The Option Price of S$0.001 is hence less than the theoretical value of the outstanding ESOS Options, save for the outstanding ESOS Options 2004 which has a theoretical value of S$0.0000 each as at the Latest Practicable Date;

(i) As at the Latest Practicable Date, the intrinsic value of the Warrants, which is the current price of the underlying Shares of S$0.019 less the Warrant Exercise Price of S$0.02, is nil. Nonetheless, based on the Black-Scholes model, the theoretical value of a Warrant as derived from Bloomberg L.P. is S$0.0049 as at the Latest Practicable Date, is higher than the Warrants Price. Notwithstanding the above, we note that all the Warrantholders has provided an undertaking to the Offeror, *inter alia*, not to accept the Warrants Offer;

(j) The current intention of the Offeror is to maintain the listing status of the Company on the SGX-ST and the Offeror, being a natural person, is not entitled to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act;

(k) The Offeror does not intend to increase the Offer Price and the Offer Price is final and will not be revised. The Offeror also stated that he does not intend to extend the Offer beyond the Closing Date of the Offer;

(l) The Directors has confirmed that, as at the Latest Practicable Date, they have not received any alternative or competing offers or proposals from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party;

(m) The Undertaking Shareholders collectively hold 23.3% of the total issued Shares and have undertaken to the Offeror not to accept the Offer. The Undertaking Warrantholders who hold all the outstanding Warrants of the Company have undertaken not to accept the Warrants Offer; and

(n) Directors of the Company who hold Securities of the Company will not be or does not intend to accept the Offer, the ESOS Options Proposal or the Warrants Offer, as the case may be.

Having regard to the considerations set out in this Letter and information available as at the Latest Practicable Date, we are of the opinion that the financial terms of the Offer, the ESOS Options Proposal (save for the ESOS Options Proposal in respect of the ESOS Options 2004) and the Warrants Offer are not fair from a market perspective and accordingly, we advise the Independent Directors to recommend that Shareholders, ESOS Optionholders (save for the ESOS Optionholders of the ESOS Options 2004) and Warrantholders REJECT the Offer, the ESOS Options Proposal (save for the ESOS Options Proposal in respect of the ESOS Options 2004) and the Warrants Offer respectively. Shareholders who are not confident or optimistic about the prospects of the Group and wish to realise all or part of their investments in the Shares may wish to consider selling the Shares in the open market if they can obtain a price higher than the Offer Price (after deducting related expenses). In this regard, we note that the Shares had been trading above the Offer Price since 2 December 2011 and up to the Latest Practicable Date.

Having regard to the considerations set out in this Letter and information available as at the Latest Practicable Date, we are of the opinion that the financial terms of the ESOS Options Proposal in respect of the ESOS Options 2004 are fair as the Option Price is higher than the theoretical value of the ESOS Options 2004 and accordingly, we advise the Independent Directors to recommend that the ESOS Optionholders of the ESOS Options 2004 ACCEPT the ESOS Options Proposal in respect of the ESOS Options 2004.

Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer, the ESOS Options Proposal and the Warrants Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer, the ESOS Options Proposal and the Warrants Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders, the ESOS Optionholders and the Warrantholders in relation to the Offer, the ESOS Options Proposal and the Warrants Offer, respectively, shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors 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 PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Managing Director, Corporate Finance

Mah How Soon
Senior Director, Corporate Finance

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation in the Company
Lim Keng Hock Jonathan	43 Windsor Park Road Singapore 574147	Chairman and Executive Director
Kum Ping Wei	108 Wilkinson Road Singapore 436748	Executive Director
Gersom G Vetuz	839 Bukit Timah Road #01-09 Singapore 279890	Non-Executive Independent Director
Tan Poh Chye Allan	Blk 760 Bedok Reservoir Rd #11-13 Singapore 479245	Non-Executive Independent Director
Ong Soon Teik	66 Jambol Place Singapore 119386	Non-Executive Independent Director

2. PRINCIPAL ACTIVITIES

The Company is a public company limited by shares incorporated in Singapore on 6 February 2003, and was listed on the Catalist Board of the SGX-ST on 18 March 2004.

The principal activity of the Company is that of investment holding. The Group's principal activities, as at the Latest Practicable Date, are:

(a) manufacturing of sputtering targets and provision of services for thin film solutions;

(b) trading in printing machines, lithographic supplies and services for silkscreen printing; and

(c) trading in commodities and mineral resources[1].

3. SHARE CAPITAL

3.1 Issued share capital of the Company

The Company has only one class of shares, being ordinary shares, with equal ranking rights to dividend, voting at general meetings and return of capital.

There is no restriction in the Memorandum or Articles of Association of the Company on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S$46,188,464 comprising 1,700,054,385 Shares. The Company's issued and paid-up share capital does not take into account the expenses of the Subscription.

There are no treasury shares in the share capital of the Company. The Shares are quoted and listed on the Catalist Board of the SGX-ST.

[1] This segment is dormant as at the Latest Practicable Date.

3.2 Rights of Shareholders in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Company's Articles. For ease of reference, selected texts of the Articles relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in Appendix III to this Circular.

3.3 Number of Shares issued since the end of the last financial year

Since 31 December 2013, being the end of the last financial year, 875,000,000 Shares have been issued by the Company.

As disclosed in the announcements of the Company dated 26 November 2013, 5 February 2014, 7 March 2014 and 12 March 2014, the 875,000,000 Shares were issued and allotted by the Company to the Offeror on 12 March 2014 pursuant to the Subscription Agreement.

3.4 Convertible Instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting shares in the Company save for:

(a) an aggregate of 244,454,946 outstanding Warrants; and

(b) an aggregate of 8,305,000 outstanding ESOS Options.

Details of the outstanding Warrants and outstanding ESOS Options are as follows:

Name of Warrantholder	**Date of Issue / Received**	**Number of Warrants**	**Number of Shares to be issued upon exercise**	**Exercise price for each Warrant**	**Date of Expiry**
Lim Keng Hock Jonathan	06 Jan 2012	44,454,946	44,456,946	S$0.0200	31 Dec 2014
Tang Jia Li Jared	02 May 2013	200,000,000	200,000,000	S$0.0200	31 Dec 2014

Name of ESOS Optionholder	**Date of Issue**	**Number of Options**	**Number of Shares to be issued upon exercise**	**Exercise price for each Option**	**Date of Expiry**
Gersom G Vetuz	05 Jan 2009	250,000	250,000	S$0.0350	05 Jan 2019
	05 Mar 2010	400,000	400,000	S$0.0350	05 Mar 2020
	15 Aug 2011	700,000	700,000	S$0.0183	15 Aug 2021
	23 May 2012	850,000	850,000	S$0.0220	23 May 2022
Tan Poh Chye Allan	05 Jan 2009	250,000	250,000	S$0.0350	05 Jan 2019
	05 Mar 2010	400,000	400,000	S$0.0350	05 Mar 2020
	23 May 2012	850,000	850,000	S$0.0220	23 May 2022
Ong Soon Teik	15 Aug 2011	700,000	700,000	S$0.0183	15 Aug 2021
	23 May 2012	850,000	850,000	S$0.0220	23 May 2022
Alex Sin Kin Yip	25 Nov 2004	15,000	15,000	S$0.1580	25 Nov 2014
	23 May 2012	50,000	50,000	S$0.0220	23 May 2022

Name of ESOS Optionholder	Date of Issue	Number of Options	Number of Shares to be issued upon exercise	Exercise price for each Option	Date of Expiry
Catherina Koesnain	15 Aug 2011	50,000	50,000	S$0.0183	15 Aug 2021
	23 May 2012	60,000	60,000	S$0.0220	23 May 2022
Chang Chiat Cert	15 Aug 2011	60,000	60,000	S$0.0183	15 Aug 2021
	23 May 2012	90,000	90,000	S$0.0220	23 May 2022
Lim Choon Seng	23 May 2012	100,000	100,000	S$0.0220	23 May 2022
Ng Lay Bee	16 Aug 2007	500,000	500,000	S$0.0950	16 Aug 2017
	05 Mar 2010	300,000	300,000	S$0.0350	05 Mar 2020
	23 May 2012	400,000	400,000	S$0.0220	23 May 2022
Tan Kok Beng	05 Mar 2010	300,000	300,000	S$0.0350	05 Mar 2020
	23 May 2012	400,000	400,000	S$0.0220	23 May 2022
Tan Siew Hwa	05 Mar 2010	40,000	40,000	S$0.0350	05 Mar 2020
	15 Aug 2011	40,000	40,000	S$0.0183	15 Aug 2021
	23 May 2012	50,000	50,000	S$0.0220	23 May 2022
Tee Teck Ann	23 May 2012	100,000	100,000	S$0.0220	23 May 2022
Thomas Liu Kong Wah	23 May 2012	500,000	500,000	S$0.0220	23 May 2022

4. SUMMARY OF FINANCIAL INFORMATION

4.1 Financial Information of the Group

A summary of the financial information of the Group, including revenue, exceptional items, net profit before and after tax, minority interests, net earnings per Share and net dividends per Share for FY2010, FY2011, FY2012 and FY2013 (unaudited) is set out below.

The following summary financial information should be read together with the audited financial statements for the relevant periods and related notes thereto, and the unaudited full year results announcement for FY2013. The audited financial statements for FY2012 and the unaudited full year results announcement for FY2013 are also set out in Appendices IV and V to this Circular.

Consolidated Statement of Comprehensive Income (S$)	**Unaudited FY2013**	**Audited FY2012**	**Audited FY2011**	**Audited FY2010**
Revenue	4,386,199	3,920,479	3,214,401	22,827,977
Cost of sales	(3,415,220)	(3,531,361)	(1,879,063)	(19,781,880)
Gross Profit	970,979	389,118	1,335,338	3,046,097
Other operating income	1,453,969	546,389	73,584	408,921
Distribution and selling expenses	(91,742)	(107,542)	(39,699)	(190,148)
Administrative costs	(3,129,805)	(7,679,414)	(2,933,711)	(5,460,584)
Finance costs	(112,715)	(145,437)	(5,247)	(4,083)
Loss before tax	(909,314)	(6,996,886)	(1,569,735)	(2,199,797)

Consolidated Statement of Comprehensive Income (S$)	Unaudited FY2013	Audited FY2012	Audited FY2011	Audited FY2010
Corporate tax credit (expense)	96,055	6,643	(3,746)	(77,093)
Deferred tax credit (expense)	10,025	82,756	–	–
Income tax credit (expense)	106,080	89,399	(3,746)	(77,093)
Loss for the year from continuing operations	(803,234)	(6,907,487)	(1,573,481)	(2,276,890)
Loss for the year from discontinued operations, net of tax	–	–	(1,003,739)	(422,650)
Loss for the year attributable to owners of the Company	(803,234)	(6,907,487)	(2,577,220)	(2,699,540)
Other comprehensive income, net of tax	7,714	2,363	737,427	9,001
Total comprehensive loss for the year	(795,520)	(6,905,124)	(1,839,793)	(2,690,539)
Attributable to:				
Owners of the Company	(795,520)	(6,905,124)	(1,839,793)	(2,690,539)
Earnings per share				
Basic and diluted earnings per share (cents)	(0.10)	(0.85)	(0.53)	(0.79)
Dividends per shares (cents)	N/A	N/A	N/A	N/A

A summary of the assets and liabilities of the Group as at 31 December 2012 and as at 31 December 2013 is set out below.

The following summary should be read together with the audited financial statements for FY2012 and related notes thereto, and the unaudited full year results announcement for FY2013. The audited financial statements for FY2012 and the unaudited full year results announcement for FY2013 are also set out in Appendices IV and V to this Circular.

Statement of Financial Position (S$'000)	As at 31 December 2012 (Audited)	As at 31 December 2013 (Unaudited)
Non-current assets		
Goodwill	–	–
Property, plant and equipment	5,034,290	4,405,804
	5,034,290	4,405,804
Current assets		
Cash and cash equivalents	3,121,395	2,423,165
Trade and other receivables	792,845	1,782,956
Inventories	1,603,903	1,390,670
Available-for-sale investments	257,600	–
	5,775,743	5,596,791
Total assets	10,810,033	10,002,595

Statement of Financial Position (S$'000)	As at 31 December 2012 (Audited)	As at 31 December 2013 (Unaudited)
Capital and Reserves		
Equity attributable to owners of the Company	7,203,629	6,629,519
Non-current liabilities		
Finance leases	628,096	211,046
Other payables	5,490	5,785
Interest-bearing loan	1,204,505	1,147,774
Deferred tax liabilities	250,630	240,605
Current liabilities		
Finance leases	415,853	424,385
Trade and other payables	1,042,830	1,281,310
Interest-bearing loan	59,000	62,171
Total equity and liabilities	10,810,033	10,002,595

4.2 Material changes in financial position

Completion of the Subscription took place on 12 March 2014. Pursuant to the Subscription, the cash position of the Group increased from S$2,423,165 to S$17,367,188 and the issued and paid-up share capital of the Company increased from S$31,750,964 to S$46,188,464 (without taking into account the expenses of the Subscription).

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to the unaudited full year results announcement for FY2013 which was released by the Company on SGXNET on 28 February 2014), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2012, being the date to which the last published audited financial statements of the Company were made up.

4.3 Significant accounting policies

The significant accounting policies of the Group which are disclosed in notes 2 & 3 of the audited consolidated financial statements of the Group for FY2012 are reproduced in Appendix IV to this Circular.

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to that contained in the audited financial statements of the Company for FY2010, FY2011 and FY2012), there were no significant accounting policies or any points from the notes of the accounts of the Company which are of major relevance for the interpretation of the accounts.

4.4 Changes in accounting policies

As at the Latest Practicable Date, save as publicly disclosed, there has been no change in the accounting policies of the Company which will cause the figures in the financial statements of the Company to be not comparable to a material extent.

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Directors in the Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any of the Securities:

Interests of the Directors in Shares

	Direct Interest		Deemed Interest	
Directors	No. of Shares held	Shareholding (%)	No. of Shares held	Shareholding (%)
Lim Keng Hock Jonathan	159,860,806[(1)]	9.40	–	–
Kum Ping Wei	236,365,772	13.90	–	–
Tan Poh Chye Allan	700,000	0.04	–	–

Note:

(1) Includes Mr Lim Keng Hock Jonathan's direct interest in 11,000,000 Shares registered under a joint account with his wife, Mdm Ting Hong Lean Marilyn.

Interests of the Directors in ESOS Options

	Direct Interest		Deemed Interest	
Directors	No. of Options held	Number of Shares to be issued upon exercise	No. of Options held	Number of Shares to be issued upon exercise
Gersom G Vetuz	2,200,000	2,200,000	–	–
Tan Poh Chye Allan	1,500,000	1,500,000	–	–
Ong Soon Teik	1,550,000	1,550,000	–	–

Interests of the Directors in Warrants

	Direct Interest		Deemed Interest	
Directors	No. of Warrants held	Number of Shares to be issued upon exercise	No. of Warrants held	Number of Shares to be issued upon exercise
Lim Keng Hock Jonathan	44,454,946	44,454,946	–	–

5.2 Dealings in the Securities by the Directors

As at the Latest Practicable Date, none of the Directors has dealt for value in any of the Securities during the period commencing six months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of the IFA in the Shares

As at the Latest Practicable Date, PrimePartners and funds whose investments are managed by it on a discretionary basis do not own or control any of the Securities.

5.4 Dealings in the Securities by the IFA

As at the Latest Practicable Date, PrimePartners and funds whose investments are managed by it on a discretionary basis have not dealt for value in any of the Securities during the period commencing six months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

5.5 Directors' Intentions

As at the Latest Practicable Date, Mr Lim Keng Hock Jonathan has a direct interest in an aggregate of 159,860,806 Shares, representing approximately 9.40% of the total number of issued Shares, and holds 44,454,946 Warrants. Mr Lim Keng Hock Jonathan has informed the Company that he has undertaken not to accept the Offer and the Warrants Offer pursuant to the undertaking that he has provided in favour of the Offeror (details of which are set out in Section 5 of this Circular), as such he will reject both the Offer and the Warrants Offer in respect of the Securities held by him.

As at the Latest Practicable Date, Ms Kum Ping Wei has a direct interest in an aggregate of 236,365,772 Shares, representing approximately 13.90% of the total number of issued Shares. Ms Kum Ping Wei has informed the Company that she has undertaken not to accept the Offer pursuant to the undertaking that she has provided in favour of the Offeror (details of which are set out in Section 5 of this Circular), as such she will reject the Offer in respect of the Offer Shares held by her.

As disclosed in paragraph 5.1 above, Mr Tan Poh Chye Allan has a direct interest in an aggregate of 700,000 Shares, representing approximately 0.04% of the total number of issued Shares, and holds 1,500,000 ESOS Options. Mr Tan Poh Chye Allan has informed the Company that he will reject both the Offer and the ESOS Options Proposal in respect of the Securities held by him.

As disclosed in paragraph 5.1 above, Mr Gersom G Vetuz holds 2,200,000 ESOS Options. Mr Gersom G Vetuz has informed the Company that he will reject the ESOS Options Proposal in respect of the ESOS Options held by him.

As disclosed in paragraph 5.1 above, Mr Ong Soon Teik holds 1,550,000 ESOS Options. Mr Ong Soon Teik has informed the Company that he will reject the ESOS Options Proposal in respect of the ESOS Options held by him.

Save as disclosed above, none of the Directors has any other direct or deemed interest in the Securities.

5.6 Directors' service contracts

As at the Latest Practicable Date:

(a) there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation; and

(b) there are no such contracts entered into or amended during the period between the start of the 6 months preceding the Pre-Conditional Offer Announcement Date and the Latest Practicable Date.

5.7 Arrangements affecting Directors

As at the Latest Practicable Date:

(a) it is not proposed that any payment or other benefit shall be made or given to any Director, or any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

(c) none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

6. VIEWS OF THE BOARD ON THE OFFEROR'S PLANS FOR THE COMPANY AND ITS EMPLOYEES

The Board is of the view that the Offeror's plans for the Company as stated in the Offer Document are in line with the Company's position as set out in paragraphs 2 of the Subscription Announcement and the circular to Shareholders dated 20 February 2014 relating to the Subscription, namely that the Offeror's potential involvement in the Company offers the Company the possibility of tapping into his experience and business contacts in the property development industry.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in Appendix VII of this Circular, neither the Company nor its subsidiaries has entered into any material contract (other than in the ordinary course of business) with interested persons during the period commencing three years prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

An "interested person", as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, means:

(a) a director, chief executive officer, or Substantial Shareholder of the Company;

(b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the Company;

(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) of the Company and his/her immediate family is a beneficiary;

(d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company and his/her immediate family together (directly or indirectly) have an interest of 30% or more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of a Substantial Shareholder (being a company); or

(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

8. MATERIAL LITIGATION

As at the Latest Practicable Date:

(a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole; and

(b) the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

9. GENERAL INFORMATION

(a) All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

(b) The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its advice to the Independent Directors set out in Section 9.3 of this Circular, the IFA letter, and all references thereto, in the form and context in which they appear in this Circular.

(c) The Independent Valuers have given and have not withdrawn their written consents to the issue of this Circular with the inclusion of their names and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 20 Maxwell Road, #05-09, Maxwell House, Singapore 069113, during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Memorandum and the Articles of Association of the Company;

(b) the annual reports of the Company for FY2010, FY2011 and FY2012;

(c) the unaudited full year results announcement of the Company for FY2013;

(d) the IFA Letter;

(e) the Valuation Reports;

(f) the material contracts with interested persons as disclosed in Appendix VII; and

(g) the letters of consent referred to in Sections 9(b) and 9(c) above.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

The provisions in the Articles relating to the rights of Shareholders in respect of capital, dividends and voting are reproduced in *italics* below.

(A) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

SHARES

3.	*ISSUE OF SHARES*	*The shares taken by the subscribers to the Memorandum of Association shall be issued by the Directors. Subject as aforesaid and to these Articles, the shares shall be under the control of the Directors, who may allot and issue the same to such persons on such terms and conditions and at such times as the Directors think fit.*
4.	*PURCHASE OR ACQUISITION OF OWN SHARES*	*The Company may, subject to and in accordance with the Statutes and any applicable Catalist Rules, purchase or otherwise acquire its issued shares on such terms and in such terms and in such manner as the Company may from time to time think fit. If required by the Statutes, any shares that is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Statutes, be deemed to be cancelled immediately on purchase or acquisition. On cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Statutes and any applicable Catalist Rules.*
5.	*SPECIAL RIGHTS*	*Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; PROVIDED ALWAYS THAT the total number of issued preference shares shall not at any time exceed the limit as may be stipulated by the SGX-ST in the Catalist Rules from time to time.*
6.	*REDEEMABLE PREFERENCE SHARE*	*Subject to Section 70 of the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.*
7.	*RIGHTS OF PREFERENCE SHAREHOLDERS*	*Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. They shall have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears more than six months.*
8.	*MODIFICATION OF RIGHTS OF PREFERENCE SHAREHOLDERS*	*The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned; PROVIDED ALWAYS THAT where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.*

9.	*RIGHTS NOT VARIED BY ISSUE OF ADDITIONAL SHARES*	*The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.*
10.	*COMMISSION ON SUBSCRIPTION*	*The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company; PROVIDED ALWAYS THAT such commission shall not exceed ten per cent of the price at which such shares are issued, or an amount equivalent to such percentage, and that the requirements of Section 67 of the Act shall be observed. Subject to the provisions of Section 63 of the Act, such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly in one way and partly in the other.*
11.	*NO TRUSTS RECOGNISED*	*No person, other than the Depository, shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder, except only as by these Articles otherwise provided for or as required by the Statutes or pursuant to any order of Court.*
12.	*OFFER OF NEW SHARES*	*(1) Subject to any direction to the contrary that may be given by the Company in general meeting, or, in the event of the Company being listed on the Singapore Exchange, as permitted under the Singapore Exchange's listing rules, all new shares of whatever kind shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.*

(2) Approval of the Company's shareholders referred to in Article 12(1) is not required if the shareholders have by ordinary resolution in a general meeting given a general mandate to the Directors of the Company, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to issue (a) shares; (b) convertible securities; (c) additional convertible securities arising from adjustments made to the number of convertible securities issued in the event of rights, bonus or capitalisation issues (notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued) provided that adjustment does not give the holder a benefit that a shareholder does not receive; or shares arising from the conversion of the securities in (a) and (c) (notwithstanding that the general mandate may have ceased to be in force at the time the shares are issued), provided that the aggregate number of shares to be issued pursuant to the resolution does not exceed 50% of the Company's existing issued share capital, of which the aggregate number of shares issued other than on a pro rata basis to existing shareholders with registered addresses in Singapore does not exceed 20% of the Company's existing issued share capital. For the purpose of this Article 12(2), the aforesaid percentages of the Company's issued share capital shall be calculated based on the maximum potential share capital at the time such resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options issued at the time the resolution is passed, which were issued pursuant to any previous shareholders' approval), adjusted for any subsequent consolidation or subdivision of the Company's shares. Such a general mandate shall only remain in force until:

(i) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or

(ii) revoked or varied by ordinary resolution of the shareholders in general meeting, whichever occurs first.

13. SHARE CERTIFICATES

Unless otherwise resolved by the Directors, securities will be allotted and certificates issued in the name of and despatched to every person whose name is entered as a Member in the Register of Members within ten market days of the final applications closing date for an issue of securities and within fifteen market days after the lodgement of any transfer. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to one certificate under the seal of the Company in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class upon payment of $2.00 (or such lesser sum as the Directors shall from time to time determine) for every certificate after the first. Stamp duty payable on such certificate, shall be borne by such Member unless otherwise directed by the Directors; PROVIDED ALWAYS THAT in the case of joint holders the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders. PROVIDED FURTHER THAT the Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators of the estate of a deceased Member.

14. RENEWAL OF CERTIFICATES	*If a share certificate be worn out, defaced, destroyed, lost or stolen, it may be renewed on payment of such fee not exceeding $2.00 or in the event of the Company being listed on the Singapore Exchange such other sum as may from time to time be prescribed by the Singapore Exchange and on such terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses of the Company of investigating evidence including the payment of stamp duty on such certificate, as the Directors think fit and, in the case of defacement or wearing out, on delivery up of the old certificate. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

CALLS ON SHARES

20. DIRECTORS MAY MAKE CALLS	*The Directors may, subject to the provisions of these Articles, from time to time make such calls upon the Members in respect of all moneys unpaid on their shares as they think fit; PROVIDED ALWAYS THAT fourteen days' notice at least is given of each call and each Member shall be liable to pay the amount of every call so made upon him to the persons, by the instalments (if any) and at the times and places appointed by the Directors.*
21. WHEN CALL DEEMED TO HAVE BEEN MADE	*A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.*
22. LIABILITY OF JOINT HOLDERS	*The joint holders of a share shall be jointly and severally liable to pay all calls and instalments in respect thereof.*
23. INTEREST ON UNPAID CALL	*If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the person from whom the same is due shall pay interest on the amount of the call or instalment at such rate as the Directors shall fix from the day appointed for payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part*
24. PAYMENTS IN ADVANCE OF CALLS	*Any Member may pay to the Company and the Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies for the time being remaining uncalled on his shares but the monies so paid in advance shall not, whilst carrying interest, confer a right to participate in the profits of the Company.*
25. MONIES PAID IN ADVANCE OF CALLS	*In respect of any monies paid in advance of any call, or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such Member, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up.*

26.	*SUM PAYABLE ON ALLOTMENT DEEMED TO BE A CALL*	*Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, shall, for all purposes of these Articles, be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the relevant provisions of these Articles, shall apply as if such sum were a call duly made and notified as hereby provided.*
27.	*DIFFERENCE IN CALLS*	*The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.*

TRANSFER OF SHARES

28. *TRANSFER OF SHARES*

(1) There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any stock exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any stock exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten market days beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(2) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:

(a) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding $2 as the Directors may from time to time require, is paid to the Company in respect thereof;

(b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;

(c) the instrument of transfer is in respect of only one class of shares; and

(d) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.

(3) The provisions in these Articles relating to the transfer of shares shall not apply to any transactions affecting book-entry securities (as defined in the Act).

29.	*FORM OF TRANSFER*	*Every transfer shall be in writing in the form approved by the Directors and in the event of the Company being listed on the Singapore Exchange, by the Singapore Exchange. Every instrument of transfer must be in respect of only one class of shares and must be duly stamped in accordance with any applicable law for the time being in force relating to stamp duty and shall be left at the Office accompanied by the Certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer.*
30.	*TRANSFERS TO BE EXECUTED BY BOTH PARTIES*	*The instrument of transfer of any share shall be executed by or on behalf of both the transferor and the transferee and be witnessed, PROVIDED ALWAYS THAT the Depository shall not be required to sign, as transferee, any transfer form relating to the transfer of shares to it and PROVIDED FURTHER THAT, at the discretion of the Directors, the signature of any other transferee may be dispensed with. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.*
31.	*TRANSFER FEE*	*The Company shall be entitled to charge a fee not exceeding $2.00 for each instrument of transfer or in the event of the Company being listed on the Singapore Exchange, such other sum as may from time to time be prescribed by the Singapore Exchange on the registration of every transfer.*
32.	*REGISTRATION OF TRANSFERS*	*The Directors may decline to register any transfer unless all the preceding requirements are fully complied with. All instruments of transfer which are registered may be retained by the Company.*
33.	*REGISTRATION OF TRANSFERS MAY BE SUSPENDED*	*The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine; PROVIDED ALWAYS THAT such registration shall not be suspended for more than thirty days in any year.*

CONVERSION OF SHARES INTO STOCK

45.	*POWER TO CONVERT INTO STOCK*	*The Company may by ordinary resolution passed at a general meeting convert any paid up shares into stock and reconvert any stock into paid up shares.*
46.	*TRANSFER OF STOCK*	*The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.*
47.	*RIGHTS OF STOCKHOLDERS*	*The holders of stock shall according to the amount of the stock held by them have the same rights privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.*

ALTERATION OF CAPITAL

49.	*COMPANY MAY INCREASE ITS CAPITAL*	*The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.*
50.	*COMPANY MAY ALTER ITS CAPITAL*	*The Company may by ordinary resolution:-* *(1) consolidate and divide all or any of its share capital; or* *(2) sub-divide its existing shares or any of them. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has the power to attach to unissued or new shares; or* *(3) cancel the number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the number of the shares so cancelled.*
51.	*COMPANY MAY REDUCE ITS CAPITAL*	*The Company may by special resolution reduce its share capital subject to any conditions prescribed by the Statutes.*

MODIFICATION OF CLASS RIGHTS

52.	*RIGHTS OF SHAREHOLDERS MAY BE ALTERED*	*Subject to the provisions of Section 74 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To any such separate meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.*

CAPITALISATION OF PROFITS

116.	*COMPANY MAY CAPITALISE RESERVES AND UNDIVIDED PROFITS*	*The Company in general meeting may at any time and from time to time pass a resolution that any sum not required for the payment or provision of any fixed preferential dividend, and (1) for the time being standing to the credit of any reserve of the Company, including premiums received on the issue of any shares or debentures of the Company, or (2) being undivided net profits in the hands of the Company, be capitalised, and that such sum be appropriated as capital to and amongst the ordinary shareholders in the proportions in which they would have been entitled thereto if the same had been distributed by way of dividend on the ordinary shares, and in such manner as the resolution may direct, and such resolution shall be effective; and the Directors shall in accordance with such resolution apply such sum in paying up in full any unissued shares or debentures of the Company on behalf of the ordinary shareholders aforesaid, and appropriate such shares or debentures and distribute the same credited as fully paid up to and amongst such shareholders in the proportions aforesaid in satisfaction of the shares and interests of such shareholders in the said capitalised sum or shall apply such sum or any part thereof on behalf of the shareholders aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued ordinary shares held by such shareholders or otherwise deal with such sum as directed by such resolution. Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates, fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trust for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with Section 63 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.*

(B) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTES

GENERAL MEETINGS

53.	*ANNUAL GENERAL MEETINGS*	*A general meeting shall be held once in every calendar year, at such time and place as may be determined by the Directors, but so that not more than fifteen months shall be allowed to elapse between any two such general meetings.*
54.	*ANNUAL AND EXTRAORDINARY GEMERAL MEETINGS*	*The abovementioned general meetings shall be called annual general meetings. All other general meetings shall be called extraordinary general meetings.*
55.	*EXTRAORDINARY GENERAL MEETINGS*	*The Directors may call an extraordinary general meeting whenever they think fit, and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by Section 176 of the Act.*

56.	*NOTICE OF MEETING*	*Subject to the provisions of Sections 184 and 185 of the Act relating to the convening of meetings to pass special resolutions and resolutions of which special notice is required, fourteen days' notice at the least, specifying the place, the day and the hour of meeting, shall be given in manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notices of general meetings from the Company, but with the consent of all persons for the time being entitled as aforesaid, a meeting may be convened upon a shorter notice, and in such manner as such persons may approve. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. In the event of the Company being listed on the Singapore Exchange at least fourteen days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Singapore Exchange. The accidental omission to give such notice to, or the non-receipt of such notice by, any such person shall not invalidate the proceedings or any resolution passed at any such meeting.*

PROCEEDINGS AT GENERAL MEETINGS

58.	*SPECIAL BUSINESS*	*All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and any other documents annexed to the balance sheets, the election of Directors in the place of those retiring and the fixing of the remuneration of the Directors and the appointment and fixing of the remuneration of the Auditors.*
59.	*NO BUSINESS TO BE TRANSACTED UNLESS QUORUM PRESENT*	*No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be two <u>Members</u> personally present or represented by proxy. A corporation on a limited liability partnership being a member shall be deemed to be personally present if represented in accordance with the provisions of Article 75.*
60.	*IF NO QUORUM MEETING ADJOURNED OR DISSOLVED*	*If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.*
61.	*CHAIRMAN OF BOARD TO PRESIDE AT ALL MEETINGS*	*The Chairman of the Directors shall preside as Chairman at every general meeting, in his absence, the Deputy Chairman, and in the absence of both the Chairman and the Deputy Chairman, the Vice-Chairman shall preside as Chairman at every general meeting. If at any meeting the Chairman, the Deputy Chairman or the Vice-Chairman be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose one of the Directors to be Chairman of the meeting, or if no Director be present or if all the Directors present decline to take the chair, one of their number present shall be Chairman.*

62.	*NOTICE OF ADJOURNED MEETINGS*	*The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no Member shall be entitled to any notice of any adjournment or of the business to be transacted at an adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.*
63.	*HOW RESOLUTION DECIDED*	*At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless before, or on the declaration of the result of the show of hands a poll is demanded by the Chairman or by any person for the time being entitled to vote at the meeting, and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or carried by a particular majority, or lost, shall be conclusive, and an entry to that, effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.*
64.	*HOW POLL TO BE TAKEN*	*A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place, and in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with at a meeting pending the taking of the poll.*
65.	*CHAIRMAN TO HAVE CASTING VOTE*	*In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a second or casting vote.*

VOTES OF MEMBERS

66.	*NUMBER OF VOTES*	*(1) Subject to any rights or restrictions for the time being attached to any class or classes of shares; every Member present in person and each proxy and each attorney shall have one vote on a show of hands and on a poll, every Member present in person or by proxy shall have one vote for each share which he holds or represents PROVIDED THAT a Depositor shall only be entitled to attend any general meeting and to speak and vote thereat if his name appears on the Depository Register forty-eight hours before the general meeting as a Depositor on whose behalf the Depository holds shares in the Company, the Company being entitled then to deem each such Depositor as holding such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of the Depository as supplied by the Depository to the Company, or where a Depositor has appointed a proxy, such proxy as representing such number of shares.* *(2) Where the shares of the Company are of different monetary denominations, a unit of capital in each such class of shares shall, when reduced to a common denominator, carry the same voting power when such right is exercisable.*

67. SPLIT VOTES

On a poll a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

68. VOTES OF JOINT HOLDERS OF SHARES

In the case of joint holders any one of such persons may vote, but if more than one of such persons be present at a meeting, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holder; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

69. VOTES OF LUNATIC MEMBER

A person of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other legal curator and such last-mentioned persons may give their votes either personally or by proxy

70. MEMBERS INDEBTED TO COMPANY IN RESPECT OF SHARES NOT ENTITLED TO VOTE

No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares held by him in the Company, whether in his own name or in a Securities Account, and whether alone or jointly with any other person, have been paid.

71. APPOINTMENT OF PROXIES

(1) A Member may appoint not more than two proxies to attend and vote at the same general meeting.

(2) Where the Member appoints more than one proxy to attend and vote at the same general meeting he shall specify on each instrument of proxy the number of shares in respect of which the appointment is made, failing which, the appointment shall be deemed to be in the alternative.

(3) No instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the Depositor's shareholding specified in the instrument of proxy, or where the same has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty-eight hours before the general meeting. In the event of such discrepancy, the Directors shall be entitled to deem such Proxy to represent the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty-eight hours before the general meeting, or where two proxies have been appointed by such Depositor, to apportion the said number of shares standing to his Securities Account between the two proxies in the same proportion as specified by the Depositor in appointing the proxies.

(4) A proxy or representative need not be a Member.

(5) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

72.	*INSTRUMENT APPOINTING A PROXY TO BE LEFT AT THE OFFICE*	*The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid PROVIDED THAT the Directors shall be entitled to reject any instrument of proxy lodged by any Depositor whose name does not appear on the Depository Register as a Depositor on whose behalf the Depository holds shares in the Company forty-eight hours before the general meeting at which the proxy is to act.*
73.	*FORM OF PROXY*	*An instrument appointing a proxy or representative shall be in writing in the common form or any other form approved by the Directors and:* *(1) in the case of an individual, shall be signed by the appointor or by his attorney; and* *(2) in the case of a corporation or limited liability partnership, shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.*
74.	*OMISSION TO INCLUDE PROXY FORM*	*In the event that forms of proxy are sent to Members of the Company together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.*
75.	*CORPORATION ACTING BY REPRESENTATIVES AT MEETING*	*Any corporation or limited liability partnership which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or limited liability partnership which he represents as that corporation or limited liability partnership could exercise if it were an individual Member of the Company.*

(C) RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS AND RESERVE

110.	*DISTRIBUTION OF PROFITS*	*Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company which it shall from time to time determine to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively otherwise than in advance of calls PROVIDED THAT where a Member is a Depositor, the Company shall be entitled to pay any dividends payable to such Member to the Depository and, to the extent of the payment made to the Depository, the Company shall be discharged from any and all liability in respect of that payment.*

111. DECLARATION OF DIVIDENDS

The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall be payable except out of the profits of the Company. The Directors may, if they think fit, from time to time declare and pay to the Members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any shares are made payable on fixed dates. No higher dividend shall be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of the net profits shall be conclusive.

112. DEDUCTION FROM DIVIDEND

The Directors may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

113. PAYMENT OTHERWISE THAN IN CASH

Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

114. DIRECTORS MAY FORM RESERVE FUND AND INVEST

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall at the discretion of the Directors be applicable for meeting contingencies, or for repairing or maintaining any works connected with the business of the Company, or for equalising dividends, or for distribution by way of special dividend or bonus, or may be applied for such other purposes for which the profits of the Company may lawfully be applied as the Directors may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, other than the shares of the Company, as they may select. The Directors may also from time to time carry forward such sums as they may deem expedient in the interests of the Company.

115. DIVIDEND WARRANTS TO BE POSTED TO MEMBERS

Every dividend warrant may, unless otherwise directed, be sent by post to the last registered address of the Member entitled thereto, and the receipt of the person, whose name at the date of the declaration of the dividend appears on the Register of Members as the owner of any share or, in the case of joint holders, of any one of such joint holders, shall be a good discharge to the Company for all payments made in respect of such share. No unpaid dividend or interest shall bear interest as against the Company.

STATEMENTS **OF FINANCIAL POSITION**

December 31, 2012

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	3,121,395	6,043,472	2,633,633	5,573,867
Trade receivables	7	598,680	508,329	-	525,166
Other receivables and prepayments	8	194,165	440,968	50,333	363,641
Inventories	9	1,603,903	397,487	-	-
Available-for-sale investments	10	257,600	-	257,600	-
Total current assets		5,775,743	7,390,256	2,941,566	6,462,674
Non-current assets					
Available-for-sale investments	10	-	268,800	-	268,800
Subsidiaries	11	-	-	1,120,480	424,005
Goodwill	12	-	-	-	-
Property, plant and equipment	13	5,034,290	328,326	-	6,666
Total non-current assets		5,034,290	597,126	1,120,480	699,471
Total assets		10,810,033	7,987,382	4,062,046	7,162,145
LIABILITIES AND EQUITY					
Current liabilities					
Finance leases	14	415,853	18,378	-	-
Trade payables	15	405,973	154,347	-	-
Other payables	16	636,857	606,789	415,449	370,697
Interest-bearing loan	17	59,000	-	-	-
Income tax payable		-	3,631	-	3,631
Total current liabilities		1,517,683	783,145	415,449	374,328
Non-current liabilities					
Finance leases	14	628,096	36,795	-	-
Other payables	16	5,490	-	-	-
Interest-bearing loan	17	1,204,505	-	-	-
Deferred tax liabilities	18	250,630	-	-	-
Total non-current liabilities		2,088,721	36,795	-	-

STATEMENTS **OF FINANCIAL POSITION**

December 31, 2012

		Group		Company	
	Note	2012	2011	2012	2011
		$	$	$	$
Capital and reserves					
Share capital	19	31,465,503	25,893,022	31,465,503	25,893,022
Warrant reserve	20	1,439,206	-	1,439,206	-
Statutory reserve		119,135	119,135	-	-
Translation reserve		6,834	4,471	-	-
Share options reserve		113,484	183,860	113,484	183,860
Accumulated losses		(25,940,533)	(19,033,046)	(29,371,596)	(19,289,065)
Net equity attributable to owners of the Company		7,203,629	7,167,442	3,646,597	6,787,817
Total liabilities and equity		10,810,033	7,987,382	4,062,046	7,162,145

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT **OF COMPREHENSIVE INCOME**

Financial year ended December 31, 2012

	Note	Group 2012	Group 2011
		$	$
Continuing operations			
Revenue	21	3,920,479	3,214,401
Cost of sales		(3,531,361)	(1,879,063)
Gross profit		389,118	1,335,338
Other operating income	22	546,389	73,584
Distribution and selling expenses		(107,542)	(39,699)
Administrative expenses		(7,679,414)	(2,933,711)
Finance costs	23	(145,437)	(5,247)
Loss before income tax from continuing operations		(6,996,886)	(1,569,735)
Income tax	24	89,399	(3,746)
Loss for the year from continuing operations		(6,907,487)	(1,573,481)
Discontinued operations			
Loss for the year from discontinued operations, net of tax	25	-	(1,003,739)
Loss for the year attributable to owners of the Company	26	(6,907,487)	(2,577,220)
Other comprehensive income (loss), net of tax:			
Exchange differences on translation of foreign operations		2,363	163,559
Available-for-sale investments		-	(168,000)
Reclassification adjustment for translation reserve upon disposal of operations		-	741,868
Other comprehensive income, net of tax		2,363	737,427
Total comprehensive loss for the year attributable to owners of the Company		(6,905,124)	(1,839,793)
From continuing and discontinued operations - basic and diluted	27	0.85 cents	0.53 cents
From continuing operations - basic and diluted	27	0.85 cents	0.32 cents
From discontinued operations - basic and diluted	27	-	0.21 cents

See accompanying notes to financial statements.

STATEMENTS **OF CHANGES IN EQUITY**

Financial year ended December 31, 2012

Group	Share capital $	Warrant reserve $	Statutory reserve $	Translation reserve $	Share options reserve $	Fair value reserve $	Accumulated losses $	Total $
Balance at January 1, 2011	25,893,022	-	119,135	(900,956)	223,547	168,000	(16,455,826)	9,046,922
Total comprehensive income (loss) for the year	-	-	-	905,427	-	(168,000)	(2,577,220)	(1,839,793)
Expiry of share options (Note 29)	-	-	-	-	(39,687)	-	-	(39,687)
Balance at December 31, 2011	25,893,022	-	119,135	4,471	183,860	-	(19,033,046)	7,167,442
Total comprehensive income (loss) for the year	-	-	-	2,363	-	-	(6,907,487)	(6,905,124)
Expiry of share options (Note 29)	-	-	-	-	(67,196)	-	-	(67,196)
Exercise of share options (Note 29)	8,670	-	-	-	(3,180)	-	-	5,490
Issue of warrants (Note 20)	-	1,439,206	-	-	-	-	-	1,439,206
Issue of shares (Note 19)	5,571,811	-	-	-	-	-	-	5,571,811
Share issuance cost (Note 19)	(8,000)	-	-	-	-	-	-	(8,000)
Balance at December 31, 2012	31,465,503	1,439,206	119,135	6,834	113,484	-	(25,940,533)	7,203,629

See accompanying notes to financial statements.

STATEMENTS **OF CHANGES IN EQUITY**

Financial year ended December 31, 2012

Company	Share capital $	Warrant reserve $	Statutory reserve $	Translation reserve $	Share options reserve $	Fair value reserve $	Accumulated losses $	Total $
Balance at January 1, 2011	25,893,022	-	-	-	223,547	168,000	(18,252,984)	8,031,585
Total comprehensive loss for the year	-	-	-	-	-	(168,000)	(1,036,081)	(1,204,081)
Expiry of share options (Note 29)	-	-	-	-	(39,687)	-	-	(39,687)
Balance at December 31, 2011	25,893,022	-	-	-	183,860	-	(19,289,065)	6,787,817
Total comprehensive loss for the year	-	-	-	-	-	-	(10,082,531)	(10,082,531)
Expiry of share options (Note 29)	-	-	-	-	(67,196)	-	-	(67,196)
Exercise of share options (Note 29)	8,670	-	-	-	(3,180)	-	-	5,490
Issue of warrants (Note 20)	-	1,439,206	-	-	-	-	-	1,439,206
Issue of shares (Note 19)	5,571,811	-	-	-	-	-	-	5,571,811
Share issuance cost (Note 19)	(8,000)	-	-	-	-	-	-	(8,000)
Balance at December 31, 2012	31,465,503	1,439,206	-	-	113,484	-	(29,371,596)	3,646,597

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT **OF CASHFLOWS**

Financial year ended December 31, 2012

	Group	
	2012	**2011**
	$	**$**
Operating activities		
Loss before income tax	(6,996,886)	(2,589,550)
Adjustments for:		
Allowance for inventories	61,020	70,931
Allowance (Reversal of allowance) for doubtful receivables	2,151,931	(3,125)
Depreciation of property, plant and equipment	959,586	112,424
Impairment on available-for-sale financial asset	11,200	403,200
Interest expense	145,437	5,247
Interest income	(87,059)	(2,201)
Gain on disposal of property, plant and equipment	(20,417)	(287)
Gain on disposal of subsidiaries (Note 28)	(6,855)	(119,399)
Property, plant and equipment written off	229	4,554
Impairment of property, plant and equipment	525,575	-
Expiry of share options	(67,196)	(39,687)
Impairment of goodwill (Note 12)	1,524,841	-
Reclassification adjustment for translation reserve upon disposal of operations	-	741,868
Operating cash flows before movements in working capital	(1,798,594)	(1,416,025)
Trade receivables	(67,470)	1,111,702
Other receivables	479,858	1,301,860
Inventories	(12,000)	(155,925)
Trade payables	69,915	(916,333)
Other payables (Note A)	(145,380)	2,406,594
Cash generated (used in) from operations	(1,473,671)	2,331,873
Income tax refund (paid)	3,012	(3,338)
Net cash (used in) from operating activities	(1,470,659)	2,328,535
Investing activities		
Acquisition of property, plant and equipment (Note B)	(260,569)	(88,062)
Interest received	475	2,201
Net cash inflow from acquisition of subsidiary (Note 30)	1,039,840	-
Net cash outflow from disposal of subsidiary (Note 28)	-	(12,054)
Payment for exploration of business opportunity	-	(254,220)
Proceeds from disposal of property, plant and equipment	38,326	3,545
Net cash from (used in) investing activities	818,072	(348,590)

CONSOLIDATED STATEMENT **OF CASHFLOWS**

Financial year ended December 31, 2012

	Group	
	2012	**2011**
	$	**$**
Financing activities		
Interest paid	(145,437)	(5,247)
Repayment of obligation under finance leases	(362,145)	(10,864)
Issuance of shares	5,490	-
Payment for share issuance	(8,000)	-
Loan to third parties	(1,706,116)	-
Repayment of bank loan	(58,401)	-
Net cash used in financing activities	(2,274,609)	(16,111)
Net (decrease) increase in cash and cash equivalents	(2,927,196)	1,963,834
Cash and cash equivalents at beginning of year	6,043,472	3,913,121
Net effect of exchange rate changes on cash and cash equivalents	5,119	166,517
Cash and cash equivalents at end of year	3,121,395	6,043,472

Note A

In 2012, the Group settled a loan payable to a director of $1,026,181 by issuing 73,298,632 ordinary shares at an issue price of $0.017 for $1,246,077 (Note 19).

Note B

In 2011, the Group acquired property, plant and equipment with an aggregate cost of $114,239 of which $26,177 was acquired by means of finance lease. Cash payments of $88,062 was made to acquire property, plant and equipment.

In 2012, the Group made provision of $5,490 for reinstatement costs which was capitalised under property, plant and equipment. Cash payment of $260,569 was made to acquire property, plant and equipment.

See accompanying notes to financial statements.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

1 GENERAL

The Company (Registration No. 200301072R) is incorporated in the Republic of Singapore with its principal place of business and registered office at 20, Maxwell Road #05-09, Maxwell House, Singapore 069113. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2012 were authorised for issue by the Board of Directors on April 4, 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS - On January 1, 2012, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Management anticipates that the impact of the adoption of the FRSs, INT FRSs and amendments to FRS that were issued but only effective in future periods are as follows:

Amendments to FRS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments will take effect from financial years beginning on or after July 1, 2012, with full retrospective application. Early adoption is permitted.

The amendment on Other Comprehensive Income ("OCI") presentation is to require entities to present separate grouping for OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. "revaluation gains on property, plant and equipment" under the revaluation model in FRS 16). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is still a choice to present OCI items before tax or net of tax.

Presentation of OCI and profit and loss items can continue to be presented either in a single statement or in two consecutive statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities.*

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with full retrospective application.

The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014, and the Group is currently estimating extent of additional disclosures needed.

FRS 113 Fair Value Measurement

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 Share-based Payment, FRS 17 Leases, net realisable value in FRS 2 Inventories and value-in-use in FRS 36 Impairment of Assets.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

The disclosure requirements in FRS 113 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 107 Financial Instruments: Disclosures will be extended by FRS 113 to cover all assets and liabilities within its scope.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group is currently estimating the effects of FRS 113 in the period of initial adoption.

Management anticipates that the adoption of the other FRSs, INT FRSs and amendments to FRS issued but only effective in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *FRS 39 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement,* or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest rate basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale investments

Certain shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4 to the financial statements. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in statement of comprehensive income. Where the investment is disposed off or is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Group's right to receive payments is established.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its costs is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30-60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, if the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policies for borrowing costs.

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

PROPERTY, PLANT AND EQUIPMENT - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets less residual value over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and building	-	over the lease term of 26 years
Furniture and fittings	-	3 to 10 years
Office equipment	-	3 to 5 years
Renovation	-	3 to 5 years
Motor vehicles	-	3 to 5 years
Plant and machinery	-	5 to 10 years
Tools and equipment	-	10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

PROVISION FOR REINSTATEMENT COSTS - Provision for reinstatement costs represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required to reinstate the building to its original state.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 29. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment is established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

Rental income is recognised on a straight-line basis over the terms of the relevant lease.

BORROWING COSTS - directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

STATUTORY RESERVE - In accordance with PRC regulations, the PRC subsidiary within the Group is required to transfer a certain percentage of the profit after tax, if any, to the statutory reserve. However, subject to certain restrictions set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the said subsidiary.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of available-for-sale investments

The Group records impairment charges on available-for-sale equity investment when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its costs. For the financial year ended December 31, 2011, an impairment loss of $403,200 was recognised in profit or loss due to a significant and prolonged decline in the fair value of the investment.

In 2012, an impairment loss of $11,200 was recognised in profit or loss due to a continuing decline in the market value of the investments.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

(i) Allowances for trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the receivable is impaired.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(i) *Allowances for trade and other receivables (cont'd)*

Management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade and other receivables. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Specific allowance is only made for trade and other receivables that are unlikely to be collected. In this regard, management is satisfied that adequate allowance for doubtful debts has been made in the financial statements. The carrying amount of trade and other receivables at the end of the reporting period is disclosed in Notes 7 and 8 to the financial statements.

(ii) *Allowances for inventory obsolescence*

Inventories are stated at the lower of cost and net realisable value. In determining the net realisable value, management estimated the future selling price in the ordinary course of business, less the estimated costs of selling expenses. The carrying amounts of inventories at the end of the reporting period are disclosed in Note 9 to the financial statements.

(iii) *Useful lives and impairment of property, plant and equipment*

As described in Note 2 to the financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management determined that the estimated useful lives of property, plant and equipment are appropriate and no material revision is required.

During the financial year, management determined that the recoverable amount of certain assets through fair value less cost to sell is lower than its carrying amount and accordingly, an impairment loss of $525,575 has been recognised. The fair value less cost to sell is determined using the cost approach which takes into account the economic useful life, acquisition date and the purpose of the plant and machinery. Change in these estimations may affect the computation of the fair value less cost to sell. The carrying amount of property, plant and equipment are disclosed in Note 13 to the financial statements.

(iv) *Impairment of investment in subsidiaries*

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of those investments. The value in use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Where such calculation yields negative cash flows, the Company estimates the recoverable amount of the investments through an estimation of the recoverable amount of the assets through sale and the settlement of all the liabilities in full. Management has evaluated the recoverability of those investments based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. The carrying amounts of investments in subsidiaries are disclosed in Note 11 to the financial statements.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(v) Fair value of assets and liabilities acquired in a business combination

Determining the fair value of assets and liabilities acquired in a business combination requires the use of valuation methods. The valuation methods include the use of estimates such as the expected realisable value of the inventories, estimated value of the customer relationships, intangible assets and the fair value of the property, plant and equipment acquired. Changes in these estimates may affect the value of the assets and liabilities acquired. The fair values of assets and liabilities acquired in a business combination are disclosed in Note 30 to the financial statements.

(vi) Impairment review of goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that they might be impaired.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGUs") to which goodwill have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. An allowance for impairment loss on goodwill is recognised in profit or loss and is not reversed in the subsequent period.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling price and direct costs during the period. The carrying amount of goodwill is disclosed in Note 12 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance and to ensure that all externally imposed capital requirements are complied with. The Company has complied with all the externally imposed capital requirements for 2012 and 2011. Pursuant to the relevant laws and regulations in the PRC applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiary, the subsidiary is required to maintain a statutory surplus reserve fund. Appropriations to these funds are made out of net profit after taxation as reported in the PRC statutory financial statements of the subsidiary.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising paid up capital, accumulated losses and other reserves.

Management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the board of directors will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Categories of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables (including cash and cash equivalents)	3,845,149	6,885,228	2,660,126	6,413,099
Available-for-sale investments	257,600	268,800	257,600	268,800
	4,102,749	7,154,028	2,917,726	6,681,899
Financial liabilities				
At amortised cost	3,337,810	816,309	415,449	370,697

(c) Financial risk management policies and objectives

The board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and foreign exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks.

(i) Equity price risk management

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks.

Equity price sensitivity

At the end of the reporting period, if the share price of the quoted equity instrument had been 20% higher/lower with all other variables held constant, the Group's available-for-sale reserve/profit or loss would have increased (decreased) by $51,520 (2011 : $53,760).

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(ii) Foreign exchange risk management

The Group transacts businesses significantly in Singapore dollar, United States dollar and Australian dollar. Transactions in other currencies are limited.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2012	2011	2012	2011
	$	$	$	$
Singapore dollar	-	-	920,590	856,059
United States dollar	799,250	124,048	176,101	772,366
Hong Kong dollar	58,841	-	58,841	59,375
Japanese yen	382,402	-	-	-
Australian dollar	1,577,924	264,000	-	98,398
Malaysian Ringgit	-	18,138	-	-
Euro	-	-	19,980	5,811
Renminbi	4,479	-	5,215	46,483

	Company			
	Assets		Liabilities	
	2012	2011	2012	2011
	$	$	$	$
United States dollar	57,379	3,368	-	-
Japanese yen	382,402	-	-	-
Australian dollar	1,577,924	264,000	-	726

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(ii) Foreign exchange risk management (cont'd)

Foreign currency sensitivity for significant foreign currency balances

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollar ("SGD") against the relevant major foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a decrease in loss where SGD strengthens 10% against the relevant currency. For a 10% weakening of the SGD against the relevant currency, there would be an equal and opposite impact on the loss.

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Impact to profit or loss				
Singapore dollar	92,059	85,606	-	-
United States dollar	(62,315)	64,832	(5,738)	(337)
Malaysian Ringgit	-	(1,814)	-	-
Japanese yen	- [1]	-	- [1]	-
Hong Kong dollar	-	5,938	-	-
Australian dollar	- [1]	(16,560)	- [1]	(26,327)

[1] In 2012, the balances that are denominated in Japanese yen and Australian dollar have been fully impaired and changes in the foreign exchange rates on these balances will not impact profit or loss.

(iii) *Interest rate risk management*

The Group is not exposed to interest rate risk as the Group does not have significant interest bearing financial assets and financial liabilities except for bank deposits which bear nominal fixed interest rate, bank loan which bears fixed interest rate of 5.25% per annum and finance leases which bear average effective interest rate of 5.50%.

No sensitivity analysis is performed as the Group does not expect any material impact on profit or loss from fluctuations on interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit worthiness of customers is reviewed by management regularly. Appropriate credit checks are performed for new customers, as well as for regular customers on a regular basis. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

The Group has no significant concentration of credit risk with any single customer or group of customers.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

The Group places its cash with reputable financial institutions.

(v) *Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. On March 9, 2009, the Company announced a proposed issue of redeemable zero coupon convertible bonds with an aggregate principle amount of $60 million, issuable in 60 equal tranches of a principal amount of $1 million each to Asia Convertible Bond Opportunities, LLC ("ACBO"). Total proceeds from the bond issuance of all 60 tranches will amount to $57.05 million after deducting expenses of approximately $2.95 million. The net proceeds will be used for business expansion through acquisitions and for working capital purposes. See Note 19 for more details. In an Extraordinary General Meeting convened on June 9, 2009, the shareholders approved the Bond Subscription programme.

Liquidity and interest risk analyses

Non-derivative financial assets

All non-derivative financial assets of the Group and Company are current and due within one year. (2011 : with the exception of available-for-sale investment).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) *Liquidity risk management (cont'd)*

Non-derivative financial liabilities

The following table details the expected maturity for non-derivative liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on those assets and liabilities except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset and liability on the statement of financial position.

	Weighted average effective interest rate	On demand or less than 1 year	Between 1 to 5 years	After 5 years	Adjustment	Total
Group	**%**	**$**	**$**	**$**	**$**	**$**
2012						
Financial liabilities						
Non-interest bearing	-	1,030,356	-	-	-	1,030,356
Fixed interest rate	5.4	573,356	1,156,462	1,248,720	(671,084)	2,307,454
Total		1,603,712	1,156,462	1,248,720	(671,084)	3,337,810
2011						
Financial liabilities						
Non-interest bearing	-	761,136	-	-	-	761,136
Fixed interest rate	5.8	20,917	41,170	-	(6,914)	55,173
Total		782,053	41,170	-	(6,914)	816,309

(vi) *Fair value of financial assets and financial liabilities*

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments with the exception of interest bearing finance leases and bank loan. Management is of the opinion that the carrying amounts of the finance leases and bank loan approximate their fair value due to market interest rate charged on this.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(vi) *Fair value of financial assets and financial liabilities (cont'd)*

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

For the Group's available-for-sale investments as disclosed in Note 10 to the financial statements, the quoted available-for-sale investments are classified as Level 1.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in the financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

	Group	
	2012	**2011**
	$	**$**
Acquisition of a subsidiary from a director (Note 30)	7,011,017	-
Rental fee paid to a company in which a director has an interest	56,616	66,552
Service fee paid to a company in which a director has an interest	36,000	15,500
Consultancy fees paid to a company in which certain directors have an interest	78,709	76,580

In 2012, the Group and Company have an operating lease commitment of $56,616 for one year to a company in which a director has an interest.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2012	**2011**
	$	**$**
Short term benefits	979,442	836,471
Post employment benefits	46,265	41,674
Share-based payments	57,326	20,133
	1,083,033	898,278

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Cash on hand	4,613	21,882	412	659
Cash at bank	3,116,782	6,021,590	2,633,221	5,573,208
	3,121,395	6,043,472	2,633,633	5,573,867

Significant cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
United States dollar	278,082	102,002	57,379	3,368
Malaysian Ringgit	-	18,138	-	-

7 TRADE RECEIVABLES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Outside parties	777,408	522,084	-	-
Less: Allowance for doubtful debts	(178,728)	(13,755)	-	-
	598,680	508,329	-	-
Subsidiaries (Note 11)	-	-	495,166	525,166
Less: Allowance for doubtful debts	-	-	(495,166)	-
	598,680	508,329	-	525,166

The average credit period on sales of goods is 30 days to 60 days (2011 : 30 days to 60 days). No interest is charged on the trade receivables for the outstanding balance.

Before accepting any new customer, the Group assesses the potential customers' credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed periodically. The trade receivables that are neither past due nor impaired belong to customers that have been making regular payments and are still considered recoverable.

Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of $284,452 (2011 : $188,915) and $Nil (2011 : $Nil) respectively which are past due at the reporting date for which the Group and Company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and Company do not hold any collateral over these balances.

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7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables that are past due but not impaired as at the end of the reporting period:

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Less than 3 months	281,186	187,575	-	-
3 months to 6 months	3,266	818	-	-
More than 6 months	-	522	-	-
	284,452	188,915	-	-

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further provision required in excess of the allowance for doubtful debts.

Movements in allowances for doubtful debts

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Balance at beginning of year	13,755	103,146	-	635,166
Amount utilised	(291)	(87,519)	-	-
Charge (Credit) to profit or loss	165,264	(1,872)	(495,166)	(635,166)
Balance at end of year	178,728	13,755	(495,166)	-

Significant trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
United States dollar	497,245	1,298	-	-

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8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Related party (Note 5)	-	1,426	-	1,426
Prepayments	69,091	107,541	23,840	49,575
	69,091	108,967	23,840	51,001
Amount due from subsidiaries (Note 11)	-	-	1,642,466	504,373
Less: Allowance for doubtful debts	-	-	(1,625,831)	(498,350)
	-	-	16,635	6,023
Deposits	336,429	333,993	299,996	308,609
Less: Allowance for doubtful debts	(290,138)	(38,228)	(290,138)	(38,228)
	46,291	295,765	9,858	270,381
Other receivables	1,826,187	51,193	1,747,404	51,193
Less: Allowances for doubtful debts	(1,747,404)	(14,957)	(1,747,404)	(14,957)
	78,783	36,236	-	36,236
	194,165	440,968	50,333	363,641

The Group paid a deposit of $254,220 in FY2011 and provided a loan during the year amounting to $1,323,714 to explore certain business opportunity in the Commodities and Mineral Resouces segment. However, management believes the opportunity is not feasible. The loan repayment term was extended to September 30, 2013. There was no certainty at the end of reporting period that the loan will be repayable and an impairment allowance of $1,577,934 was recognised.

The Group provided a loan of $382,402 to explore certain business opportunity in the Advance Materials & Solutions segment. However, management believes the opportunity was not feasible and there was no certainty of recoverability of this loan as at the end of the reporting period and an impairment allowance of $382,402 was recognised.

In determining the recoverability of a receivable the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further provision required in excess of the allowance for doubtful debts.

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8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Movements in allowances for doubtful debts

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Balance at beginning of year	53,185	83,355	551,535	953,114
Amount utilised	(2,310)	(28,917)	(197,697)	(457,997)
Charge (Credit) to profit or loss	1,986,667	(1,253)	3,309,535	56,418
Balance at end of year	2,037,542	53,185	3,663,373	551,535

Significant other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Renminbi	4,479	-	-	-
United States dollar	23,923	20,748	-	-
Hong Kong dollar	58,841	-	-	-
Japanese yen	382,402	-	382,402	-
Australian dollar	1,577,924	264,000	1,577,924	264,000

9 INVENTORIES

	Group	
	2012	**2011**
	$	**$**
Raw materials	1,139,566	-
Finished goods, at net realisable value	464,337	397,487
	1,603,903	397,487

The cost of inventories recognised as an expense includes $Nil (2011 : $78,025) in respect of write-downs of inventories to net realisable value and has been reduced by $61,020 (2011 : $7,094) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of the related inventories being sold above their carrying amount.

10 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2012	**2011**
	$	**$**
Quoted equity shares, at fair value	257,600	268,800
Presented in the statement of financial position as:		
Current	257,600	-
Non-current	-	268,800

The investment in quoted equity shares offers the Group the opportunity for returns through dividend income and fair value gain. The fair values of this investment are based on quoted closing market prices of the quoted investment on the last market day of the financial year.

In 2012, an impairment loss of $11,200 due to continuing decline was recognised in profit or loss.

In 2011, an impairment loss of $403,200 was recognised in profit or loss and $168,000 was reversed from the fair value reserve as other comprehensive loss due to a significant and prolonged decline in the fair value of the investment.

Subsequent to the end of the reporting period, the Group disposed of the available-for-sale investments for cash consideration of $346,392 and recognised a gain on disposal of $88,792.

11 SUBSIDIARIES

	Company	
	2012	**2011**
	$	**$**
Unquoted equity shares, at cost	5,984,836	1,679,258
Less: Impairment losses	(4,864,356)	(1,255,253)
	1,120,480	424,005

Movements in impairment losses for subsidiaries

	Company	
	2012	**2011**
	$	**$**
Balance at beginning of year	1,255,253	1,707,657
Amount written off on liquidation of subsidiary	-	(128,400)
Charge (Credit) to profit or loss	3,609,103	(324,004)
Balance at end of year	4,864,356	1,255,253

Management has evaluated the recoverability of the investment cost based on their judgement. The recoverable amount which is based on the value in use for the investment in subsidiaries is estimated based on present value of the future cash flows expected to be derived. Based on management's assessment, an impairment amount of $3,609,103 is recognised in profit or loss during the financial year.

In 2011, the reversal of the impairment losses is due to the continued improvement in the operations of the subsidiary.

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11 SUBSIDIARIES (cont'd)

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary	Place of business and incorporation	Principal activities	Proportion of ownership interest and voting power held 2012	2011
			%	%
Held by the Company				
Adventus Alliances & Solutions Pte. Ltd. [1] [6]	Singapore	Dormant (formerly trading in electronic components and boards)	-	100
Apphia Advanced Materials Pte. Ltd. [1] [5]	Singapore	Manufacturing of sputtering targets and provision of services for thin film solutions	100	-
Adventus Resources Pte. Ltd. [1]	Singapore	Trading in commodities and mineral resources	100	100
Micro Screen Production Pte Ltd [1] [6]	Singapore	Trading in printing machines, lithographic supplies and services for silkscreen printing	-	100
Held by subsidiaries				
Adventus Alliances & Solutions Pte. Ltd. [1] [6]	Singapore	Dormant (formerly trading in electronic components and boards)	100	-
Adventus NZ Limited [3]	New Zealand	Trading in commodities and mineral resources	-	100
Eternal Exposure Sdn Bhd [2]	Malaysia	Trading in printing machines, lithographic supplies and services for silkscreen printing	100	100
Gennex Solutions (Shanghai) Co., Ltd [4]	The People's Republic of China ("PRC")	Dormant (formerly traders in electronic appliances and wiring accessories)	100	100
Micro Screen Production Pte Ltd [1] [6]	Singapore	Trading in printing machines, lithographic supplies and services for silkscreen printing	100	-

11 SUBSIDIARIES (cont'd)

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by TY Teoh & Co, Malaysia.
(3) Adventus NZ Limited was liquidated on August 31, 2012 (Note 28).
(4) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.
(5) On January 3, 2012, the Group acquired Apphia Advanced Materials Pte. Ltd. Details of the acquisition are disclosed in Note 30.
(6) During the financial year, the Company transferred its subsidiaries to another subsidiary at nominal value of $2.

The balances with subsidiaries are unsecured, interest free and repayable on demand.

12 GOODWILL

	Group $
Cost:	
Arising on acquisition of subsidiary and balance at December 31, 2012	1,524,841
Impairment:	
Impairment loss recognised and balance at December 31, 2012	(1,524,841)
Carrying amount:	
At December 31, 2012	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group $
Advanced materials and solutions segment:	
Apphia Advanced Materials Pte. Ltd. ("Apphia")	1,524,841

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling price and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate does not exceed industry growth forecasts.

The rate used to discount the forecast cash flows from Apphia is 8.01%.

As at December 31, 2012, any reasonably possible changes to the key assumptions applied are not likely to cause any changes to the recoverable amount of the CGU.

Due to the loss of a major customer subsequent to the acquisition of Apphia, the Group has assessed and recognised an impairment loss of $1,524,841 in profit or loss. The impairment loss of of $1,542,841 is included under Administrative expenses in the consolidated statement of comprehensive income.

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13 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building $	Furniture and fittings $	Office equipment $	Renovation $	Motor vehicles $	Plant and machinery $	Tools and equipment $	Total $
Cost								
At January 1, 2011	-	45,605	170,187	307,353	208,654	482,969	109,703	1,324,471
Additions	-	9,886	16,145	14,235	26,177	44,641	3,155	114,239
Liquidation of subsidiary	-	-	(1,420)	-	-	-	-	(1,420)
Disposal of subsidiary group	-	(2,306)	(25,918)	(6,379)	-	-	-	(34,603)
Disposals	-	-	(4,152)	-	-	-	-	(4,152)
Written off	-	(579)	(4,772)	(15,889)	-	-	-	(21,240)
Exchange differences	-	(141)	(320)	(1,594)	(366)	(3,987)	-	(6,408)
At December 31, 2011	-	52,465	149,750	297,726	234,465	523,623	112,858	1,370,887
Acquisition of subsidiary	3,400,000	-	22,150	-	30,011	2,493,799	-	5,945,960
Additions	5,650	5,374	11,394	19,646	20,275	203,720	-	266,059
Disposals	-	-	-	-	(110,047)	-	-	(110,047)
Written off	-	-	(5,894)	-	-	-	-	(5,894)
Exchange differences	-	(128)	(318)	(1,839)	(448)	(5,056)	-	(7,789)
At December 31, 2012	3,405,650	57,711	177,082	315,533	174,256	3,216,086	112,858	7,459,176

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold land and building $	Furniture and fittings $	Office equipment $	Renovation $	Motor vehicles $	Plant and machinery $	Tools and equipment $	Total $
Accumulated depreciation								
At January 1, 2011	-	37,648	125,690	246,364	168,043	295,651	95,283	968,679
Depreciation	-	4,661	17,527	31,943	16,657	37,318	4,318	112,424
Liquidation of subsidiary	-	-	(552)	-	-	-	-	(552)
Disposal of subsidiary group	-	(959)	(13,542)	(2,459)	-	-	-	(16,960)
Disposals	-	-	(894)	-	-	-	-	(894)
Written off	-	(97)	(700)	(15,889)	-	-	-	(16,686)
Exchange differences	-	(100)	(77)	(1,473)	(320)	(1,480)	-	(3,450)
At December 31, 2011	-	41,153	127,452	258,486	184,380	331,489	99,601	1,042,561
Depreciation	139,981	5,302	38,673	35,441	49,013	687,691	3,485	959,586
Disposals	-	-	-	-	(92,138)	-	-	(92,138)
Written off	-	-	(5,665)	-	-	-	-	(5,665)
Exchange differences	-	(117)	(216)	(1,787)	(447)	(2,466)	-	(5,033)
At December 31, 2012	139,981	46,338	160,244	292,140	140,808	1,016,714	103,086	1,899,311
Impairment loss recognised during the year and balance at December 31, 2012	-	-	-	-	-	525,575	-	525,575
Carrying amount								
At December 31, 2012	3,265,669	11,373	16,838	23,393	33,448	1,673,797	9,772	5,034,290
At December 31, 2011	-	11,312	22,298	39,240	50,085	192,134	13,257	328,326

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amount of the Group's plant and equipment includes an amount of $1,352,355 (2011 : $50,084) secured in respect of assets held under finance leases.

During the year, as the result of the loss of a major customer and the low utilisation of certain plant and machinery, the Group carried out a review of the recoverable amount of those plant and machinery. The review led to the recognition of an impairment loss of $525,575, which has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their fair value less cost to sell. The fair value less cost to sell is determined using the cost approach which takes into account the economic useful life, acquisition date and the purpose of the plant and machinery. The impairment losses have been included in profit or loss in the "Administrative expenses" line item.

The leasehold land and building are pledged as security for the interest-bearing loan in Note 17.

	Furniture and fittings	Office equipment	Total
	$	$	$
Company			
Cost			
At January 1, 2011	1,968	56,334	58,302
Addition	-	4,764	4,764
At December 31, 2011 and at December 31, 2012	1,968	61,098	63,066
Accumulated depreciation			
At January 1, 2011	1,968	49,247	51,215
Depreciation	-	5,185	5,185
At December 31, 2011	1,968	54,432	56,400
Depreciation	-	6,666	6,666
At December 31, 2012	1,968	61,098	63,066
Carrying amount			
At December 31, 2012	-	-	-
At December 31, 2011	-	6,666	6,666

14 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
	$	$	$	$
Amounts payable under finance leases:				
Within one year	450,949	20,917	415,853	18,378
In the second to fifth years inclusive	660,102	41,170	628,096	36,795
	1,111,051	62,087	1,043,949	55,173
Less: Future finance charges	(67,102)	(6,914)	N.A	N.A
Present value of lease obligations	1,043,949	55,173	1,043,949	55,173
Less: Amount due for settlement within 12 months (shown under current liabilities			(415,853)	(18,378)
Amount due for settlement after 12 months			628,096	36,795

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 years (2011 : 5 years). The average effective borrowing rate is 5.5% (2011 : 5.8%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into contingent rental payments.

All finance leases are denominated in Singapore dollars.

The fair value of the Group's finance lease obligations approximates their carrying amount.

The Group's obligations under finance lease are secured by the lessor's title to the lease assets.

15 TRADE PAYABLES

	Group	
	2012	2011
	$	$
Outside parties	405,973	154,347

The average credit period on purchases of goods and services is 30 days to 60 days (2011 : 30 days to 60 days). No interest is charged on overdue trade payables.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

15 TRADE PAYABLES (cont'd)

Trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2012	**2011**
	$	**$**
Singapore dollar	897,123	703,192
United States dollar	134,300	233,467
Euro	19,980	5,811
Renminbi	5,215	2,787

16 OTHER PAYABLES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Current:				
Accruals	485,691	465,996	238,227	291,624
Amount due to subsidiary (Note 11)	-	-	127,428	-
Advance receipts	17,964	-	-	-
Others	133,202	140,793	49,794	79,073
	636,857	606,789	415,449	370,697
Non-current:				
Provision for reinstatement costs [1]	5,490	-	-	-

Movement in provision for reinstatement costs:

Charge for the year and balance at end of the year	5,490	-	-	-

[1] Provision for reinstatement costs represents the present value of the management's best estimate of the future outflow of economic benefits that the Group is presently obliged to make under the operating lease to reinstate the premises back to its original condition. The estimate has been made on the basis of expected future cash outflows discounted to its present value. The estimate may vary as a result of changes in the future estimated cost of reinstatement. The unexpired term of the lease is 25 years.

16 OTHER PAYABLES (cont'd)

Other payables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Singapore dollar	23,467	152,867	-	-
United States dollar	41,801	538,899	-	-
Hong Kong dollar	58,841	59,375	-	-
Renminbi	-	43,696	-	-
Australian dollar	-	98,398	-	726

17 INTEREST-BEARING LOAN

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Current				
Bank loan (Secured)	59,000	-	-	-
Non-current				
Bank loan (Secured)	1,204,505	-	-	-

The loan was advanced on January 8, 2010 and is repayable over 216 monthly instalments until January 7, 2028. The loan is secured by first legal mortgage over the leasehold property and a corporate guarantee from the Company.

The loan carries fixed interest rate as follows:
- First 24 monthly instalments at 2.88% from February 2010 to January 2012.
- Subsequent 192 instalments at 5.25% from February 2012 to January 2028.

The bank loan is denominated in functional currency of the subsidiary.

NOTES TO **FINANCIAL STATEMENTS**

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18 DEFERRED TAX LIABILITIES

	Excess of tax over book depreciation	Fair value adjustment on leasehold land and building on business combination	Total
	$	$	$
Acquisition of subsidiary on Janaury 3, 2012 (Note 30)	72,731	260,655	333,386
Credit to profit or loss for the year (Note 24)	(72,731)	(10,025)	(82,756)
At December 31, 2012	-	250,630	250,630

19 SHARE CAPITAL

	Group and Company			
	2012	2011	2012	2011
	Number of ordinary shares		$	$
Issued and paid-up:				
At beginning of the year	486,000,807	486,000,807	25,893,022	25,893,022
Issuance of shares for acquisition of subsidiary (Note 30)	327,753,578	-	5,571,811	-
Share issuance costs	-	-	(8,000)	-
Exercise of employee share options [1]	300,000	-	8,670	-
At end of the year	814,054,385	486,000,807	31,465,503	25,893,022

[1] The total proceeds from the issuance of shares from exercise of share options amounted to $5,490.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

19 SHARE CAPITAL (cont'd)

On March 9, 2009, the Company announced a proposed issue of redeemable zero coupon convertible bonds facility with an aggregate principle amount of $60 million, issuable in 60 equal tranches of a principal amount of $1 million each to Asia Convertible Bond Opportunities, LLC ("ACBO"). Net proceeds from the bond issuance of all 60 tranches will amount to $57.05 million after deducting expenses of approximately $2.95 million. The net proceeds will be used for business expansion through acquisitions and for working capital purposes. In an Extraordinary General Meeting convened on June 9, 2009, the shareholders approved the Bond Subscription programme.

Tranches issued since the inception of the facility are as follows:

Date of issuance	Amount issued	Commission and related professional fees	Net proceeds
	$	$	$
July 14, 2009	1,000,000	(201,206)	798,794
August 4, 2009	1,000,000	(53,000)	947,000
January 5, 2010	1,000,000	(53,000)	947,000
January 10, 2010	1,000,000	(53,000)	947,000
July 26, 2010	1,000,000	(53,000)	947,000
	5,000,000	(413,206)	4,586,794

20 WARRANT RESERVE

Warrant reserve represents the fair value of the warrants issued by the Company. The reserve will be transferred to share capital upon the exercise of the warrants.

On January 6, 2012, the Group issued 254,454,946 free detachable warrants to the seller, Mr Lim Keng Hock Jonathan, who is the Chairman and Executive Director of the Company, as part of the consideration for the acquisition of Apphia Advanced Materials Pte. Ltd.

Each warrant entitles the holder to subscribe for one ordinary share each at the exercise price of $0.02 at any time from the date of issue to December 14, 2014. The warrants are not listed or traded on the Catalist Board of the SGX.

No warrants were exercised as at the date of this report.

NOTES TO **FINANCIAL STATEMENTS**

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21 REVENUE

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Sales of goods	3,920,479	3,214,401	-	16,063,040	3,920,479	19,277,441

22 OTHER OPERATING INCOME

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Interest income	87,059	1,628	-	573	87,059	2,201
Government grants						
- Jobs Credit Scheme	-	-	-	-	-	-
Government grant						
- SME tax grant	-	10,000	-	-	-	10,000
Government grant						
- Capability development scheme	150,000	-	-	-	150,000	-
Marketing development fund	-	-	-	18,074		18,074
Rental income	15,003	13,858	-	-	15,003	13,858
Reversal of overprovision						
of onerous lease contract	-	42,639	-	-	-	42,639
Management fee	-	1,333	-	-	-	1,333
Gain on disposal of						
plant and equipment	20,417	-	-	287	20,417	287
Sales of scrap materials	243,374	-	-	-	243,374	-
Others	30,536	4,126	-	10,649	30,536	14,775
	546,389	73,584	-	29,583	546,389	103,167

23 FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Interest expense on finance leases	75,445	5,247	-	-	75,445	5,247
Interest expense on loans	69,992	-	-	-	69,992	-
	145,437	5,247	-	-	145,437	5,247

24 INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**
Tax expense (credit) comprise:						
Current	-	3,631	-	7,954	-	11,585
(Over) Under provision of current tax in prior years	(6,643)	115	-	(24,030)	(6,643)	(23,915)
	(6,643)	3,746	-	(16,076)	(6,643)	(12,330)
Deferred tax (Note 18)						
Overprovision in prior years	(82,756)	-	-	-	(82,756)	-
Income tax (credit) expenses	(89,399)	3,746	-	(16,076)	(89,399)	(12,330)

Domestic income tax is calculated at 17% (2011 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total benefit for the year can be reconciled to the accounting loss as follows:

	Group	
	2012	**2011**
	$	**$**
Loss before income tax		
continuing operations	(6,996,886)	(1,569,735)
discontinued operations	-	(1,019,815)
	(6,996,886)	(2,589,550)
Tax benefits at statutory tax rate of 17% (2011 : 17%)	(1,189,471)	(440,224)
Effect of expenses that are not tax-deductible	805,585	396,119
Deferred tax asset not recognised	423,500	32,627
Overprovision of current tax in prior years	(6,643)	(23,915)
Overprovision of deferred tax in prior years	(72,731)	-
Others	511	(26,237)
Differences in foreign tax rate	(50,150)	49,300
	(89,399)	(12,330)

NOTES TO **FINANCIAL STATEMENTS**

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24 INCOME TAX (cont'd)

The Group has tax loss carryforward and unutilised capital allowances available for offsetting against future taxable income as follows:

	Tax losses		Unutilised capital allowances		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**
At beginning of year	2,985,619	3,128,128	124,930	47,156	3,110,549	3,175,284
Adjustments	238,273	(146,311)	91,049	(110,349)	329,322	(256,660)
Arising during the year	1,041,378	3,802	1,383,597	188,123	2,424,975	191,925
At end of year	4,265,270	2,985,619	1,599,576	124,930	5,864,846	3,110,549
Deferred tax benefits on above not recorded					1,044,441	545,107

The realisation of the future income tax benefits from tax loss carryforwards and unutilised capital allowances that are available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Deferred tax assets have not been recognised due to the unpredictability of future taxable profits.

25 DISCONTINUED OPERATIONS

On June 18, 2011, the Group entered into a sales agreement to dispose of Synergy Technologies (Asia) Limited and its subsidiary W-Data Technologies Limited which carried out all of the Group's telecommunication and equipment trading activities. The disposal was completed on July 15, 2012, on which date the control of Synergy Technologies (Asia) Limited and W-Data Technologies passed to the acquirer. On April 21, 2011, the Group deregistered its subsidiary, Adventus Australia Pty Ltd and all the assets and liabilities were written off.

The loss for the year from the discontinued operation is analysed as follows:

	Group	
	2012	**2011**
	$	**$**
Loss on telecommunication and equipment trading operations	-	(1,123,138)
Gain on disposal of subsidiaries (Note 28)	-	119,399
	-	(1,003,739)

25 DISCONTINUED OPERATIONS (cont'd)

An analysis of the results of discontinued operations is as follows:

	Group	
	2012	2011
	$	$
Revenue (Note 21)	-	16,063,040
Cost of sales	-	(15,025,432)
Gross profit	-	1,037,608
Other income (Note 22)	-	29,583
Distribution costs	-	(63,430)
Administrative expenses	-	(1,401,107)
Finance costs (Note 23)	-	-
Reclassification adjustments for translation reserve upon disposal of operations	-	(741,868)
Loss before income tax	-	(1,139,214)
Income tax (Note 24)	-	16,076
Loss from discontinued operations	-	(1,123,138)

Net cash used in discontinued operations were as follows:

	Group	
	2012	2011
	$	$
Operating activities	-	(13,145)
Investing activities	-	12,054
Net cash used in discontinued operations	-	(1,091)

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26 LOSS FOR THE YEAR

This is determined after charging (crediting) the following:

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Directors' fees						
- directors of the company	180,000	181,538	-	-	180,000	181,538
Foreign exchange loss (gain), net	192,766	(8,305)	-	275,320	192,766	267,015
Impairment loss on available-for-sale investments	11,200	403,200	-	-	11,200	403,200
Impairment loss on receivables	2,151,931	-	-	-	2,151,931	-
Reversal of impairment loss on receivables	-	(3,125)	-	-	-	(3,125)
Impairment loss on inventories	-	-	-	78,025	-	78,025
Reversal of allowances for inventories	(61,020)	(7,094)	-	-	(61,020)	(7,094)
Cost of inventories recognised in cost of sales	1,984,230	1,469,521	-	14,947,406	1,984,230	16,416,927
Impairment loss on property, plant and equipment	525,575	-	-	-	525,575	-
Gain on disposal of property, plant and equipment	(20,417)	-	-	(287)	(20,417)	(287)
Property, plant and equipment written off	229	-	-	4,554	229	4,554
Expiry and exercise of share option	(67,196)	(39,687)	-	-	(67,196)	(39,687)
Employee benefits expense (including directors' remuneration)	2,422,724	920,152	-	578,974	2,422,724	1,499,126
Directors' remuneration						
- directors of the company	251,742	227,887	-	-	251,742	227,887
- directors of the subsidiaries	351,819	246,918	-	68,234	351,819	315,152
Rental fees paid to a company in which a director has an interest	56,616	66,552	-	-	56,616	66,552
Service fee paid to a company in which a director has an interest	36,000	15,500	-	-	36,000	15,500
Impairment loss on goodwill	1,524,841	-	-	-	1,524,841	-
Consultation fee paid to a company in which a director has an interest	78,709	76,580	-	-	78,709	76,580
Defined contribution plans	164,723	118,267	-	23,422	164,723	141,689
Audit fees:						
- paid to auditors of the company	118,000	83,000	-	-	118,000	83,000
- paid to other auditors	3,246	2,488	-	12,000	3,246	14,488
Total audit fees	121,246	85,488	-	12,000	121,246	97,488

There are no fees paid by the Group to the external auditors for non-audit services for 2012 and 2011.

27 LOSS PER SHARE

As at December 31, 2012, the Company has 11,975,000 (2011 : 9,975,000) outstanding share options issued to certain employees. The outstanding share options are anti-dilutive and therefore excluded from the computation below.

From continuing and discontinued operations

The calculations of loss per share are based on the loss for the year and numbers of shares shown below.

	Group	
	2012	**2011**
	$	**$**
Loss attributable to equity holders of the Company	(6,907,487)	(2,577,220)
Weighted average number of shares ('000)	809,355	486,001
Loss per share - Basic (cents)	(0.85)	(0.53)

In the current financial year, as there are no dilutive potential ordinary shares issued and/or granted, the fully diluted loss per share is the same as the basic loss per share.

From continuing operations

The calculations of loss per share from continuing operations attributable to the ordinary owners of the Company are based on the following data.

	Group	
	2012	**2011**
	$	**$**
Loss attributable to shareholders of the Company	(6,907,487)	(1,573,481)
Weighted average number of shares ('000)	809,355	486,001
Loss per share - Basic (cents)	(0.85)	(0.32)

The denominators used are the same as those detailed above for basic loss per share.

From discontinued operations

Basic loss per share for the discontinued operation is $Nil per share (2011 : 0.21 cents), based on the loss for the year from the discontinued operation of $Nil (2011 : $1,003,739) and the denominators detailed above for basic loss per share.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

28 DISPOSAL OF SUBSIDARIES

On August 31, 2012, the Group deregistered its subsidiary, Adventus NZ Limited.

On July 15, 2011, the Group discontinued its telecommunication and equipment trading operations at the time of the disposal of its subsidiaries, Synergy Technologies (Asia) Limited and W-Data Technologies Limited. Prior to this, the Group deregistered its subsidiary, Adventus Australia Pty Ltd on April 21, 2011.

Details of the disposal are as follows:

Book values of net assets over which control was lost

	Group	
	2012	**2011**
	$	**$**
Current assets		
Cash and cash equivalents	-	553,120
Trade receivables	-	1,925,650
Other receivables	-	421,998
Inventories	-	1,398,398
Total current assets	-	4,299,166
Non-current asset		
Plant and equipment	-	18,511
Current liabilities		
Trade payables	-	523,499
Other payables	6,855	3,364,064
Income tax payable	-	8,447
Total current liabilities	6,855	3,896,010
Net (liabilities) assets derecognised	(6,855)	421,667
Gain on disposal:		
Consideration received	-	541,066
Net liabilities (assets) derecognised	6,855	(421,667)
Gain on disposal	6,855	119,399

For the year ended December 31, 2011, the gain on disposal of the subsidiaries is recognised in loss for the year from discontinued operations in the statement of comprehensive income.

28 DISPOSAL OF SUBSIDARIES (cont'd)

Net cash outflow arising on disposal:

	Group	
	2012	**2011**
	$	**$**
Cash consideration received	-	541,066
Cash and cash equivalents disposed of	-	(553,120)
	-	(12,054)

29 SHARE-BASED PAYMENTS

Equity-settled share option scheme

At an Extraordinary General Meeting of the Company held on December 29, 2008, the shareholders approved the amendments to the SNF 2004 Share Option Scheme ("the Scheme"). Under the amended Scheme, the Company may grant options to executive directors and employees of the Group who have contributed to the success and development of the Group to subscribe for ordinary shares in the Company provided that the aggregate number of shares over which the Company may grant on any date, when added to the number of shares issued or issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued shares of the Company on the date preceding the grant of the options. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the Market Price which is defined as the average of last dealt price for the shares by reference to the official list published by the SGX-ST for the 5 consecutive days immediately preceding the offer date of such options. The vesting period for the options is one year from the date of the grant.

The Scheme was administered by the Remuneration Committee comprising Mr Ong Soon Teik (Chairman), Mr Tan Poh Chye Allan and Mr Gersom G Vetuz.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

29 SHARE-BASED PAYMENTS (cont'd)

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2012		2011	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	9,975,000	0.030	4,395,000	0.042
Granted during the year	5,300,000	0.022	12,520,000	0.024
Cancelled during the year	-	-	(940,000)	0.035
Exercised during the year	(300,000)	0.018	-	-
Lapsed during the year	(3,000,000)	0.026	(6,000,000)	0.026
Outstanding at the end of the year	11,975,000	0.027	9,975,000	0.030
Exercisable at the end of the year	6,675,000	0.032	6,455,000	0.035

The weighted average share price at the date of share options exercised during the year was $0.0229 (2011 : $Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 8.9 years (2011 : 6.5 years).

In 2012, options were granted on May 23, 2012 (2011 : July 6, 2011 and August 15, 2011). The estimated fair value of the options granted on this date was $0.0124 (2011 : $0.0256 and $0.0183).

The fair value of share options as at the date of grant was estimated by management using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The inputs to the model are shown below:

	2012	2011
	$	$
Weighted average share price ($)	$0.023	0.023
Weighted average exercise price ($)	$0.022	0.024
Expected volatility (%)	42%	40%
Expected option life (years)	10	0.17 - 10
Risk-free interest rate (%)	1.52	0.19 - 2.18
Expected dividends yield (%)	-	-

29 SHARE-BASED PAYMENTS (cont'd)

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 6 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and Company recognised total income of $67,196 (2011 : total income of $39,687) for share options cancelled, forfeited or granted during the year.

30 ACQUISITION OF SUBSIDIARY

On January 3, 2012, the Group acquired 100% of the issued share capital of Apphia Advanced Materials Pte. Ltd. ("Apphia") for total consideration of $7,011,017. The consideration was satisfied by the issuance of 327,753,578 ordinary shares and 254,454,946 warrants of the Company to the seller, Mr Lim Keng Hock, who is the Chairman and Executive Director of the Company.

Apphia is principally engaged in the business of manufacturing sputtering targets and the provision of services for thin film (Physical Vapor Deposition) solutions. It has been classified within the Group's existing Advanced Materials & Solutions segment.

Consideration transferred (at acquisition date fair values)

	January 3, 2012
	$
Ordinary shares (i)	4,325,734
Ordinary shares (ii)	1,246,077
Warrants (iii)	1,439,206
Total consideration	7,011,017

(i) 254,454,946 ordinary shares at issue price of $0.017

(ii) As part of the acquisition of Apphia, the Group issued 73,298,632 shares at a share price of $0.017 per share amounting to $1,246,077 as settlement of an amount of $1,026,181 owing by Apphia to a director. The excess of the consideration paid over the liability settled of $219,896 was recorded as goodwill.

(iii) 254,454,946 free detachable warrants at fair value of S$0.0057 per warrant at an exercise price of $0.02.

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

30 ACQUISITION OF SUBSIDIARY (cont'd)

Total acquisition related costs amounted to $28,462 have been recognised as an expense in the period within the "Administrative expenses" in the statement of comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	January 3, 2012
	$
Current assets	
Cash and cash equivalents	1,039,840
Trade receivables	188,145
Other receivables	182,548
Income tax recoverable	244,474
Inventories	1,255,436
Non-current assets	
Property, plant and equipment	5,945,960
Current liabilities	
Trade payables	(181,711)
Other payables	(182,303)
Current portion of finance leases	(406,396)
Interest-bearing loan	(55,769)
Non-current liabilities	
Finance leases	(944,525)
Interest-bearing loan	(1,266,137)
Deferred tax liabilities	(333,386)
Net assets acquired	5,486,176
Less: consideration transferred	(7,011,017)
Goodwill on acquisition	1,524,841

Goodwill arose in the acquisition of Apphia due to the change in share price of the Company from $0.014 on September 30, 2011, the date of the sales and purchase agreement to $0.017 on January 3, 2012, which is the completion date of the acquisition. The total number of shares to be issued was fixed based on the share price of $0.014 on September 30, 2011, giving total consideration that approximated the net tangible assets of Apphia as at June 30, 2011. The impact of the increase in share price is as follows:

	September 30, 2011	Fair value change of consideration	January 3, 2012
	$	$	$
Ordinary shares	3,562,369	763,365	4,325,734
Ordinary shares for settlement of amount owing by Apphia to a director	1,026,181	219,896	1,246,077
Warrants	567,524	871,682	1,439,206
Total consideration	5,156,074	1,854,943	7,011,017

30 ACQUISITION OF SUBSIDIARY (cont'd)

	January 3, 2012
	$
Net cash inflow on acquisition of subsidiary	
Cash and cash equivalents acquired	1,039,840

The acquisition of the subsidiary was satisfied entirely through the issuance of shares and warrants (see above). No cash consideration was paid.

Impact of acquisition on the results of the Group

Included in the loss for the year is $1,877,336 attributable to the additional business generated by Apphia. Revenue for the year from Apphia amounted to $1,061,002.

31 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2012	2011
	$	$
Minimum lease payments under operating leases recognised as an expense in the year	244,663	253,918

At the end of the reporting period, the Group and Company have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Within one year	253,465	149,973	56,616	-
In the second to fifth year inclusive	145,442	170,004	-	-
More than five years	541,379	-	-	-
Total	940,286	319,977	56,616	-

Operating lease payments represent rentals payable by the Group and Company for its office and workshop premises. Leases are negotiated and rentals are fixed for an average of 1 to 3 years. (2011 : 1 to 3 years).

31 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor

The Group sub-lets parts of its premises in Singapore under operating leases. Rental income earned during the year was $15,003 (2011 : $13,858).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Within one year	2,529	2,356	-	-

32 SEGMENT INFORMATION

The Group determines its reportable segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into the following reportable operating segments as follows:

1) Advanced Materials & Solutions segment mainly relates to the distribution and provision of printing equipment and printing solutions. From January 3, 2012, this segment also includes the distribution and manufacturing of sputtering targets by Apphia Advanced Materials Pte. Ltd..

2) Commodities and Mineral Resources segment mainly relates to the trading in commodities and mineral resources.

In 2011, the Group discontinued the Telecommunications and Media segment which carried out the trading and distribution of telecommunication products and services.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment results represent the profits earned by each segment without allocation of corporate income, costs and taxation.

Inter-segment transfers are eliminated on consolidation.

All assets and liabilities are allocated to reportable segments other than corporate assets and liabilities which cannot be attributed to any one operating segment.

Segment information about the Group's reportable segment is presented below:

32 SEGMENT INFORMATION (cont'd)

(a) Segment revenues and result

	Advanced materials and solutions		Commodities and mineral resources		Corporate revenue and expenses		Total continuing operations	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total revenue	3,920,479	3,214,401	-	-	-	-	3,920,479	3,214,401
Segment results	(2,943,228)	(4,187)	(1,617,066)	71,031	(1,319,558)	(1,704,916)	(5,879,852)	(1,638,072)
Other operating income	452,794	20,920	5,962	-	574	51,036	459,330	71,956
Interest income	50	-	425	848	86,584	780	87,059	1,628
Finance costs	(145,437)	(5,247)	-	-	-	-	(145,437)	(5,247)
Gain on disposal of subsidiaries	-	-	6,855	-	-	-	6,855	-
Impairment loss on goodwill	(1,524,841)	-	-	-	-	-	(1,524,841)	-
Reclassification adjustment for translation reserve upon disposal of operations	-	-	-	-	-	-	-	-
Income tax	88,749	-	-	-	650	(3,746)	89,399	(3,746)
Net (loss) profit attributable to owners of the Company	(4,071,913)	11,486	(1,603,824)	71,879	(1,231,750)	(1,656,846)	(6,907,487)	(1,573,481)

NOTES TO **FINANCIAL STATEMENTS**

December 31, 2012

32 SEGMENT INFORMATION (cont'd)

(a) Segment revenues and result (cont'd)

	Telecommunications and media (discontinued)		Total discontinued operations		Total operations	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Total revenue	-	16,063,040	-	16,063,040	3,920,479	19,277,441
Segment results	-	(426,929)	-	(426,929)	(5,879,852)	(2,065,001)
Other operating income	-	29,010	-	29,010	459,330	100,966
Interest income	-	573	-	573	87,059	2,201
Finance costs	-	-	-	-	(145,437)	(5,247)
Gain on disposal of subsidiaries	-	119,399	-	119,399	6,855	119,399
Impairment loss on goodwill	-	-	-	-	(1,524,841)	-
Reclassification of adjustment for translation reserve upon disposal of operations	-	(741,868)	-	(741,868)	-	(741,868)
Income tax	-	16,076	-	16,076	89,399	12,330
Net loss attributable to owners of the Company	-	(1,003,739)	-	(1,003,739)	(6,907,487)	(2,577,220)

32 SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities

	Advanced materials and solutions		Commodities and mineral resources		Corporate assets and liabilities		Total continuing operations	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Segment assets	7,885,105	1,555,973	-	33,874	2,924,928	6,397,535	10,810,033	7,987,382
Segment liabilities	3,061,630	394,830	6,123	11,712	288,021	413,398	3,355,774	819,940
Capital expenditure	6,212,019	105,692	-	-	-	4,764	6,212,019	110,456
Depreciation of property, plant and equipment	952,920	101,643	-	-	6,666	6,395	959,586	108,038
Impairment loss on available-for-sale investments	-	-	-	-	11,200	403,200	11,200	403,200
Impairment loss on goodwill	1,524,841	-	-	-	-	-	1,524,841	-
Gain on disposal of property, plant and equipment	(20,417)	-	-	-	-	-	(20,417)	-
Property, plant and equipment written off	229	-	-	-	-	-	229	-
Impairment loss on property, plant and equipment	525,575	-	-	-	-	-	525,575	-

32 SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities (cont'd)

	Telecommunications and media (discontinued)		Total discontinued operations		Total operations	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Segment assets	-	-	-	-	10,810,033	7,987,382
Segment liabilities	-	-	-	-	3,355,774	819,940
Capital expenditure	-	3,783	-	3,783	6,212,019	114,239
Depreciation of property, plant and equipment	-	4,386	-	4,386	959,586	112,424
Impairment loss on available-for-sale investment	-	-	-	-	11,200	403,200
Impairment loss on goodwill	-	-	-	-	1,524,841	-
Gain on disposal of property, plant and equipment	-	(287)	-	(287)	(20,417)	(287)
Property, plant and equipment written off	-	4,554	-	4,554	229	4,554
Impairment loss on property, plant and equipments	-	-	-	-	525,575	-

32 SEGMENT INFORMATION (cont'd)

	Group 2012	Group 2011
	$	$
Sales revenue based on location of customer		
North Asia [1]	543,198	16,062,992
South Asia [2]	913,355	566,790
Singapore	2,002,050	2,647,659
Europe [3]	243,314	
United States of America	147,750	-
Australia	66,540	-
Others	4,272	-
	3,920,479	19,277,441
Non-current assets based on location [4]		
North Asia [1]	-	238
Singapore	105,448	119,807
Malaysia	4,928,842	208,281
	5,034,290	328,326

Note:

(1) In 2012, North Asia consists of People's Republic of China, South Korea, Taiwan and Japan. 2011, it consisted of Hong Kong, Macau and People's Republic of China.

(2) South Asia consists of India, Indonesia and Malaysia.

(3) Europe consists of Spain, Germany and United Kingdom.

(4) The amount of non-current assets excludes available-for-sale investments.

Information about major customers

In 2012, there is no single customer which account for more than 10% of total Group's revenue.

In 2011, included in revenue arising from sales in the Hong Kong Telecommunications and Media segment of $16,062,992 is revenue of $2,068,529 which arose from sales to the Group's largest customer.

Adventus ADVENTUS HOLDINGS LIMITED

Financial Statement for the Year Ended 31 December 2013

This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this document.

This document has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	Increase / (Decrease) %
Revenue	**4,386,199**	**3,920,479**	11.9
Cost of sales	(3,415,220)	(3,531,361)	(3.3)
Gross profit	**970,979**	**389,118**	149.5
Other operating income	1,453,969	546,389	166.1
Distribution and selling expenses	(91,742)	(107,542)	(14.7)
Administrative costs	(3,129,805)	(7,679,414)	(59.2)
Finance costs	(112,715)	(145,437)	(22.5)
Loss before tax (Note 1)	**(909,314)**	**(6,996,886)**	(87.0)
Income tax credit			
Corporate tax			
- Over provision in respect of previous years	96,055	6,643	1,346
Deferred tax			
- Current year taxation	10,025	-	N/M
- Under provision in respect of previous years	-	82,756	N/M
	106,080	89,399	18.7
Loss for the year attributable to owners of the Company	**(803,234)**	**(6,907,487)**	(88.4)
Other comprehensive income, net of tax			
Items that maybe classified subsequently to profit or loss			
- Exchange differences on transaction of foreign operations	7,714	2,363	226.4
Items that will not be classified subsequently to profit or loss	-	-	
Other comprehensive income, net of tax	**7,714**	**2,363**	
Total comprehensive loss for the year attributable to owners of the Company	**(795,520)**	**(6,905,124)**	(88.5)

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note 1

The loss before taxation were computed after charging / (crediting) the following:

	FY2013 (Unaudited) S$	FY2012 (Audited) S$	Increase / (decrease) %	Note
Bad debt written off (trade)	367	-	N/M	(i)
Cost of inventories included in cost of sales	2,355,504	1,984,230	18.7	(ii)
Depreciation of property, plant and equipment	670,079	959,586	(30.2)	(iii)
Foreign exchange loss, net	3,685	192,766	(98.1)	(iv)
Gain on disposal of available-for-sale investment	(88,792)	-	N/M	(v)
Gain on disposal of property, plant and equipment	(46,072)	(20,417)	125.7	(vi)
Gain on disposal of subsidiary	-	(6,855)	N/M	(vii)
Impairment loss on property, plant and equipment	67,462	525,575	(87.2)	(viii)
Interest expense	112,715	145,437	(22.5)	(ix)
Interest income	(5)	(87,059)	(99.9)	(x)
Impairment of goodwill	-	1,524,841	N/M	(xi)
Loss on fair value of available-for-sales investment	-	11,200	N/M	(xii)
Operating lease rentals in respect of premises	252,820	244,663	3.3	
Property, plant and equipments written off	-	229	N/M	(xiii)
Reversal of impairment loss on inventories	(67,944)	(61,020)	11.4	(xiv)
(Reversal of impairment) Impairment loss on receivables	(1,286,113)	2,151,931	(159.8)	(xv)

Note:
N/M - Not Meaningful

Notes:

(i) This is attributable to the non-recoverable outstanding amount due from trade receivables.

(ii) The increase is mainly due to increase in sales volume.

(iii) The decrease is largely attributable to the impairment of certain plant and machineries in FY2012.

(iv) In FY2012, the foreign currency exposure related to the outstanding receivables denominated in foreign currencies. There is no large foreign currency receivables this year.

(v) This is due to disposal of available-for-sale quoted investment in FY2013.

(vi) This is due to disposal of certain machineries and motor vehicles of subsidiaries during FY2013.

(vii) In FY2012, the gain on disposal related to deregistration of subsidiary, Adventus NZ Limited.

(viii) This is due to allowance for the impairment attributable by certain machineries of subsidiary.

(ix) The interest expense relate to interest charged by financial institutions for hire purchase agreements and mortgage term loans with subsidiaries.

(x) In FY2012, the interest income relates to interest on loan outstanding due from other receivables. There is no interest income in FY2013.

(xi) In FY2012, the impairment was attributable to goodwill on acquisition of Apphia.

(xii) The available-for-sale quoted investment was disposed in FY2013.

(xiii) No property, plant and equipment was written off in FY2013, hence the decrease.

(xiv) The increase is largely due to reversal of allowances made by Apphia in prior years.

(xv) This is due to recovery of receivables which were impaired in the previous reporting period.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

		Group		Company	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		S$	S$	S$	S$
ASSETS	Note	(Unaudited)	(Audited)	(Unaudited)	(Audited)
NON-CURRENT ASSETS					
Subsidiaries		-	-	1,120,480	1,120,480
Goodwill		-	-	-	-
Property, plant and equipment	8b(i)	4,405,804	5,034,290	-	-
		4,405,804	**5,034,290**	**1,120,480**	**1,120,480**
CURRENT ASSETS					
Cash and cash equivalents		2,423,165	3,121,395	1,903,284	2,633,633
Trade and other receivables	8b(ii)	1,782,956	792,845	1,251,711	50,333
Inventories	8b(iii)	1,390,670	1,603,903	-	-
Available-for-sale investments	8b(iv)	-	257,600	-	257,600
		5,596,791	**5,775,743**	**3,154,995**	**2,941,566**
TOTAL ASSETS		**10,002,595**	**10,810,033**	**4,275,475**	**4,062,046**
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Equity attributable to owners of the Company		**6,629,519**	**7,203,629**	**3,779,204**	**3,646,597**
NON-CURRENT LIABILITIES					
Finance Leases	8b(v)	211,046	628,096	-	-
Other payables		5,785	5,490	-	-
Interest-bearing loan	8b(vi)	1,147,774	1,204,505	-	-
Deferred tax liabilities	8b(vii)	240,605	250,630	-	-
		1,605,210	**2,088,721**	**-**	**-**
CURRENT LIABILITIES					
Finance leases	8b(v)	424,385	415,853	-	-
Trade and other payables	8b(viii)	1,281,310	1,042,830	496,271	415,449
Interest-bearing loan	8b(vi)	62,171	59,000	-	-
		1,767,866	**1,517,683**	**496,271**	**415,449**
TOTAL EQUITY AND LIABILITIES		**10,002,595**	**10,810,033**	**4,275,475**	**4,062,046**

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
486,556	Nil	474,853	Nil

Amount repayable after one year

As at 31 December 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
1,358,820	Nil	1,832,601	Nil

The borrowings above relate to mortgage loan and finance leases for assets of subsidiaries.

Details of any collateral

The Company's subsidiary, Apphia Advanced Materials Pte Ltd ("Apphia") has three (3) Hire Purchase agreements with a financial institution for certain plant and machineries. These Hire Purchases agreements are secured over the plant and machineries.

Additionally, Apphia also has a mortgage loan for its leasehold property and building (located at Tuas, Singapore) through the same financial institution. The mortgage loan is secured by a first legal mortgage over the said property. Both of the hire purchases and mortgage loan are also secured by a corporate guarantee from the Company in favour of the financial institution.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)
Operating Activities		
Loss before taxation	**(909,314)**	**(6,996,886)**
Adjustments for :		
Bad debt written off (trade)	367	-
Depreciation of property, plant & equipment	670,079	959,586
Gain on disposal of available-for-sale investment	(88,792)	-
Gain on disposal of property, plant and equipment	(46,072)	(20,417)
Gain on disposal of subsidiary	-	(6,855)
Impairment of goodwill	-	1,524,841
Impairment on available-for-sale financial asset	-	11,200
Impairment on property, plant and equipment	67,462	525,575
Interest expense	112,715	145,437
Interest income	(5)	(87,059)
Property, plant & equipment written off	-	229
(Reversal of impairment) Impairment loss on receivables	(1,286,113)	2,151,931
Reversal of impairment loss on inventories	(67,944)	(61,020)
Share options expenses (Cancellation of share options)	3,110	(67,196)
Operating cash flows before working capital changes	**(1,544,507)**	**(1,920,634)**
Trade receivables	186,281	(67,470)
Other receivables	27,784	479,858
Inventories	281,177	110,040
Trade payables	106,456	69,915
Other payables	132,319	(145,380)
Cash used in operations	**(810,490)**	**(1,473,671)**
Income taxes refund	144,075	3,012
Net cash used in operating activities	**(666,415)**	**(1,470,659)**
Investing Activities		
Acquisition of plant and equipment	(126,136)	(260,569)
Interest received	5	475
Net cash inflow from acquisition of subsidiary (Note A)	-	1,039,840
Net cash inflow from disposal of subsidiary (Note B)	-	-
Proceeds from disposal of property, plant and equipment	60,350	38,326
Proceeds from disposal of available-for-sale investment	346,392	-
Net cash from investing activities	**280,611**	**818,072**
Financing Activities		
Interest paid	(112,715)	(145,437)
Repayment received (Loan to) third parties	33,550	(1,706,116)
Payment for share issuance	-	(8,000)
Proceeds from shares issued	218,300	5,490
Repayment of obligations under bank loan	(53,560)	(58,401)
Repayment of obligations under finance lease	(408,518)	(362,145)
Net cash used in financing activities	**(322,943)**	**(2,274,609)**
Net decrease in cash and cash equivalents	**(708,747)**	**(2,927,196)**
Cash and cash equivalents at beginning of the year	3,121,395	6,043,472
Net effect of exchange rate changes on cash and cash equivalents	10,517	5,119
Cash and cash equivalents at end of the year	**2,423,165**	**3,121,395**

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) Acquisition of subsidiary – FY2012

Assets acquired and liabilities assumed at the date of acquisition

	S$ (Unaudited)
Current assets	
Cash and cash equivalents	1,039,840
Trade and other receivables	615,167
Inventories	1,255,436
Non-current assets	
Property, plant and equipment	5,945,960
Current liabilities	
Trade and other payables	(364,014)
Current portion of finance leases	(406,396)
Interest-bearing loan	(55,769)
Non-current liabilities	
Finance leases	(944,525)
Interest-bearing loan	(1,266,137)
Deferred tax liabilities	(333,386)
Net assets acquired	5,486,176
Less: consideration transferred	(7,011,017)
Goodwill on acquisition	1,524,841

Net cash inflow on acquisition of subsidiaries

	S$ (Audited)
Cash and cash equivalent balances acquired	1,039,840
Less: Consideration paid in cash	-
	1,039,840

The acquisition of the subsidiary was satisfied entirely through the issuance of shares and warrants. No cash consideration was paid.

(B) Disposal of subsidiary

	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)
Cash consideration received	-	-
Cash and cash equivalents disposed of	-	-
	-	-

During FY2013, no subsidiary within the Group was disposed of.

During FY2012, there no cash inflow generated from the voluntary de-registration of ANZ.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Share capital	Warrant reserve	Statutory reserve	Translation reserve	Employee share option reserve	Fair value reserve	Accumulated losses	Total attributable to owners of the Company
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2012	**25,893,022**	**-**	**119,135**	**4,471**	**183,860**	**-**	**(19,033,046)**	**7,167,442**
Total comprehensive loss for the year	-	-	-	2,363	-	-	(6,907,487)	(6,905,124)
Expiry of share options	-	-	-	-	(67,196)	-	-	(67,196)
Exercise of share options	8,670	-	-	-	(3,180)	-	-	5,490
Issue of warrants	-	1,439,206	-	-	-	-	-	1,439,206
Issue of shares	5,571,811	-	-	-	-	-	-	5,571,811
Share issuance costs	(8,000)	-	-	-	-	-	-	(8,000)
Balance at 31 December 2012	**31,465,503**	**1,439,206**	**119,135**	**6,834**	**113,484**	**-**	**(25,940,533)**	**7,203,629**
Total comprehensive loss for the year	-	-	-	7,714	-	-	(803,234)	(795,520)
Recognition of share options	-	-	-	-	3,110	-	-	3,110
Exercise of share options	28,901	-	-	-	(10,601)	-	-	18,300
Exercise of warrants	256,560	(56,560)	-	-	-	-	-	200,000
Balance at 31 December 2013	**31,750,964**	**1,382,646**	**119,135**	**14,548**	**105,993**	**-**	**(26,743,767)**	**6,629,519**

COMPANY	Share capital	Warrant reserve	Employee share option reserve	Fair value reserve	Accumulated losses	Total
	S$	S$	S$	S$	S$	S$
Balance at 1 January 2012	**25,893,022**	**-**	**183,860**	**-**	**(19,289,065)**	**6,787,817**
Total comprehensive loss for the year	-	-	-	-	(10,082,531)	(10,082,531)
Expiry of share options	-	-	(67,196)	-	-	(67,196)
Exercise of share options	8,670	-	(3,180)	-	-	5,490
Issue of warrants	-	1,439,206	-	-	-	1,439,206
Issue of shares	5,571,811	-	-	-	-	5,571,811
Share issuance cost	(8,000)	-	-	-	-	(8,000)
Balance at 31 December 2012	**31,465,503**	**1,439,206**	**113,484**	**-**	**(29,371,596)**	**3,646,597**
Total comprehensive loss for the year	-	-	-	-	(88,803)	(88,803)
Recognition of share options	-	-	3,110	-	-	3,110
Exercise of share options	28,901	-	(10,601)	-	-	18,300
Exercise of warrants	256,560	(56,560)	-	-	-	200,000
Balance at 31 December 2013	**31,750,964**	**1,382,646**	**105,993**	**-**	**(29,460,399)**	**3,779,204**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Bond Subscription Agreement

On 28 October 2013, the Company released an announcement on SGXNET on the termination of the Bond Subscription Agreement (the "**Bond Programme**") with Asia Convertible Bond Opportunities, LLC, for the issuance of redeemable zero coupon convertible bonds with an aggregate principle amount of $60 million (the "**Bonds**"), issuable in 60 tranches of a principal amount of $1,000,000 each. The Bond Programme was previously approved by the shareholders of the Company in an Extraordinary General Meeting convened on 9 June 2009. Up to the date of the Bond Programme termination, the Subscriber had subscribed for 5 tranches of the Bonds for an aggregate principal amount of S$5,000,000 (the "**Issued Bonds**"). All of the Issued Bonds have been converted into 148,399,437 ordinary shares of the Company.

Warrants

On 3 January 2012, the Company issued 254,454,946 warrants to Mr Lim Keng Hock, Jonathan, Executive Director and Chairman of the Company, as part of the consideration for the acquisition of Apphia. Each warrant carried the right to subscribe for one (1) new share. The warrants will expire on 31 December 2014. As announced on 2 May 2013, Mr Lim Keng Hock, Jonathan, had transferred 200,000,000 warrants and 10,000,000 warrants to Mr Tang Jia Li Jared and Ace Peak Group Capital Pte Ltd respectively.

The Company subsequently released an announcement on SGXNET on 18 September 2013 on the exercise and allotment of 10,000,000 warrants by Ace Peak Group Capital Pte Ltd at an exercise price of S$0.020 per warrant.

As at 31 December 2013, there are 244,454,946 unexercised warrants (31 December 2012: 254,454,946), which are convertible into 244,454,946 shares (31 December 2012: 254,454,946 shares). This represents approximately 29.63% (31 December 2012: 31.26%) of the Company existing share capital.

Employee Share Options Scheme (the "ESOS")

On 11 January 2013 and 21 February 2013, the Company released an announcement on SGXNET on the exercise and allotment of 300,000 share options by an employee and 700,000 share options by an Independent Director of the Group respectively, at the exercise price of S$0.0183 per option for both transactions.

The movement in ESOS during the period is as follows:

ESOS outstanding as at 1 January 2012	**9,975,000**
Add/(less):	
Share option granted	5,300,000
Exercise of share options	(300,000)
Lapse of share option	(3,000,000)
ESOS outstanding as at 31 December 2012	**11,975,000**
Less:	
Cancellation due to cessation of employment	(2,670,000)
Exercise of share option	(1,000,000)
ESOS outstanding as at 31 December 2013	**8,305,000**

As at 31 December 2013, there are 8,305,000 unexercised share options (31 December 2012: 11,975,000). This represents approximately 1.01% (31 December 2012: 1.47%) of the Company's existing share capital.

Others

Assuming that all the 8,305,000 share options and 244,454,946 warrants were exercised at end of FY2013, the total number of shares that could be issued is 252,759,946 shares (31 December 2012: 266,429,946 shares). This represents approximately 23.45% (31 December 2012: 24.66%) of the Company's enlarged share base of 1,077,814,331 shares (31 December 2012: 1,080,484,331 shares).

Other than the unexercised warrants and the unexercised share options stated in the preceding paragraphs, the Company had no other outstanding convertible securities as at 31 December 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
	No. of share	No. of share	No. of share	No. of share
Issued share capital	825,054,385	814,054,385	825,054,385	814,054,385

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

In the current financial year, the Group adopted the new/ revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are mandatory and effective for annual periods beginning on or after 1 January 2013.

The following are the new or amended FRS that are relevant to the Group:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 113 *Fair Value Measurement*	1 January 2013
Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the Group's financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	FY2013 S$ (Unaudited)	**FY2012 S$ (Audited)**
Attributable to owners of the Company:		
- Loss after tax	(803,234)	(6,907,487)
<u>**Basic and diluted**</u>	**No. of shares**	**No. of shares**
Weighted average number of ordinary shares *	817,643,700	809,354,746
	(in S$ cents)	**(in S$ cents)**
Attributable to owners of the Company:		
- Loss per share	(0.10)	(0.85)

* No adjustment has been made during the period for the effect of dilutive potential of ordinary shares from the assumed conversion of share options and warrants as the effect is anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 December 2013 (Unaudited) Singapore cents	**31 December 2012 (Audited)** Singapore cents	**31 December 2013 (Unaudited)** Singapore cents	**31 December 2012 (Audited)** Singapore cents
Net asset value per share based on existing capital issued as at respective period	0.80	0.88	0.46	0.45
	No. of shares	**No. of shares**	**No. of shares**	**No. of shares**
Issued share capital at the end of the period	825,054,385	814,054,385	825,054,385	814,054,385

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

For FY2013, the Group recorded total revenue of S$4.39 million, which was an increase of 11.9% over the S$3.92 million recorded in FY2012. The increase is largely attributable to improvement in Apphia's sales volume, due to increase in orders from both existing and new customers.

In FY2013, the Group recorded S$3.42 million of cost of sales, which is lower compared to S$3.53 million recorded in FY2012. Despite the increase in trading activities, the lower cost of sales in FY2013 was largely attributable lower depreciation charged as certain machineries were impaired in FY2012.

Overall gross profit of FY2013 was S$0.97 million, an increase of 149.5% when compared to S$0.39 million in FY2012. The improvement is mainly due to (i) higher value project awarded to Apphia which generated more favorable profit margin; and (ii) decrease in cost of sales as explained in the above paragraph.

Other operating income rose by 166.1% from S$ 0.55 million in FY2012 to S$1.45 million in FY2013, largely attributable to (i) write back of impairment on certain receivables (S$1.29 million) which previously recognised in FY2012 upon repayments received; and (ii) gain on disposal of available-for-sale quoted investment (S$0.09 million).

Distribution costs were S$0.09 million for FY2013, as compared to S$0.11 million in FY2012. The decrease is mainly due to less overseas travels during the financial year.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (cont'd)

For FY2013, administrative costs were S$3.13 million (FY2012: S$7.68 million). The administrative costs decrease because the following expenses incurred by the Group in FY2012, but did not occur in FY2013 (i) impairment loss on receivables due to recoverability of such receivables were uncertain when the provision was made (S$2.15 million); (ii) impairment on goodwill from subsidiary acquired (S$1.52 million); and (iii) impairment loss on Apphia's certain plant and machineries (S$0.53 million).

The finance costs relate to interest charged from financial institution for hire purchase agreements and mortgage term loans with subsidiaries. In FY2012, Apphia aligned its finance costs policy to the Group when it was acquired in FY2012.

The income tax credit of S$0.1 million was attributable to tax refund received by Apphia in FY2013.

The increase in currency translation difference mainly due to (i) disposal of ANZ in FY2012; and (ii) fluctuation of foreign currencies exchange rate.

In FY2013, Apphia suffered operating loss before tax of S$0.81 million as compared to operating loss before tax of S$2.03 million in FY2012. The improvement is largely due to (i) increase in sales volume and improvement in gross profit margin as mentioned in the preceding paragraphs; (ii) lower depreciation charged on certain plants and machineries in FY2013, due to certain plant and machineries were previously impaired in FY2012; and (iii) provision for impairment made for certain plant and machineries in FY2012.

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Financial Position

(i) Property, plant and equipment decreased mainly due to the current year depreciation charged and disposal of certain machineries and motor vehicles by subsidiary during FY2013.

(ii) Trade and other receivables as at 31 December 2013 comprised the following:

	FY 2013 S$ (Unaudited)	FY 2012 S$ (Audited)
Trade receivables	483,790	598,680
Prepayments	122,292	69,091
Deposits	44,538	46,291
Other receivables	1,132,336	78,783
	1,782,956	792,845

The increase in trade and other receivables was mainly attributable to reversal of impairment loss on certain debtor, which now are considered recoverable.

(iii) Inventories mainly comprise raw material and sputtering targets held by Apphia; and printing materials held by Micro Screen Group. The decrease was due to consumptions for sales activities.

(iv) Available-for-sale quoted investment decreased due to disposal in FY2013.

(v) The finance leases comprised certain machineries and motor vehicles of subsidiaries under hire purchase agreements. The decrease is due to repayments made during FY2013.

(vi) The interest-bearing loan relates to Apphia's loan from a financial institution for its leasehold property and building located at Tuas, Singapore. The decrease is due to repayments made during FY2013.

(vii) The deferred tax liabilities arose from revaluation of Apphia's leasehold building. The decrease was due to recognition of the amortisation of the leasehold building which includes the revaluation.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (cont'd)

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)

(viii) Trade and other payables as at 31 December 2013 comprised the following:

	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)
Trade payables	512,429	405,973
Accruals	564,240	485,691
Other payables	204,641	151,166
	1,281,310	1,042,830

The increase in trade and other payables is mainly due to advance payment received from customer for purchase of printing machines and accrued of certain expenses which is not due at the end of the reporting period.

Statement of Cash Flows

During the FY2013, 'Net cash used in operating activities' improved due to (i) improvement in working capital management; and (ii) income tax refund during the year.

The amount of 'Net cash generated from investing activities' in FY2013 was lower compared to FY2012, mainly due to the recording of cash inflow generated from the acquisition of a subsidiary in FY2012 and there being no such acquisition in FY2013. However, in FY2013, the Group received proceeds from disposal of available-for-sale investment.

The 'Net cash used in financing activities' improve mainly attributable to (i) proceeds received from warrants exercised during FY2013; and (ii) no extension of loan to 3rd party in FY2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Economic conditions remain uncertain.

On 26 November 2013, the Company issued an announcement that the Company has entered into a subscription agreement with Mr Chin Bay Ching (the "Subscriber"), to allot and issue 875,000,000 new shares to the Subscriber at the issued price of S$0.0165 per shares (the "Subscription"). The proceed from the Subscription will be S$14.44 million. For more details, please refer to the announcement dated 26 November 2013.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend was proposed for declaration for the current financial year ended 31 December 2013.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared for the corresponding year ended 31 December 2012.

11. Dividend (cont'd)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for the financial year ended 31 December 2013 is recommended nor declared.

13. Interested Person Transactions – Pursuant to Rule 920 (1) (a) of Section B of the Catalist Listing Manual

The Company does not have any existing general mandate pursuant to Rule 920 of the Catalist Listing Manual. Save for the following, there were no transactions with interested persons in the financial year ended 31 December 2013.

(a) The Company paid fees amounting to S$14,531 to Colin Ng & Partners for legal services rendered, for which Mr Tan Poh Chye Allan, an Independent Director of the Company, was a partner of the firm until October 2013.

(b) The Company paid fees amounting to S$6,538 to Virtus Law LLP for legal services rendered, for which Mr Tan Poh Chye Allan, an Independent Director of the Company, is a partner of the firm.

(c) The Company also paid service fees amounting to $36,000 to Information Technology Laboratories Pte Ltd for services rendered, and rental of S$50,872 to Apphia Properties Co Pte Ltd for the lease of the office premises at Maxwell House. Mr Lim Keng Hock, Jonathan, Chairman of the Company, is a director and shareholder of both Information Technology Laboratories Pte Ltd and Apphia Properties Co Pte Ltd.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Advanced Materials & Solutions		Commodities and mineral resources		Corporate revenue and expenses		Total continuing operations	
	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)
Total revenue	4,386,199	3,920,479	-	-	-	-	4,386,199	3,920,479
Segment results	(1,109,847)	(2,943,228)	(9,229)	(1,617,066)	(1,131,492)	(1,319,558)	(2,250,568)	(5,879,852)
Other operating income	150,815	452,794	1,214,355	5,962	88,794	574	1,453,964	459,330
Interest income	5	50	-	425	-	86,584	5	87,059
Finance costs	(112,715)	(145,437)	-	-	-	-	(112,715)	(145,437)
Gain on disposal of subsidiary	-	-	-	6,855	-	-	-	6,855
Impairment of goodwill	-	(1,524,841)	-	-	-	-	-	(1,524,841)
Income tax	106,080	88,749	-	-	-	650	106,080	89,399
Net loss attributable to owners of the Company	(965,662)	(4,071,913)	1,205,126	(1,603,824)	(1,042,698)	(1,231,750)	(803,234)	(6,907,487)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)

	Advanced Materials & Solutions		Commodities and mineral resources		Corporate assets and liabilities		Total continuing operations	
	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)
Segment assets	6,877,775	7,885,105	1,129,000	-	1,995,820	2,924,928	10,002,595	10,810,033
Segment liabilities	2,990,733	3,312,260	6,000	6,124	376,343	288,020	3,373,076	3,606,404
Capital expenditure	126,136	6,212,019	-	-	-	-	126,136	6,212,019
Depreciation of property, plant and equipment	670,079	952,920	-	-	-	6,666	670,079	959,586
Impairment loss on available-for-sale investments	-	-	-	-	-	11,200	-	11,200
Impairment on goodwill	-	1,524,841	-	-	-	-	-	1,524,841
Gain on disposal of available-for-sale investment	-	-	-	-	(88,792)	-	(88,792)	-
Gain on disposal of property. plant and equipment	(46,072)	(20,417)	-	-	-	-	(46,072)	(20,417)
Property, plant and equipment written off	-	229	-	-	-	-	-	229
Impairment on property, plant and equipment	67,462	525,575	-	-	-	-	67,462	525,575

All assets and liabilities are allocated to reportable segments other than corporate assets and libilities which cannot be attributed to any one operating segment.

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (continued)

	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)
Sales revenue		
North Asia [(1)]	998,495	543,198
Southeast Asia [(2)]	865,665	890,340
Singapore	1,959,527	2,002,050
Europe [(3)]	347,843	243,314
United States	148,423	147,750
Australia	-	66,540
India	29,633	23,015
Others	36,613	4,272
	4,386,199	3,920,479
Non-current assets		
Singapore	4,401,562	4,928,842
Malaysia	4,242	105,448
	4,405,804	5,034,290

Notes:
[(1)] North Asia consists of China, South Korea, Taiwan, and Japan.
[(2)] Southeast Asia consists of Malaysia and Indonesia.
[(3)] Europe consists of Spain, Germany and United Kingdom.

Information about major customer
In 2013, included in the revenue arising from sales in North Asia Advanced Materials & Solutions segment of S$1.00 million is revenues of S$0.73 million which arose from sales to the Group's largest customer.

In 2012, there is no single customer which account for more than 10% of total Group's revenue.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Advanced Materials & Solutions Segment
In FY2013, the improvement in overall Apphia's performance is due to sales volume increased and higher value project awarded to Apphia which generated more favorable profit margin.

Commodities and Mineral Resources Segment
The Group presently does not have any business activities in this sector. The surplus is due to reversal of impairment loss on certain debtor, which now are considered recoverable.

16. A breakdown of sales.

	FY2013 S$ (Unaudited)	FY2012 S$ (Audited)	Increase / (Decrease) %
Sales reported for 1st half	2,025,014	2,251,423	(10.1)
Operating loss after tax before minority interest for 1st half	(838,423)	(1,564,550)	(46.4)
Sales reported for 2nd half	2,361,185	1,669,056	41.5
Operating income (loss) after tax before minority interest for 2nd half	35,189	(5,342,937)	(100.7)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend was declared.

18. Utilisation of Proceeds

As at the beginning of the financial year ended 31 December 2013, the Company had balance proceeds of S$2.63 million, which was raised from a placement in October 2010. An aggregate of S$1.38 million was used for working capital purposes, as set out below:

	S$'000
Balance as at 1 Jan 2013	2,634
Repayments received from loan	88
Payments for director and staff expenses	(714)
Payments for operational costs	(350)
Payments for professional fee and other compliance costs	(318)
Balance as at 31 December 2013	1,340

There were no material deviations from the stated use of the proceeds.

19. Disclosure of person occupying a managerial position in the issuer or any of its principle subsidiaries who is a relative of a director or chief executive office or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries is related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 December 2013.

BY ORDER OF THE BOARD

Lee Bee Fong
Company Secretary
28 February 2014

Premas

PREMAS Valuers & Property Consultants Pte Ltd
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Block 750 Oasis, Chai Chee Road
Technopark@Chai Chee #01-01
Singapore 469000
Telephone: +65 6876 6388
Facsimile: + 65 6876 6493

Our Ref: V1672/10

20 March 2014

M/s Apphia Advanced Materials Pte Ltd
70 Tuas South Street 5
Singapore 637806

Attn: Mr Lim Choon Seng

Dear Sir

DESKTOP VALUATION REPORT FOR 70 TUAS SOUTH STREET 5 SINGAPORE 637806

1. We thank you for your instructions to conduct a ***Desktop Valuation as at 28 February 2014*** of the subject property which was previously valued by us on 06 December 2011 (for a Formal Valuation).

2. In accordance with your instructions, we have not re-inspected the property or made any legal searches/ further investigations for the purpose of this Desktop Valuation. We have assumed that there has been no material change in the property and to the surroundings since our last valuation.

3. Brief details of the property as extracted from our previous valuation report are as follows :-

Type of Property	:	A Type C9 2-storey JTC standard semi-detached factory with mezzanine level. It is enclosed within chain-linked fences and a pair of metal automatic swing gates.
Legal Description	:	Mk 7 Lot 3155T (also known as Pte Lot A2746300)
Tenure	:	Leasehold 30 years commencing from 01 September 2007.
Land Area (According to Certificate of Title)	:	2,294.5 sq m (approximately 24,698 sq ft)
Floor Area (As extracted from our previous report dated 22 October 2009, subject to survey)	:	Approx. 2,293 sq m (approx. 24,682 sq ft)
Zoning (According to Master Plan 2008)	:	Business 2

Premas

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20 March 2014

M/s Apphia Advanced Materials Pte Ltd
Attn: Mr Lim Choon Seng

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Accommodation	:	1st Storey	:	Reception area, production and quality-check area, pantry, toilet, switch and transformer rooms.
		Mezzanine Level	:	Office area partitioned into a general office area, 2 management executive rooms, 2 other partitioned office rooms, a conference room, a server room, pantry, balcony and male/ female toilets.
		2nd Storey	:	Production area partitioned into a general production area, 4 partitioned rooms, loading/ unloading area, storage area, pantry and male/ female toilets.
Completion Date	:	Circa early 2000s		
Method of Valuation	:	Direct Comparison Method and Investment (Income) Method		

4. In view of the foregoing and from our knowledge of the current market conditions, we are of the opinion that Open Market Value of the subject property (known as **70 Tuas South Street 5, Singapore 637806**), *with leasehold interest of 30 years commencing from 01 September 2007,* is valued as follows:-

DATE OF VALUATION	:	**28 February 2014**
OPEN MARKET VALUE	:	**S$4,400,000/-** **(Singapore Dollars Four Million And Four Hundred Thousand Only)**

Chris Png Chee Kee(Ms), Senior Manager
For and on behalf of
PREMAS Valuers & Property Consultant Pte. Ltd.
DID: 6876 6346 FAX: 6876 6493

This desktop valuation is subject to the attached Terms and Conditions.

EXECUTIVE SUMMARY OF VALUATION REPORT

Valuation Report on the Fair Market Value of Certain Machinery of Apphia Advance Materials Pte Ltd

Abstract

Important Information

This Executive Summary is an abstract of our Valuation Report. Please read the entire Valuation Report carefully for more detailed information pertaining to the assets appraised

We, **Asian Appraisal Co Pte Ltd (UEN 197100573K)**, were appointed by Apphia Advance Materials Pte Ltd, a wholly owned subsidiary of Adventus Holdings Ltd, to carry out an appraisal to determine the Fair Market Values of certain machinery namely one unit of Lais GmBH German made Hydraulic Column Press Machine (For Ceramics), one unit of Dr Fischer GmBH German made Sintering Electric Furnace, one unit of China made Vacuum Hot Press Sintering Furnace, all of these machines being located at the factory premises known as 70 Tuas South Street 5, Singapore 637806.

Our valuation service was carried out in accordance with the standards of the Singapore Institute of Surveyors and Valuers (SISV) and Royal Institute of Chartered Surveyors (RICS), with the guiding principles of independence, objectivity, transparency and fairness.

Purpose of valuation:

This valuation was carried out for Apphia Advance Materials Pte Ltd pursuant to a new strategic investor making a general takeover offer for the remaining shares of Adventus Holdings Ltd after acquiring more than 30% of its shares in accordance with the rules and regulations of the Singapore Exchange (SGX).

Objective & Scope of valuation:

The objective is to determine the Fair Market Values of the said machines that are the tangible assets of Apphia Advance Materials Pte Ltd.

Valid date of valuation: 31 December 2013.

Approach to valuation:

Depreciated Replacement Cost (DRC) method was adopted in view of the scarcity of available data in the resale machinery market due to the machines' specialized nature and production capability in the context of Singapore and the rest of the Southeast Asian countries.

Conclusion to valuation:

Our opinion of values as at **31 December 2013**, being the material date, for the said machines is as follows:

Hydraulic Column Press Machine (For Ceramics)	**S$ 715,000.00**
Sintering Electric Furnace	**S$ 286,000.00**
Vacuum Hot Press Sintering Furnace	**S$ 270,000.00**
Total:	**S$1,271,000.00**

(Singapore Dollars: One Million Two Hundred and Seventy One Thousand only)

This summary should be read in conjunction with and in the context of our Valuation Reports dated 14 February and 25 March 2014, with Ref. File Nos. 2014-123(ME) & 2014-123A (ME) respectively, in which the details of any specifications, disclosures, assumptions and observations on site were stated as factors that may influence the approach to valuation and the conclusions arrived at by our valuers.

Assets inspected and appraisal carried out by:

Mario Roberto P. Mendoza, ***B.S.M.E.***
Valuation Manager
Plant & Machinery

Submitted by:

Asian Appraisal Co Pte Ltd, Singapore
25 March 2014

No.	Date of contract	Names of parties	Description	Consideration	Salient terms and conditions
1.	27 January 2011	(1) Apphia Properties Co. Pte. Ltd. (the "**Lessor**") (2) The Company	Agreement for lease of Office Rooms at 20 Maxwell Road #05-09 Maxwell House Singapore 069113	Aggregate monthly rent and service/ utilities charge of S$5,960.00	(a) The demised premises are let out to the Company for the term from 1 January 2011 to 31 December 2011, with an option to renew for a further term of 1 year. (b) The Company shall pay to the Lessor an amount equivalent to 1 month's rent and service/utilities charge as security deposit.
2.	29 June 2012	(1) The Lessor (2) The Company	Supplemental Agreement in respect of tenancy of Office Rooms D, E & K 20 Maxwell Road #05-08 Maxwell House Singapore 069113	Aggregate monthly rent and service/ utilities charge of S$4,718.00 (The monthly charges were revised to S$4,000 from 1 May 2013 onwards)	The demised premises are let out to the Company for a further term from 1 January 2012 to 31 December 2013.
3.	26 November 2013	(1) The Offeror (2) The Company	Subscription Agreement relating to the subscription of 875,000,000 new Shares by the Offeror at an issue price of S$0.0165 per Share	Aggregate consideration of S$14,437,500 payable by the Offeror	(a) The consideration for the Subscription shall be satisfied wholly in cash. (b) Completion of the Subscription is conditional upon, inter alia, the approval of the shareholders of the Company and the receipt by the Offeror of the Undertakings. Please refer to the Subscription Announcement and the circular to Shareholders dated 20 February 2014 for more details on the Subscription.
4.	18 March 2014	(1) The Lessor (2) The Company	Supplemental Agreement in respect of tenancy of Office Rooms D, E & K 20 Maxwell Road #05-08 Maxwell House Singapore 069113	Aggregate monthly rent and service/ utilities charge of S$4,000.00	The demised premises are let out to the Company for a further term from 1 January 2014 to 31 December 2016.