

CIRCULAR DATED 5 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately. If you have sold or transferred all your shares in the capital of 3Cnergy Limited (the "Company"), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Company has obtained the listing and quotation notice from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of new securities arising from the Rights cum Warrants Issue (as defined below) on Catalist. The listing and quotation notice is not to be taken as an indication of the merits of the Rights cum Warrants Issue (as defined below), the Rights Shares (as defined below), the Warrants (as defined below), the New Shares (as defined below), the Company, its subsidiaries and their securities.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risk of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad (the "Sponsor"), for compliance with the Catalist Rules. The Sponsor has not verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. The SGX-ST has not in any way considered the merits of the securities being offered for investment. The contact person for the Sponsor is Mr Eric Wong at CIMB Bank Berhad, 50 Raffles Place #09-01, Singapore Land Tower, Singapore 048623, telephone: (65) 6337 5115.



3CNERGY LIMITED

(Company Registration No.: 197300314D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

1. **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 383,381,747 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.067 FOR EACH RIGHTS SHARE, WITH UP TO 766,763,494 FREE DETACHABLE WARRANTS (THE "WARRANTS"), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE "NEW SHARE") AT AN EXERCISE PRICE OF S\$0.10 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARES") HELD BY THE SHAREHOLDERS OF THE COMPANY (THE "SHAREHOLDERS") AS AT A DATE AND TIME TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY FOR THE PURPOSE OF DETERMINING THE SHAREHOLDERS' ENTITLEMENT, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, WITH TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED BY THE SHAREHOLDER (THE "RIGHTS CUM WARRANTS ISSUE"); AND**
2. **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM PHILEO CAPITAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE (THE "WHITEWASH RESOLUTION").**

Manager of the Rights Issue and Sponsor to the Company



CIMB BANK BERHAD (13491-P)

Singapore Branch

(Incorporated In Malaysia)

Independent Financial Adviser in relation to the Whitewash Resolution



XANDAR CAPITAL PTE. LTD.

(Company Registration No.: 200002789M)

(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	18 April 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	20 April 2017 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Nordic Conference Room, 1st Floor No. 3 International Business Park Nordic European Centre Singapore 609927

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DEFINITIONS

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

“3CMP”	:	3C Marina Park Sdn Bhd (formerly known as Liberty Bridge Sdn Bhd)
“ARE”	:	Application and acceptance form for Rights Shares with Warrants and excess Right Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
“ARS”	:	Application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system
“ATM”	:	Automated teller machine of a Participating Bank
“Authority”	:	Monetary Authority of Singapore
“Board”	:	The board of Directors of the Company as at the date of this Circular
“Books Closure Date”	:	The time and date to be determined by the Directors at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares with Warrants of the Entitled Shareholders under the Rights cum Warrants Issue
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules” or “Listing Manual”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 5 April 2017 in respect of the Rights cum Warrants Issue and Whitewash Resolution
“Closing Date”	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares with Warrants under the Rights cum Warrants Issue
“Code”	:	Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time
“Companies Act”	:	Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time
“Company”	:	3Cnergy Limited
“CPF”	:	Central Provident Fund
“CPF Approved Bank”	:	Any bank appointed by the CPF Board to be a bank for the purposes of the CPF regulations
“CPF Board”	:	The board of the CPF established pursuant to the Central Provident Fund Act (Chapter 36) of Singapore, as may be amended, modified or supplemented from time to time

DEFINITIONS

“CPF Investment Account”	:	An account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn
“CPFIS”	:	CPF Investment Scheme
“Deed Poll”	:	The deed poll to be executed by the Company for the purpose of constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrantholders
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose (i) share certificates are not deposited with CDP; (ii) Shares are registered in their own names; and (iii) registered addresses are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“EPS”	:	Earnings per Share
“Exercise Period”	:	The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3 rd) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to closure of the Register of Members or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which Register of Warrantholders of the Company may be closed), subject to the terms and conditions of the Warrants to be set out in the Deed Poll
“Exercise Price”	:	The price payable in respect of each New Share upon the exercise of a Warrant shall be S\$0.10 in cash, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company of 1,150,145,242 Shares as at the Latest Practicable Date
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents

DEFINITIONS

“FY”	:	Financial year ended or ending, as the case may be, 31 December
“Group”	:	The Company and its subsidiaries
“Icon Ventures”	:	Icon Ventures Group Inc.
“IFA”	:	Xandar Capital Pte. Ltd., the independent financial adviser appointed to advise the Recommending Directors in relation to the Whitewash Resolution
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of voting on the Whitewash Resolution
“Irrevocable Undertakings”	:	The irrevocable undertakings given by each of Phileo Capital, Icon Ventures and the Other Undertaking Shareholders to the Company as disclosed in Section 2.8 of this Circular
“Issue Price”	:	The issue price of the Rights Shares, being S\$0.067 for each Rights Share
“Latest Practicable Date”	:	29 March 2017, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maximum Subscription Scenario”	:	Shall have the meaning ascribed to it in Section 2.9 of this Circular
“Minimum Subscription Scenario”	:	Shall have the meaning ascribed to it in Section 2.9 of this Circular
“New Shares”	:	Up to 766,763,494 new Shares to be allotted and issued by the Company, credited as fully paid, upon the exercise of the Warrants, subject to and in accordance with the terms of the Warrants to be set out in the Deed Poll
“Notice of EGM”	:	The notice of EGM which is attached to this Circular
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with (where the context requires) the PAL, the ARE, the ARS and all other accompanying documents including, where the context so admits, any supplementary or replacement document which may be issued by the Company in connection with the Rights cum Warrants Issue
“OSSB”	:	Orientis Solutions Sdn Bhd
“Other Undertaking Shareholders”	:	Casi Management Sdn Bhd and Champion Brave Sdn Bhd, collectively
“PAL”	:	The provisional allotment letter to be issued to the Entitled Scripholders, setting out the provisional allotments of Rights Shares with Warrants of such Entitled Scripholders under the Rights cum Warrants Issue

DEFINITIONS

“PBB”	:	Public Bank Berhad
“Participating Banks”	:	The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors and persons purchasing the “nil-paid” rights through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and/or applications for excess Rights Shares with Warrants, and to be set out in the Offer Information Statement in due course
“Phileo Capital”	:	Phileo Capital Limited
“Proposed Resolutions”	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Recommending Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in respect of the Whitewash Resolution, being Mr Yii Hung Due @Bill Yii and Mr Ong Pai Koo @ Sylvester
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company), on which Shareholders must be registered with the Share Registrar or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	Register of members of the Company
“Register of Warranholders”	:	Register of Warranholders of the Company
“Rights”	:	The “nil-paid” rights (evidenced by the provisional allotments of Rights Shares with Warrants)
“Rights cum Warrants Issue”	:	The proposed renounceable non-underwritten rights cum warrants issue of up to 383,381,747 Rights Shares at an issue price of S\$0.067 for each Rights Share, with up to 766,763,494 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.10 for each New Share, on the basis of one (1) Rights Share for every three (3) existing Shares held by the Shareholders as at a date and time to be determined by the Directors for the purpose of determining the Shareholders’ entitlement, fractional entitlements to be disregarded, with two (2) Warrants for every one (1) Rights Share subscribed by the Shareholder
“Rights Shares”	:	Up to 383,381,747 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	Securities and Futures Act (Chapter 289) of Singapore, as may be amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Share Registrar”	:	Tricor Barbinder Share Registration Services
“Shareholders”	:	Registered holders of the Shares in the Register of Members or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued share capital of the Company
“Warrant Agent”	:	Tricor Barbinder Share Registration Services
“Warrantholders”	:	Registered holder of the Warrants, except where the registered holder is the CPD, the term “Warrantholders” shall, in relation to such Warrants and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Warrants
“Warrants”	:	Up to 766,763,494 free detachable warrants in registered form to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue and (where the context so admits) such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms of the warrants to be set out in the Deed Poll (any such additional warrants to rank <i>pari passu</i> with the warrants to be allotted and issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), each warrant entitling the Warrantholder to subscribe for one (1) New Share at the Exercise Price during the Exercise Period, subject to the terms of the warrants to be set out in the Deed Poll
“Whitewash Resolution”	:	The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a mandatory general offer from Phileo Capital and its concert parties for all the issued Shares not already owned or controlled by them, as a result of their subscription of the Rights Shares and New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue
“Whitewash Waiver”	:	The waiver which the SIC granted on 7 February 2017 of the obligation of Phileo Capital and its concert parties to make a mandatory offer under Rule 14 of the Code arising from (i) the subscription by Phileo Capital and its concert parties for their <i>pro-rata</i> entitlement of Rights Shares cum Warrants; and/or (ii) the exercise by Phileo Capital and its concert parties of their Warrants
“RM”	:	Malaysian Ringgit
“S\$” and “cents”	:	Singapore dollars and cents respectively

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

DEFINITIONS

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act. The terms “**concert parties**” and “**parties acting in concert**” shall have the respective meanings ascribed to them in the Code.

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

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 or term defined under the Companies Act, the SFA, the Code or the Listing Manual or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Code or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

3CENERGY LIMITED

(Company Registration No.: 197300314D)
(Incorporated in the Republic of Singapore)

Directors:-

Datuk Tong Kooi Ong (Non-Independent Non-Executive Chairman)
Ms Anne Tong Kooi Lian (Managing Director and Chief Executive Officer)
Mr Yii Hung Due @ Bill Yii (Lead Independent Director)
Mr Ong Pai Koo @ Sylvester (Independent Director)

Registered Office:-

150 Cecil Street
#08-01
Singapore 069543

5 April 2017

To: The Shareholders of 3Cnergy Limited

Dear Sir/Madam

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 383,381,747 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.067 FOR EACH RIGHTS SHARE, WITH UP TO 766,763,494 FREE DETACHABLE WARRANTS (THE "WARRANTS"), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE "NEW SHARE") AT AN EXERCISE PRICE OF S\$0.10 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARES") HELD BY THE SHAREHOLDERS OF THE COMPANY (THE "SHAREHOLDERS") AS AT A DATE AND TIME TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY FOR THE PURPOSE OF DETERMINING THE SHAREHOLDERS' ENTITLEMENT, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, WITH TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED BY THE SHAREHOLDER (THE "RIGHTS CUM WARRANTS ISSUE"); AND**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM PHILEO CAPITAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE (THE "WHITEWASH RESOLUTION").**

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 20 April 2017 to seek Shareholders' approval in relation to:

- (a) the Rights cum Warrants Issue ("**Ordinary Resolution 1**"); and
- (b) the Whitewash Resolution ("**Ordinary Resolution 2**");

(collectively, the "**Proposed Resolutions**").

1.2 Purpose

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Resolutions to be tabled at the EGM.

1.3 Inter-conditionality of the Proposed Resolutions

Shareholders should note that the passing of the Proposed Resolutions are inter-conditional. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, the Company will not proceed with the Rights cum Warrants Issue. In order for the Company to proceed with the Rights cum Warrants Issue, the Proposed Resolutions need to be approved by Shareholders at the EGM.

LETTER TO SHAREHOLDERS

2. THE RIGHTS CUM WARRANTS ISSUE

2.1 Introduction

The Company announced the Rights cum Warrants Issue on 13 March 2017. In the announcement, it was stated that the Rights cum Warrants Issue was subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM.

The Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis. The Company has appointed CIMB Bank Berhad, Singapore Branch as the manager (the “**Manager**”) for the Rights cum Warrants Issue.

2.2 Basis of the Rights cum Warrants Issue

The Company is offering to Entitled Shareholders up to 383,381,747 Rights Shares at an issue price of S\$0.067 for each Rights Share, with up to 766,763,494 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.10 for each New Share, on the basis of one (1) Rights Share for every three (3) existing Shares held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with two (2) Warrants for every one (1) Rights Share subscribed.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade on the Catalist Board of SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue (the “**Excess Rights Shares with Warrants**”).

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders’ provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit in the interest of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with Warrants to allot to each applicant, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority. The Company will also not make any allotment and/or issue of any Excess Rights Shares with Warrants which will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares with Warrants are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares with Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares with Warrants.

The Rights cum Warrants Issue is renounceable and Entitled Shareholders who do not wish to subscribe for the Rights Shares with Warrants may sell their Rights during the Rights trading period.

Phileo Capital, Icon Ventures and the Other Undertaking Shareholders have given Irrevocable Undertakings that they will, *inter alia*, apply, subscribe and pay in full for and/or procure the application, subscription and payment in full for an aggregate of 300,396,465 Rights Shares with

LETTER TO SHAREHOLDERS

Warrants under the Rights cum Warrants Issue. The details of the Irrevocable Undertakings are set out in Section 2.8 of this Circular. In view of the Irrevocable Undertakings and taking into consideration the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

2.3 Size of the Rights cum Warrants Issue

Based on the Existing Share Capital and assuming that all the Entitled Shareholders subscribe and pay for their *pro-rata* entitlements of Rights Shares with Warrants and subsequently exercise all their Warrants, the Company will issue 383,381,747 Rights Shares and 766,763,494 New Shares arising from the exercise of 766,763,494 Warrants.

Based on the Existing Share Capital and assuming that none of the Entitled Shareholders subscribe and pay for their *pro-rata* entitlements of Rights Shares with Warrants (save for Phileo Capital, Icon Ventures and the Other Undertaking Shareholders), the Company will issue 300,396,465 Rights Shares and 600,792,930 New Shares arising from the exercise of 600,792,930 Warrants.

2.4 Principal terms of the Rights Shares

- Number of Rights Shares** : Up to 383,381,747 Rights Shares (with up to 766,763,494 Warrants).
- Basis of provisional allotment** : The Rights cum Warrants Issue is made on a renounceable basis to Entitled Shareholders on the basis of one (1) Rights Share for every three (3) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
- Issue Price** : S\$0.067 for each Rights Share, payable in full upon acceptance and/or application.
- Eligibility to participate** : Please refer to Section 2.7 of this Circular entitled “Eligibility of Shareholders to Participate in the Rights cum Warrants Issue”.
- Status of the Rights Shares** : The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
- Listing of the Rights Shares** : The Company has on 22 March 2017 obtained the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Catalist Board of SGX-ST. The Rights Shares, the Warrants and the New Shares will be admitted on the Catalist Board of SGX-ST after the certificates relating thereto have been issued and the allotment letters from CDP have been despatched.

The listing and quotation notice is not an indication of the merits of the Rights cum Warrants Issue, Rights Shares, Warrants, New Shares, the Company, its subsidiaries and their securities.

LETTER TO SHAREHOLDERS

Trading of the Rights Shares : Upon the listing and quotation of the Rights Shares on the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot of Shares will comprise 100 Shares.

Trading of odd lots of Shares : The Company intends to seek approval from the SGX-ST and CDP to set up a temporary counter to allow Shareholders who, following the Rights cum Warrants Issue, hold odd lots of Shares (i.e. lots other than board lots of 100 Shares) to trade in board lots of one (1) Rights Share. This temporary counter will be maintained for a period of one (1) calendar month commencing on the first market day on which the Rights Shares are listed for quotation on the Catalist Board of SGX-ST.

Thereafter Shareholders can trade in odd lots of Shares on the unit share market of SGX. The unit share market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share. The market for trading of such odd lots of Shares may be illiquid.

Irrevocable Undertakings : Please refer to Section 2.8 of this Circular for further details.

Non-underwritten : The Rights cum Warrants Issue is not underwritten. The Rights cum Warrants Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.

Acceptance and excess application : Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of Rights Shares on the Catalist Board of SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy excess applications (if any) or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

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Use of CPF Funds : Persons who have previously bought their Shares under the CPFIS – Ordinary Account (the “**CPFIS Shareholders**”), can only use, subject to applicable CPF rules and regulations, their CPF account savings (the “**CPF Funds**”) for the payment of the Issue Price to subscribe for the Rights Shares and (if applicable) apply for excess Rights Shares. CPFIS Shareholders who wish to accept the provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where such CPFIS Shareholders hold their CPF Investment Accounts, to accept the provisional allotments of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. In the case of insufficient CPF funds or stock limit, CPFIS Shareholders can top up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for excess Rights Shares. Any application made directly to the CDP or through ATMs will be rejected. CPF Funds cannot, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

Governing law : Laws of the Republic of Singapore

2.5 Principal Terms of the Warrants

Number of Warrants : Up to 766,763,494 Warrants to be issued free together with the Rights Shares.

Basis of allotment : Two (2) Warrants with every one (1) Rights Share subscribed for, fractional entitlements to be disregarded.

Detachability and trading of Warrants : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Catalist Board of SGX-ST, subject to, *inter alia*, a sufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

Listing of Warrants and the New Shares : The Company has on 22 March 2017 obtained the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Catalist Board of SGX-ST. The Rights Shares, the Warrants and the New Shares will be admitted on the Catalist Board of SGX-ST after the certificates relating thereto have been issued and the allotment letters from CDP have been despatched.

However, it should be noted that the Warrants may not be listed and quoted on the SGX-ST if there is an insufficient spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. In such event, Warrant holders will not be able to trade their Warrants on the SGX-ST.

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Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants as set out in the Deed Poll, each Warrant shall entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price on the relevant date of exercise of the Warrants.

Exercise Price : S\$0.10 for each New Share on the exercise of a Warrant.

Exercise Period : The Warrants may be exercised at any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warrantholders is closed or is not a Market Day, in which event the Exercise Period shall end on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to the Warrantholders in accordance with the conditions set out in the Deed Poll and an announcement will be made. In particular, the Company shall take reasonable steps to notify the Warrantholders in writing of the expiry of the Exercise Period and such notice shall be delivered by post to the addresses of the Warrantholders as recorded in the register to be maintained by the Warrant Agent or in the case of Warrantholders whose Warrants are registered in the name of the CDP, their addresses as shown in the records of the same.

Mode of payment for exercise of Warrants : Warrantholders who exercise their Warrants must pay the Exercise Price by way of (i) remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the Exercise Price payable in respect of the Warrants exercised; or (ii) by debiting the relevant Warrantholder's CPF Investment Account with the specified CPF Approved Bank, for the credit of the Company for the full amount of the Exercise Price payable in respect of the Warrants exercised.

Adjustments : The Exercise Price and the number of Warrants to be held by each Warrantholder will be subject to adjustments under certain circumstances provided for in the terms and conditions of the Warrants as set out in the Deed Poll.

Such circumstances include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues, bonus issues and certain capital distributions.

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Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.

Status of New Shares : The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the Record Date for which falls before the date of exercise of the Warrants.

Modifications of rights of Warranholders : The Company may, without the consent of the Warranholders but in accordance with the terms and conditions of the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants, which in the opinion of the Company is (i) not materially prejudicial to the interests of the Warranholders; (ii) is of a formal, technical or minor nature; (iii) to correct a manifest error or to comply with mandatory provisions of Singapore law; or (iv) to vary or replace provisions relating to the transfer or exercise of the Warrants, including the issue of New Shares arising from the exercise thereof or meetings of Warranholders in order to facilitate the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.

Any such modification shall be binding on all Warranholders and all persons having an interest in the Warrants and shall be notified to them in accordance with the terms and conditions of the Warrants as set out in the Deed Poll, as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration in the terms and conditions of the Warrants to the advantage of the Warranholders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

For the avoidance of doubt, the Company may not extend the Exercise Period of an existing Warrant or issue a new Warrant to replace an existing Warrant.

Transfer and transmission : The Warrants shall be transferable in lots entitling Warranholders to subscribe for whole numbers of New Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants set out in the Deed Poll including, *inter alia*, the following:

- (a) lodgement of certificates and transfer forms – a Warranholder whose Warrants are registered in his own name (the “**Transferor**”) shall lodge, during normal business hours on any business day so as to

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be received at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with an instrument of transfer (the "**Transfer Form**") duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll;

- (b) deceased Warrantholder – the executors or administrators of a deceased Warrantholder whose Warrants are registered in his/her name (not being one of several joint holders whose Warrants are registered in their joint names), and, in the case of one or more of several such joint Warrantholders, the survivor or survivors of such joint holder shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of the fees and expenses set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantholder could have made;
- (c) Warrants registered in the name of CDP – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry; and
- (d) effective date of Transfer – A Transferor or Depositor, as the case may be, shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register of Warrantholders by the Warrant Agent or the Depository Register by CDP, as the case may be.

Winding-up

- : Where there a member's voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them, shall have approved by way of a special resolution passed at a meeting of the Warrantholders duly convened and held in accordance with the provisions contained in the Deed Poll by a majority consisting of not less than three-fourths of the votes cast thereon, the terms of such scheme of arrangement shall be binding on all the Warrantholders and all persons having an interest in the Warrants.

If notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warrantholder shall be entitled, no later than two (2) business days being days (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks in Singapore, the SGX-ST, the CDP and the Warrant Agent are open for business,

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prior to the general meeting, by irrevocable surrender of his Warrant certificate(s) to the Company with the notice for the exercise of the Warrants duly completed, together with all relevant payments payable, to elect to be treated as if he had exercised the Warrants to the extent of the number of Warrants exercised and had on such date been the holder of the New Shares. The New Shares will be allotted to such Warrantholder as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which are not exercised shall lapse and cease to be valid for any purpose.

Further issues : Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit but the Warrantholders shall not have any participation rights in such further issues of Shares or subscription rights unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.

Use of CPF Funds : CPF members may use their savings in the CPF Ordinary Account (subject to the availability of investible savings) for the payment of the Exercise Price upon exercise of the Warrants (in which case the New Shares arising therefrom will be held through the CPF Investment Account). CPF members are NOT permitted to use the CPF monies to:

- (i) purchase the "nil-paid" rights traded on SGX-ST; and/or
- (ii) purchase the Warrants traded on SGX-ST (the listing thereof subject to there being a sufficient spread of holdings).

Warrant agent : Tricor Barbinder Share Registration Services

Governing law : Laws of the Republic of Singapore

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights cum Warrants Issue at the EGM.

2.6 Conditions for the Rights cum Warrants Issue

Shareholders should note that the Rights cum Warrants Issue is subject to, *inter alia*, the following conditions:

- (a) Shareholders' approval for the Rights cum Warrants Issue and Whitewash Resolution being obtained at the EGM;

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- (b) the receipt of the listing and quotation notice from the SGX-ST approving the dealing in, listing of and quotation of the Rights Shares, the Warrants and the New Shares on the Catalist Board of SGX-ST and such approval not having been withdrawn or revoked on or prior to the Closing Date of the offer of the Rights Shares with Warrants, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (c) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST acting as agent on behalf of the Authority.

The Company obtained the listing and quotation from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Catalist Board of SGX-ST on 22 March 2017.

The Offer Information Statement will be lodged with the SGX-ST and despatched to Entitled Shareholders in due course.

In the event that any of the above conditions are not satisfied, the Rights cum Warrants Issue will not be given effect.

2.7 Eligibility of Shareholders to participate in the Rights cum Warrants Issue

Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and other accompanying documents at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from the CDP, the Share Registrar or any stockbroking firm during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or trade on the Catalist Board of SGX-ST during the provisional allotment trading period prescribed by the SGX-ST, in full or in part their provisional allotments of Rights Shares with Warrants and are eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. For avoidance of doubt, only Entitled Shareholders (and not the purchasers of the renouncees) shall be entitled to apply for additional Rights Shares with Warrants in excess of their provisional allotments.

All dealings in, and transactions of, the provisional allotments of Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that they must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive, #19/20 The Metropolis, Singapore 138588, with addresses in Singapore no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

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Entitled Scripholders

Entitled Scripholders should note that all correspondence and notices will be sent to their last registered addresses with the Company. Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898 not later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later day as the CDP may determine.

Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities requirements. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. No provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the "**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renounee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares with Warrants renounced to him. The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants and/or any application for excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptance or application may violate the applicable legislation of any jurisdiction.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (i) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares with Warrants or which requires the Company to dispatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may by 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provide to CDP or the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898, as the case may be, addresses in Singapore for the service of notices and documents.

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If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares with Warrants commence and the net proceeds therefrom will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company in respect of the Rights cum Warrants Issue.

If such provisional allotments of Rights Shares with Warrants cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be used to satisfy excess applications or disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of the Rights Shares with Warrants and for excess application for the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

2.8 Irrevocable Undertakings

As at the Latest Practicable Date:

- (a) Phileo Capital holds directly 65,368,500 Shares representing approximately 5.68% of the issued and paid-up share capital of the Company. Phileo Capital also has an interest, through its wholly-owned subsidiary Icon Ventures, in 477,611,940 Shares representing approximately 41.53% of the Company. Phileo Capital is in turn wholly owned by TMF Trustees Singapore Limited, the trustee of a family trust of which Datuk Tong Kooi Ong is the sole beneficiary. Datuk Tong Kooi Ong is the non-executive chairman of the Company. Accordingly, Phileo Capital, Icon Ventures, TMF Trustees Singapore Limited and Datuk Tong Kooi Ong are presumed to be acting in concert as set out in the Code;
- (b) Casi Management Sdn Bhd holds 119,402,985 Shares representing approximately 10.38% of the issued and paid-up share capital of the Company through its nominee, Metra Nominees Sdn Bhd; and
- (c) Champion Brave Sdn Bhd holds directly 238,805,970 Shares representing approximately 20.76% of the issued and paid-up share capital of the Company.

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To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to the Company, the Other Undertaking Shareholders and Phileo Capital and Icon Ventures has each furnished an Irrevocable Undertaking to the Company, *inter alia*, that:

- (a) it will not sell, transfer or otherwise deal with any of the Shares that it owns or controls prior to the Books Closure Date;
- (b) it will subscribe or procure the subscription in full its entitlement of Rights Shares based on the Shares that it owns as of the Books Closure Date; and
- (c) it will vote in favour of the Rights cum Warrants Issue.

The Irrevocable Undertakings given by Phileo Capital and Icon Ventures are subject to and conditional upon:

- (a) the grant of a waiver by SIC to Phileo Capital, Icon Ventures and persons acting in concert with them (collectively, the “**Offeror**”) from making a mandatory take-over offer pursuant to Rule 14 of the Code in the event the Offeror’s shareholdings in the Company increases by more than 1% in any 6-month period based on the Company’s enlarged issued capital as a result of the allotment and issue of the Offeror’s *pro-rata* entitlement of the Rights Shares to the Offeror and/or as a result of the exercise of the corresponding Warrants, and such approval not having been withdrawn or revoked prior to the completion of the Rights cum Warrants Issue;
- (b) approval in-principle having been granted by the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Catalist Board of SGX-ST (and such approval not having been withdrawn or revoked on or prior to the completion of the Rights cum Warrants Issue) and if such approval is granted to such conditions, such conditions being acceptable to the Company;
- (c) the approval of the Shareholders for the Rights cum Warrants Issue being obtained at the EGM to be convened;
- (d) the approval of the Shareholders who are independent of the Offeror to waive their rights to receive the mandatory offer from the Offeror for Shares not owned or controlled by the Offeror being obtained at the EGM to be convened; and
- (e) the lodgement of the Offer Information Statement and all other accompanying documents (if applicable) in connection with the Rights cum Warrants Issue with the Authority.

The Irrevocable Undertakings given by the Other Undertaking Shareholders are subject to and conditional upon:

- (a) approval in-principle having been granted by the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Catalist Board of SGX-ST (and such approval not having been withdrawn or revoked on or prior to the completion of the Rights cum Warrants Issue) and if such approval is granted to such conditions, such conditions being acceptable to the Company;
- (b) the approval of the Shareholders for the Rights cum Warrants Issue being obtained at the EGM to be convened; and
- (c) the lodgement of the Offer Information Statement and all other accompanying documents (if applicable) in connection with the Rights cum Warrants Issue with the Authority.

Each of Phileo Capital, Icon Ventures and the Other Undertaking Shareholders has furnished a confirmation of its financial resources from a financial institution to the Company pursuant to the Irrevocable Undertakings.

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2.9 Illustrative shareholding effects of the Rights cum Warrants Issue

For illustrative purposes only, depending on the level of subscription of the Rights cum Warrants Issue, the shareholdings of Phileo Capital, Icon Ventures and the Other Undertaking Shareholders after the completion of the Rights cum Warrants Issue are set out below:

- (a) Assuming that only Phileo Capital and its concert parties and the Other Undertaking Shareholders subscribe for their *pro-rata* entitlement of the Rights Shares cum Warrants, and no other person subscribes for the Rights Shares with Warrants (the “**Minimum Subscription Scenario**”):
 - (i) Phileo Capital will have an interest in an aggregate of 723,973,920 Shares representing approximately 49.91% of the enlarged issued share capital of the Company immediately upon the issue of the Rights Shares to Phileo Capital and its concert parties and the Other Undertaking Shareholders;
 - (ii) upon completion of the Rights cum Warrants Issue, further assuming that Phileo Capital and its concert parties and the Other Undertaking Shareholders exercise all their Warrants, Phileo Capital will have a shareholding interest in an aggregate of 1,085,960,880 Shares representing approximately 52.94% of the enlarged issued share capital of the Company upon such exercise of Warrants; and/or
 - (iii) upon completion of the Rights cum Warrants Issue, further assuming that only Phileo Capital and its concert parties exercise their Warrants, Phileo Capital will have an interest in an aggregate of 1,085,960,880 Shares representing approximately 59.91% of the enlarged issued share capital of the Company upon such exercise of Warrants.
- (b) Assuming that the Rights Shares cum Warrants Issue is fully subscribed (the “**Maximum Subscription Scenario**”):
 - (i) there will be no change in the percentage of shareholding interest in Phileo Capital and its concert parties upon (i) the issue of the Rights Shares and (ii) upon completion of the Rights cum Warrants Issue further assuming that all persons who subscribe for the Rights cum Warrants Issue fully exercise the Warrants issued to them; and/or
 - (ii) upon completion of the Rights cum Warrants Issue, further assuming that only Phileo Capital and its concert parties exercise their Warrants, Phileo Capital and its concert parties will have an interest in an aggregate of 1,085,960,880 Shares representing approximately 57.29% of the enlarged issued share capital of the Company upon the exercise of such Warrants.

Please refer to **Appendix I** to this Circular for further details on the shareholding effects of the Rights cum Warrants Issue.

2.10 Rationale for the Rights cum Warrants Issue and Use of Proceeds

Rationale for the Rights cum Warrants Issue

As set out in the Company’s circular dated 28 June 2016, the Group intends to carry out the development of the undeveloped lands (the “**Lands**”) held by 3CMP which the Company acquired in August 2016, into a mixed-use development featuring the largest tropical “Rambla” in Nusajaya, Malaysia (the “**Land Development**”). The Land Development will consist of, *inter alia*, a mixed development with predominantly residential components and complemented with retail and commercial developments. The Land Development is a capital intensive long term business proposition for the Group and the Group expects the Land Development to take place in several phases over a period of more than ten years. The Company intends to finance the first phase of the Land Development using bank borrowings, progress payments from buyers of units in the Land Development and equity. In this connection, the Company intends to use part of the proceeds from the Rights cum Warrants Issue to carry out the first phase of the Land Development.

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In connection with the acquisition of 3CMP in 2016, the Group had assumed term loans taken by 3CMP (the “**Term Loans**”) from a financial institution. The Term Loans are repayable in 2019. However, the Company is currently in discussions with the financial institution with a view to the earlier partial repayment of the Term Loans in 2017 (the “**Earlier Repayment**”) in order to reduce the Group’s financing costs. Such discussions are preliminary and there is no assurance that the Earlier Repayment will materialise.

In the event that the Earlier Repayment materialises, the Company shall utilise part of the proceeds from the Rights cum Warrants Issue to partially repay the Term Loans while using the remainder to carry out the first phase of the Land Development and repayment of the shareholder’s loan which will be due at the latest on 31 December 2017.

In the event that the Earlier Repayment does not materialise, the Company shall utilise the proceeds from the Rights cum Warrants Issue to carry out the first phase of the Land Development and repayment of the said shareholder’s loan.

For the purposes of Rule 814(1)(e) of the Catalist Rules, (i) the Directors are of the opinion that, after taking into consideration the present bank facilities and the shareholder’s loan, the working capital available to the Group is sufficient to meet its present requirements and the Rights cum Warrants Issue is being undertaken for the reasons stated in the previous paragraphs, and (ii) consequently, they are of the opinion that, after taking into consideration the present bank facilities, the shareholder’s loan and the net proceeds of the Rights cum Warrants Issue (assuming the Minimum Subscription Scenario), the working capital available to the Group is sufficient to meet its present requirements.

Use of Proceeds

The Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$25.39 million from the Rights Shares under the Maximum Subscription Scenario, after deducting estimated expenses of approximately S\$0.30 million. The Company intends to use the net proceeds from the Rights Shares (assuming the Maximum Subscription Scenario if there is Earlier Repayment) in the following proportion:

Use of proceeds	Amount (S\$’million)	Percentage allocation
To carry out the first phase of the Land Development	14.00	55.14
Partial repayment of the Term Loans	7.50	29.54
Repayment of shareholder’s loan	3.89	15.32

The Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$19.83 million from the Rights Shares under the Minimum Subscription Scenario, after deducting estimated expenses of approximately S\$0.30 million. The Company intends to use the net proceeds from the Rights Shares (assuming the Minimum Subscription Scenario if there is Earlier Repayment) in the following proportion:

Use of proceeds	Amount (S\$’million)	Percentage allocation
To carry out the first phase of the Land Development	12.33	62.18
Partial repayment of the Term Loans	7.50	37.82

In the event that the Earlier Repayment does not materialise, the amounts earmarked in the above scenarios for the partial repayment of the Term Loans will be applied towards the first phase of the Land Development.

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Should the amounts raised fall below the Maximum Subscription Scenario (if there is Earlier Repayment), the proceeds will be applied in the following sequence: (i) partial repayment of the Term Loans; (ii) to carry out the first phase of the Land Development; and (iii) repayment of shareholder's loan. If there is no Earlier Repayment, the proceeds will be applied in the following sequence: (i) to carry out the first phase of the Land Development; and (ii) repayment of shareholder's loan.

Assuming all Warrants issued are exercised, the estimated gross proceeds from the exercise of the Warrants will be approximately S\$76.68 million under the Maximum Subscription Scenario ("**Exercise Proceeds**"). As and when the Warrants are exercised, the Exercise Proceeds raised may, at the discretion of the Directors, be applied towards the subsequent phases of the Land Development, general working capital of the Group, and repayment of borrowings.

The Company will make periodic announcements on the utilisation of the net proceeds and/or Exercise Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report.

Pending the deployment of the net proceeds and/or Exercise Proceeds, such proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any such other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit.

Previous fund raising exercise(s) undertaken by the Company

The Company has not conducted any fund-raising exercise during the two years preceding the Latest Practicable Date, save for net proceeds of S\$5,025,000 (the "**Compliance Placement Proceeds**") raised by the Company from a placement of 75,000,000 Shares in 30 August 2016 (the "**Compliance Placement**") for the purposes of restoring the minimum number of Shares held in public hands pursuant to Rule 724 of the Catalist Rules following the acquisition of 3CMP. The uses of the Compliance Placement Proceeds were allocated for (i) expenses incurred in relation to the acquisition of 3CMP and the Compliance Placement; and (ii) working capital purposes.

As at the Latest Practicable Date, the Compliance Placement Proceeds have been utilised in the following manner:

Intended use of proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Expenses incurred in relation to the acquisition of 3CMP and the placement ⁽¹⁾	761	(690)	71
Working capital ⁽²⁾	4,264	(2,290)	1,974
Total	5,025	(2,980)	2,045

Notes:

- (1) Expenses incurred relate to professional fees, placement commission and listing fees.
- (2) Working Capital consists of payments for the Group's operating expenses, director fees, staff salaries and related expenses.

The use of the Compliance Placement Proceeds is in accordance with the intended use as disclosed in the Company's offer information statement dated 16 August 2016 in relation to the placement.

The Company will continue to provide periodic announcements on the utilisation of the balance of the Compliance Placement Proceeds as and when the proceeds are materially disbursed.

2.11 Books Closure Date

Subject to the Shareholders' approval of the Rights cum Warrants Issue at the EGM, the Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights cum Warrants Issue will be announced at a later date.

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2.12 Financial Information of the Group

The financial statements of the Group (the consolidated statements of income, balance sheets and cash flow) and the working capital position for FY2014, FY2015 and FY2016 as well as the review thereof, are set out under **Appendix II** – “Financial Information of the Group” of this Circular.

3. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The financial effects of the Rights cum Warrants Issue presented herein are purely for illustrative purposes only and do not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and/or the Group immediately after the completion of the Rights cum Warrants Issue.

The financial effects have been prepared based on the latest audited consolidated financial statements of the Group for FY2016. The financial effects of the Rights cum Warrants Issue under both the Maximum Subscription Scenario and Minimum Subscription Scenario are presented herein after taking into account the following assumptions:

- (a) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the NTA per Share of the Group, the Rights cum Warrants Issue is assumed to have been completed on 31 December 2016; and
- (b) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the EPS of the Group, the Rights cum Warrants Issue is assumed to have been completed on 1 January 2016.

3.1 Share Capital

For illustrative purposes only, the financial effects of the Rights cum Warrants Issue on the share capital of the Company are as follows:

	Maximum Subscription Scenario	
	Number of Shares	S\$'000
As at the Latest Practicable Date	1,150,145,242	118,397
Add: Rights Shares to be issued	383,381,747	25,687
Issued share capital after the issue of Rights Shares	1,533,526,989	144,084
Add: New Shares to be issued from the exercise of the Warrants (assuming that issued Warrants are exercised)	766,763,494	76,676
Enlarged issued share capital after the Rights cum Warrants Issue and exercise of the Warrants	2,300,290,483	220,760
	Minimum Subscription Scenario	
	Number of Shares	S\$'000
As at the Latest Practicable Date	1,150,145,242	118,397
Add: Rights Shares to be issued	300,396,465	20,127
Issued share capital after the issue of Rights Shares	1,450,541,707	138,524
Add: New Shares to be issued from the exercise of the Warrants (assuming that issued Warrants are exercised)	600,792,930	60,079
Enlarged issued share capital after the Rights cum Warrants Issue and exercise of the Warrants	2,051,334,637	198,603

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3.2 NTA per Share

For illustrative purposes only, the financial effects of the Rights cum Warrants Issue on the NTA per Share of the Group based on the latest audited financial statements of the Group as at 31 December 2016 are as follows:

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>As at 31 December 2016</u>		
NTA before the Rights cum Warrants Issue (S\$'000)	63,100	63,100
Number of Shares before the Rights cum Warrants Issue ('000)	1,150,145	1,150,145
NTA per Share before the Rights cum Warrants Issue (cents)	5.49	5.49
Add : Net proceeds from the Rights Shares (S\$'000)	25,387	19,827
NTA after the issue of Rights Shares (S\$'000)	88,487	82,927
Number of Shares after the issue of Rights Shares ('000)	1,533,527	1,450,541
NTA per Share after the issue of Rights Shares (cents)	5.77	5.72
Add : Exercise Proceeds from the exercise of the Warrants (S\$'000)	76,676	60,079
NTA after the Rights cum Warrants Issue and exercise of the Warrants (S\$'000)	165,163	143,006
Number of Shares after the Rights cum Warrants Issue and exercise of the Warrants ('000)	2,300,290	2,051,334
NTA per Share after the Rights cum Warrants Issue and exercise of the Warrants (cents)	7.18	6.97

3.3 EPS

For illustrative purposes only, the financial effects of the Rights cum Warrants Issue on the EPS of the Group based on the latest audited financial statements of the Group for FY2016 are as follows:

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>FY2016</u>		
Net loss attributable to Shareholders (S\$'000)	(5,186)	(5,186)
Number of Shares before the Rights cum Warrants Issue ('000)	1,150,145	1,150,145
Number of Shares after the issue of Rights Shares ('000)	1,533,527	1,450,541
EPS before the issue of Rights Shares (cents)	(0.45)	(0.45)
EPS after the issue of Rights Shares (cents)	(0.34)	(0.36)
Number of Shares after the Rights cum Warrants Issue and exercise of the Warrants ('000)	2,300,290	2,051,334
EPS after the Rights cum Warrants Issue and the exercise of the Warrants (cents)	(0.23)	(0.25)

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3.4 Net Gearing

For illustrative purposes only, the financial effects of the Rights cum Warrants Issue on the gearing of the Group based on the latest audited financial statements of the Group for FY2016 are as follows:

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>As at 31 December 2016</u>		
Total borrowings ⁽¹⁾ (S\$'000)	86,075	86,075
Shareholders' funds ⁽²⁾ (S\$'000)	64,443	64,443
Total capital ⁽³⁾ (S\$'000)	150,518	150,518
Gearing before the issue of the Rights Shares (times) ⁽⁴⁾	0.57	0.57
Add : Net proceeds from the Rights Shares (S\$'000)	25,387	19,827
Total capital ⁽³⁾ after the issue of the Rights Shares (S\$'000)	175,905	170,345
Gearing after the issue of the Rights Shares (times) ⁽⁴⁾	0.49	0.51
Add : Exercise Proceeds from the exercise of the Warrants (S\$'000)	76,676	60,079
Total capital ⁽³⁾ after the exercise of the Warrants (S\$'000)	252,581	230,424
Gearing after the exercise of the Warrants (times) ⁽⁴⁾	0.34	0.37

Notes:

- (1) "Total borrowings" mean the amount of liabilities arising from all the borrowings from banks and other financial institutions and shareholder's loan.
- (2) "Shareholders' funds" means the aggregate of the issued share capital, accumulated losses and other reserves of the Group.
- (3) "Total capital" is computed based on Shareholders' funds plus total borrowings.
- (4) "Gearing" means the ratio of the Group's total borrowings to total capital.

4. OFFER INFORMATION STATEMENT

The Offer Information Statement will be despatched to Entitled Shareholders subject to, *inter alia*, approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and
- (c) the ARS or through the ATMs of the Participating Banks, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

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5. THE WHITEWASH RESOLUTION

Under Rule 14.1 of the Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by parties acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the Company and such person, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than 1% of the voting rights,

such person must extend a mandatory take-over offer immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold Shares in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Based on the scenarios set out in Section 2.9 of this Circular, the aggregate shareholding interests of Phileo Capital and its concert parties in the Company may increase by more than 1% or more within a period of 6 months. Accordingly, Phileo Capital and its concert parties may incur an obligation to make a mandatory offer for the Company pursuant to Rule 14.1 of the Code.

As there is no intention to trigger a mandatory take-over obligation under the Code arising from the proposed Rights cum Warrants Issue, the Company applied, on behalf of Phileo Capital and its concert parties, to the SIC on 12 January 2017 for the Whitewash Waiver.

5.1 Conditional Whitewash Waiver by SIC

On 7 February 2017, SIC granted the Whitewash Waiver subject to the satisfaction of the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights cum Warrants Issue, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from Phileo Capital and its concert parties;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) Phileo Capital and its concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) Phileo Capital and its concert parties did not acquire or are not to acquire any shares or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares which have been disclosed in the circular):
 - (i) during the period between the announcement of the Rights cum Warrants Issue and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the 6 months prior to the first announcement of the Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise its independent shareholders on the Whitewash Resolution;

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- (f) the Company sets out clearly in its circular to its shareholders:
 - (i) details of the Rights cum Warrants Issue including the Irrevocable Undertakings;
 - (ii) the dilution effect to existing holders of voting rights upon the issue to Phileo Capital and Icon Ventures of (A) the Rights Shares and (B) the New Shares upon the exercise of the Warrants;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of shares in the Company held by Phileo Capital and its concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be acquired by Phileo Capital and its concert parties as a result of their acquisition of (A) the Rights Shares and (B) the New Shares upon the exercise of the Warrants;
 - (v) specific and prominent reference to the fact that the acquisition of the Rights Shares and the New Shares upon the exercise of the Warrants could result in Phileo Capital and its concert parties holding shares carrying over 49% of the voting rights of the Company and to the fact that Phileo Capital and its concert parties will be free to acquire further shares without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Phileo Capital and its concert parties at the highest price paid by any of them for the Company's shares in the past 6 months preceding the commencement of the offer; and
 - (vii) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants subscribed by Phileo Capital and Icon Ventures;
- (g) the circular by the Company to its Shareholders states that the waiver granted by SIC to Phileo Capital and its concert parties from the requirements to make a general offer under Rule 14 is subject to the conditions stated at Sections 5.1(a) to (f) above;
- (h) the Company obtains SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition of Rights Shares and Warrants by Phileo Capital and Icon Ventures under the Rights cum Warrants Issue must be completed within 3 months of the date of the approval of the Whitewash Resolution, and the acquisition of New Shares upon exercise of the Warrants must be completed within 5 years of the date of issue of the Warrants.

5.2 Whitewash Resolution

The Independent Shareholders are therefore asked to vote, by way of a poll, on the Whitewash Resolution as set out as Ordinary Resolution 2 in the notice of the EGM attached to this Circular.

The Board has, on behalf of the Company, appointed Xandar Capital Pte. Ltd. as the IFA to advise the Recommending Directors and the Independent Shareholders on the Whitewash Resolution. The recommendation of the IFA is outlined in Section 5.4 of this Circular. The letter from the IFA dated 5 April 2017, setting out their advice to the Recommending Directors on the Whitewash Resolution is set out in **Appendix III** to this Circular (the "IFA Letter").

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5.3 Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) that the acquisition of the Rights Shares and New Shares upon the exercise of the Warrants by Phileo Capital and its concert parties may result in Phileo Capital and its concert parties holding Shares carrying over 49% of the voting rights of the Company based on its enlarged issued capital and that Phileo Capital and its concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
- (b) by voting in favour of the Whitewash Resolution (Ordinary Resolution 2), Shareholders will be waiving their rights to receive a mandatory general offer for their Shares from Phileo Capital and its concert parties at the highest price paid or agreed to be paid by Phileo Capital and its concert parties in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and
- (c) that Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants subscribed by Phileo Capital and Icon Ventures. The potential dilution effect to the Independent Shareholders is set out in paragraph 5.7(b) of the IFA Letter found in Appendix III (page 77) of this Circular.

5.4 Advice from the IFA

Xandar Capital Pte. Ltd. has been appointed as the IFA to advise the Recommending Directors in relation to the Whitewash Resolution. The IFA Letter, setting out its advice in full, is reproduced in **Appendix III** to this Circular. Taking into consideration the factors set out in the IFA Letter, the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders.

Accordingly, the IFA advises the Recommending Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

Shareholders should read the above in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix III** to this Circular.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Rights cum Warrants Issue (other than through their respective shareholdings in the Company).

Save as set out in Section 2.8 of this Circular and in respect of Ms Anne Tong Kooi Lian, who is the sister of Datuk Tong Kooi Ong, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Whitewash Resolution (other than through their respective shareholdings in the Company).

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6.1 Directors

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Director						
Tong Kooi Ong ⁽¹⁾	–	–	542,980,440	47.21	542,980,440	47.21
Tong Kooi Lian	–	–	–	–	–	–
Yii Hung Due @ Bill Yii	10,000	nm ⁽²⁾	–	–	10,000	nm ⁽²⁾
Ong Pai Koo @ Sylvester	–	–	–	–	–	–

Notes:

(1) By virtue of Section 4 of the SFA, Datuk Tong Kooi Ong is deemed interested in the Shares held by Icon Ventures and Phileo Capital as Icon Ventures is wholly owned by Phileo Capital, and Datuk Tong Kooi Ong is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees Singapore Limited, the trustee of a family trust of which he is the sole beneficiary.

(2) "nm" denotes not meaningful.

6.2 Substantial Shareholders

The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Substantial Shareholder						
Icon Ventures Group Inc.	477,611,940	41.53	–	–	477,611,940	41.53
Phileo Capital Limited ⁽¹⁾	65,368,500	5.68	477,611,940	41.53	542,980,440	47.21
TMF Trustees Singapore Limited ⁽²⁾	–	–	542,980,440	47.21	542,980,440	47.21
Tong Kooi Ong ⁽³⁾	–	–	542,980,440	47.21	542,980,440	47.21
Golden Ring Worldwide Ltd	119,402,985	10.38	–	–	119,402,985	10.38
Tan Sri Wan Azmi bin Wan Hamzah ⁽⁴⁾	–	–	119,402,985	10.38	119,402,985	10.38
Champion Brave Sdn. Bhd.	238,805,970	20.76	–	–	238,805,970	20.76
Tan Sri Lee Oi Hian ⁽⁵⁾	–	–	238,805,970	20.76	238,805,970	20.76
Casi Management Sdn Bhd ⁽⁶⁾	119,402,985	10.38	–	–	119,402,985	10.38
Hanton Capital Limited ⁽⁷⁾	–	–	119,402,985	10.38	119,402,985	10.38
Tan Sri Dato' Surin Upatkoorn ⁽⁷⁾	–	–	119,402,985	10.38	119,402,985	10.38

Notes:

(1) By virtue of Section 4 of the SFA, Phileo Capital is deemed interested in the Shares held by Icon Ventures as it is the sole registered shareholder of Icon Ventures.

(2) By virtue of Section 4 of the SFA, TMF Trustees Singapore Limited is deemed interested in the Shares held by Icon Ventures and Phileo Capital as Icon Ventures is a wholly-owned subsidiary of Phileo Capital, which is in turn 100% held by TMF Trustees Singapore Limited.

(3) By virtue of Section 4 of the SFA, Datuk Tong Kooi Ong is deemed interested in the Shares held by Icon Ventures and Phileo Capital as Icon Ventures is wholly owned by Phileo Capital, and Datuk Tong Kooi Ong is the sole ultimate beneficial owner of Phileo Capital through TMF Trustees Singapore Limited, the trustee of a family trust of which he is the sole beneficiary.

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- (4) Golden Ring Worldwide Ltd is solely owned by Tan Sri Wan Azmi bin Wan Hamzah.
- (5) By virtue of Section 4 of the SFA, Tan Sri Lee Oi Hian is deemed interested in the shares held by Champion Brave Sdn. Bhd. as he is a 99.99% majority shareholder of Champion Brave Sdn. Bhd.
- (6) The entire shares are held in the name of UOB Kay Hian Pte Ltd for Metra Nominees Sdn Bhd, appointed nominee for Casi Management Sdn Bhd.
- (7) By virtue of Section 4 of the SFA, Tan Sri Dato' Surin Upatkoon is deemed interested in the shares held by Casi Management Sdn Bhd and Hanton Capital Limited as Casi Management Sdn Bhd is 92.72% owned by Hanton Capital Limited and Tan Sri Dato' Surin Upatkoon is the ultimate beneficial owner.

7. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date:

- (a) the sale and purchase agreement dated 11 May 2015 between the Company and Liew Siow Gian, Patrick in relation to the sale by the Company to Liew Siow Gian, Patrick of all ordinary shares in HSR International Realtors Pte Ltd for a consideration of S\$1.00;
- (b) the supplemental agreement dated 24 August 2015 between 3CMP (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) to amend, vary and/or supplement the terms and conditions of the sale and purchase agreement dated 14 December 2012 between 3CMP (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) in relation to the sale and purchase of eight land parcels of commercial land located at Mukim Pulai, Daerah Johor Bahru, Negeri Johor;
- (c) the supplemental agreement dated 24 August 2015 between 3CMP (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) to amend, vary and/or supplement the terms and conditions of the sale and purchase agreement dated 8 January 2013 between 3CMP (as purchaser), UEM Land Berhad (as vendor) and Bandar Nusajaya Development Sdn Bhd (as proprietor) in relation to the sale and purchase of four land parcels of commercial land located at Mukim Pulai, Daerah Johor Bahru, Negeri Johor;
- (d) the independent consultant agreement dated 1 October 2015 between OSSB and Southville City Sdn Bhd in relation to the appointment of OSSB to provide project consulting services for a fee of RM60,000 per month for a term of two (2) years;
- (e) the termination agreement dated 30 November 2015 between 3CMP, Champion Brave Sdn Bhd, Golden Ring Worldwide Ltd, Peak Sky Pte Ltd, Incanto Investments Limited and Tan Sri Dato' Surin Upatkoon in relation to the termination of the shareholders' agreement between them dated 21 April 2013;
- (f) the sale and purchase agreement dated 29 March 2016 entered between the Company and Icon Ventures, Champion Brave Sdn Bhd, Golden Ring Worldwide Ltd and Metra Nominees Sdn Bhd (as nominee for Casi Management Sdn Bhd) in relation to the acquisition by the Company of all the issued shares in 3CMP at the consideration of S\$64 million ("**3CMP Acquisition**");
- (g) the letter dated 29 March 2016 from Phileo Capital to the Company in relation to the extension of the repayment date of the loan provided by Phileo Capital to the Company pursuant to the agreement dated 8 January 2015 ("**SH Loan Agreement**") to the earlier of (i) twelve (12) months from the date of approval of the FY2015 financial statements of the Group at the Company's annual general meeting that was convened on 29 April 2016; or (ii) such time when the Company is able to raise the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period of at least twelve (12) months from the date of approval of the

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FY2015 financial statements of the Group. The letter dated 29 March 2016 is superseded by the supplemental deed executed by Phileo Capital on 10 May 2016 in favour of the Company whereby Phileo Capital agreed to extend the repayment date of the loan provided under the SH Loan Agreement until the earlier of (i) 31 December 2017; or (ii) such time when the Company has raised the necessary funds for the Group to meet its financial obligations when they fall due so that the Group can continue to operate as a going concern for a period up to 31 December 2017;

- (h) the moratorium undertakings provided by (1) Icon Ventures, Phileo Capital, Golden Ring Worldwide Ltd, Tan Sri Wan Azmi Bin Wan Hamzah and TMF Trustees Singapore Limited on 10 June 2016; (2) Champion Brave Sdn Bhd and Tan Sri Lee on 13 June 2016; and (3) Metra Nominees Sdn Bhd, Casi Management Sdn Bhd, Hanton Capital Limited and Tan Sri Dato' Surin Upatkoon on 23 June 2016, in favour of, *inter alia*, the Company in connection with the 3CMP Acquisition;
- (i) the non-compete undertaking provided by Datuk Tong Kooi Ong on 21 June 2016 in favour of, *inter alia*, the Company in connection with the 3CMP Acquisition;
- (j) the supplemental agreement dated 7 December 2016 between PBB and 3CMP in relation to modifications as to the terms set out in the three (3) revolving credits obtained from PBB to fund the working capital requirements of 3CMP for up to the approved limits of RM20 million (through a supplemental agreement dated 22 December 2014 between PBB and 3CMP), RM10 million (through a facilities agreement dated 25 March 2015 between PBB and 3CMP) and RM25 million (through a facilities agreement dated 11 November 2015 between PBB and 3CMP) respectively; and
- (k) the guarantee dated 7 December 2016 furnished by the Company in favour of PBB in relation to sum of monies or liabilities due, owing, remain unpaid or outstanding to PBB incurred from or by 3CMP up to the principal sum of RM255 million.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings pending or threatened or known to be contemplated by or against the Group which might or which have had in the twelve (12) months immediately preceding the date of this Circular, a material effect on the financial position or profitability of the Company or the Group taken as a whole or of any facts likely to give rise to such litigation or arbitration claim.

9. ABSTENTION FROM VOTING

Pursuant to the Whitewash Waiver, Phileo Capital and its concert parties as well as parties not independent of them will abstain from voting at the EGM on the ordinary resolution relating to the Whitewash Resolution.

Phileo Capital and its concert parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said resolution.

10. DIRECTORS' RECOMMENDATIONS

10.1 Rights cum Warrants Issue

The Directors, having considered, *inter alia*, the terms and rationale for the Rights cum Warrants Issue, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

LETTER TO SHAREHOLDERS

10.2 Whitewash Resolution

Datuk Tong Kooi Ong (who is a concert party of Phileo Capital (see Section 2.8 of this Circular)) and Ms Anne Tong Kooi Lian (who is the sister of Datuk Tong Kooi Ong) will abstain as Directors from making a recommendation to the Shareholders in respect of the Whitewash Resolution.

The Recommending Directors having considered, *inter alia*, the rationale for the Rights cum Warrants Issue and the advice of the IFA, are of the opinion that the Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

The Recommending Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of a poll to approve the same.

10.3 No Regard to Specific Objectives

Shareholders, in deciding whether to vote in favour of the Proposed Resolutions, should consider carefully the advice of the IFA with respect to the Whitewash Resolution and read carefully the terms and conditions, rationale and financial effects of the Rights cum Warrants Issue and the Whitewash Resolution. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder 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 immediately.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held on 20 April 2017 at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without any modifications, the ordinary resolutions set out in the Notice of EGM.

Shareholders should note that the Ordinary Resolutions 1 and 2 (relating to the Rights cum Warrants Issue and the Whitewash Resolution) as set out in the Notice of EGM are inter-conditional. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible at the office of the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the meeting. The completion and return of the proxy form by such Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

12.2 When Depositor regarded as Shareholder

A Depositor is not regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time fixed for the EGM.

LETTER TO SHAREHOLDERS

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

14. MANAGER'S RESPONSIBILITY STATEMENT

The Manager confirms that, having made reasonable enquiries and to the best of the Manager's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Cum Warrants Issue, the Whitewash Resolution, the Company and its subsidiaries, and the Manager is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Manager 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.

15. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter as attached as **Appendix III** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 150 Cecil Street #08-01, Singapore 069543 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (b) the Constitution of the Company;
- (c) the Deed Poll;
- (d) the IFA Letter;
- (e) the IFA's consent letter referred to in Section 14 of this Circular;
- (f) the material contracts referred to in Section 7 of this Circular; and
- (g) the Irrevocable Undertakings which have been given by Phileo Capital, Icon Ventures and the Other Undertaking Shareholders.

Yours faithfully
For and on behalf of the Board of Directors of
3Energy Limited

Anne Tong Kooi Lian
Managing Director and Chief Executive Officer

APPENDIX I – SHAREHOLDING EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

For illustrative purposes only, depending on the level of subscription of the Rights cum Warrants Issue, the shareholdings of Phileo Capital and its concert parties after the completion of the Rights cum Warrants Issue is set out below:

- (i) Based on the issued and paid-up share capital of the Company as at the date hereof comprising 1,150,145,242 Shares (the “**Existing Share Capital**”) and assuming that only Phileo Capital and its concert parties and the Other Undertaking Shareholders subscribe for their entitlements under their respective undertaking(s), the Company will issue 300,396,465 Rights Shares and 600,792,930 Warrants (the “**Minimum Subscription Scenario**”)

Shareholders	Current Shareholding before Rights cum Warrants Issue		Rights Entitlements (1 for 3)		Shareholding after Rights cum Warrants Issue		Free Warrants (2 for 1)		Shareholding after Rights cum Warrants Issue (assuming all issued & allotted Warrants exercised)		Shareholding after Rights cum Warrants Issue (assuming only Phileo Capital and its concert parties exercise Warrants)	
	(No. of Shares)	%	(No. of Rights Shares)	%	(No. of Shares)	%	(No. of New Shares)	%	(No. of Shares)	%	(No. of Shares)	%
Phileo Capital and its concert parties	542,980,440	47.21	180,993,480	49.91	723,973,920	49.91	361,986,960	52.94	1,085,960,880	52.94	1,085,960,880	59.91
Other Undertaking Shareholders	358,208,955	31.14	119,402,985	32.93	477,611,940	32.93	238,805,970	34.92	716,417,910	34.92	477,611,940	26.35
Other Shareholders	248,955,847	21.65	–	17.16	248,955,847	17.16	–	12.14	248,955,847	12.14	248,955,847	13.74
Total Shareholding	1,150,145,242	100.00	300,396,465	100.00	1,450,541,707	100.00	600,792,930	100.00	2,051,334,637	100.00	1,812,528,667	100.00

In the Minimum Subscription Scenario,

- Assuming that only Phileo Capital and its concert parties and the Other Undertaking Shareholders subscribe for their *pro-rata* entitlement of Rights Shares cum Warrants, and no other person subscribes for the Rights Shares with Warrants, Phileo Capital will have an interest in approximately 49.91% of the enlarged issued share capital of the Company immediately upon the issue of the Rights Shares to Phileo Capital and its concert parties and the Other Undertaking Shareholders.
- Upon completion of the Rights cum Warrants Issue, assuming that all the Warrants are exercised by Phileo Capital and its concert parties and the Other Undertaking Shareholders, Phileo Capital will have an interest in approximately 52.94% of the enlarged issued share capital of the Company upon the completion of the entire exercise.
- Upon completion of the Rights cum Warrants Issue, assuming that all the Warrants are exercised by only Phileo Capital and its concert parties, Phileo Capital will have an interest in approximately 59.91% of the enlarged issued share capital of the Company upon the completion of the entire exercise.

APPENDIX I – SHAREHOLDING EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

(ii) Based on the Existing Share Capital and assuming that the Rights cum Warrants Issue is fully subscribed, the Company will issue 383,381,747 Rights Shares and up to 766,763,494 Warrants (the “**Maximum Subscription Scenario**”).

Shareholders	Current Shareholding before Rights cum Warrants Issue		Rights Entitlements (1 for 3)		Shareholding after Rights cum Warrants Issue		Free Warrants (2 for 1)		Shareholding after Rights cum Warrants Issue (assuming all Warrants exercised)		Shareholding after Rights cum Warrants Issue (assuming only Phileo Capital and its concert parties exercise Warrants)	
	(No. of Shares)	%	(No. of Rights Shares)	(No. of Shares)	(No. of Shares)	%	(No. of New Shares)	(No. of Shares)	%	(No. of Shares)	%	(No. of Shares)
Phileo Capital and its concert parties	542,980,440	47.21	180,993,480	723,973,920	47.21	361,986,960	1,085,960,880	47.21	1,085,960,880	47.21	1,085,960,880	57.29
Other Undertaking Shareholders	358,208,955	31.14	119,402,985	477,611,940	31.14	238,805,970	716,417,910	31.14	716,417,910	31.14	477,611,940	25.20
Other Shareholders	248,955,847	21.65	82,985,282	331,941,129	21.65	165,970,564	497,911,693	21.65	497,911,693	21.65	331,941,129	17.51
Total Shareholding	1,150,145,242	100.00	383,381,747	1,533,526,989	100.00	766,763,494	2,300,290,483	100.00	2,300,290,483	100.00	1,895,513,949	100.00

In the Maximum Subscription Scenario,

1. Assuming that all Shareholders subscribe for their *pro-rata* entitlement of Rights Shares cum Warrants and subsequently fully exercise all the Warrants, there is no change in the percentage of shareholding interest in Phileo Capital and its concert parties upon the completion of the entire exercise.
2. However, assuming that the Rights Shares cum Warrants Issue is fully subscribed by all shareholders, but only Phileo Capital and its concert parties exercise their Warrants, Phileo Capital will have a shareholding interest in approximately 57.29% of the enlarged issued share capital of the Company upon the completion of the entire exercise.

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

1. Consolidated Statement of Comprehensive Income

The audited consolidated comprehensive income of the Group for the financial years ended 31 December 2014 (“FY2014”), 31 December 2015 (“FY2015”) and 31 December 2016 (“FY2016”), are set out below:

	FY2014 S\$'000 (Audited)	FY2015 S\$'000 (Audited)	FY2016 S\$'000 (Audited)
Continuing operations			
Revenue	381	1,325	1,149
Cost of services rendered and goods sold	(318)	(1,065)	(803)
Gross profit	63	260	346
Other operating income	503	625	496
Sales and distribution costs	(11)	(7)	(8)
General and administrative expenses	(3,540)	(6,221)	(6,654)
Finance costs	(38)	(47)	(35)
Share of gain in a joint venture	–	3	7
Loss for the year before tax from continuing operations	(3,023)	(5,387)	(5,848)
Income tax credit (expense)	1	(49)	662
Loss for the year from continuing operations, net of tax	(3,022)	(5,436)	(5,186)
Discontinued operation			
Loss for the year from discontinued operation	(2,283)	(78)	–
Loss for the year	(5,305)	(5,514)	(5,186)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of financial statements of foreign subsidiaries	(43)	(356)	(1,939)
Other comprehensive income for the year, net of tax	(43)	(356)	(1,939)
Total comprehensive loss for the year	(5,348)	(5,870)	(7,125)
Loss attributable to owners of the Company:			
Loss from continuing operations, net of tax	(3,022)	(5,436)	(5,186)
Loss from discontinued operation, net of tax	(2,283)	(78)	–
Loss for the year attributable to the owners of the Company	(5,305)	(5,514)	(5,186)
Total comprehensive loss attributable to owners of the Company:			
Total comprehensive loss from continuing operations, net of tax	(3,065)	(5,792)	(7,125)
Total comprehensive loss from discontinued operation, net of tax	(2,283)	(78)	–
Total comprehensive loss attributable to owners of the Company	(5,348)	(5,870)	(7,125)

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

A review of the operations, business and financial performance of the Group is set out below:

FY2016 vs FY2015

Continuing Operations

Revenue and gross profit

The Group's total revenue decreased by approximately S\$0.2 million or 13.3% from S\$1.3 million in FY2015 to S\$1.1 million in FY2016. The decrease was mainly due to the decrease in revenue contribution from OSSB. OSSB provides architectural design, project financial feasibility assessment, engineering expertise and construction management services.

The Group's gross profit increased by approximately S\$0.1 million or 33.3% from S\$0.3 million in FY2015 to S\$0.4 million in FY2016 despite the slight decrease in revenue. This was mainly due to lower staff costs in OSSB.

Other operating income

Other income comprised mainly rental income, interest income and other miscellaneous income. Other income decreased by approximately S\$0.1 million or 20.7% from S\$0.6 million in FY2015 to S\$0.5 million in FY2016. The decrease was mainly due to the decrease in rental income from S\$0.6 million to S\$0.4 million in FY 2015 and FY 2016 respectively due to the return of office premise.

General and administrative expenses ("G&A Expenses")

G&A Expenses comprised mainly salaries and related costs, audit fees, secretarial fees, tax fees, professional fees, rental, and printing and stationeries expenses. G&A Expenses increased by approximately S\$0.4 million or 7.0% from S\$6.2 million in FY2015 to S\$6.6 million in FY2016. The increase was partly due to the impairment of intangible assets of S\$2.0 million, which was mainly offset by the decrease in rental of premises of S\$0.6 million and impairment of goodwill in S\$0.4 million. The impairment arose mainly from the effects of group consolidation of the existing contract between 3CMP and OSSB following the acquisition of 3CMP by the Company during the financial year.

Finance Costs

Finance Costs comprised mainly interest expenses. Interest expense decreased by approximately S\$12,000 or 25.5% from S\$47,000 in FY2015 to S\$35,000 in FY2016, mainly due to a decrease in imputed interest payable on rental deposits received from sub-tenants.

Loss from continuing operations

The Group's loss from continuing operations, net of tax decreased S\$0.3 million from approximately S\$5.5 million in FY2015 to approximately S\$5.2 million in FY2016 mainly due to the increase in income tax benefit of S\$0.7 million, which was offset by an increase in G&A Expenses of approximately S\$0.4 million.

Loss attributable to owners of the Company

The Group reported a slightly lower loss from S\$5.5 million for FY2015 to S\$5.2 million for FY2016.

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

FY2015 vs FY2014

Continuing Operations

Revenue and gross profit

The Group's total revenue increased by approximately S\$0.9 million or 247.8% from S\$0.4 million in FY2014 to S\$1.3 million in FY2015. The increase was mainly due to revenue contribution from OSSB, which was acquired in July 2014. OSSB provides architectural design, project financial feasibility assessment, engineering expertise and construction management services.

With the increase in revenue, the Group's gross profit increased by approximately S\$0.2 million or 312.7% from S\$63,000 in FY2014 to S\$0.3 million in FY2015. In addition, the gross profit margin increased from 16.6% to 19.6%.

Other operating income

Other income comprised mainly rental income, interest income and other miscellaneous income. Other income increased by approximately S\$0.1 million or 24.3% from S\$0.5 million in FY2014 to S\$0.6 million in FY2015. The increase was mainly due to the increase in rental income from sub-tenants.

Sales and distribution costs

Sales and distribution expenses mainly comprised advertisement and promotion expenses, entertainment expenses and allowance for doubtful debts. Sales and distribution expenses decreased by approximately S\$4,000 or 36.4% from S\$11,000 in FY2014 to S\$7,000 in FY2015 mainly due to a decrease in travelling and entertainment expense.

G&A Expenses

G&A Expenses comprised mainly salaries and related costs, audit fees, secretarial fees, tax fees, professional fees, rental, and printing and stationeries expenses. G&A Expenses increased by approximately S\$2.7 million or 75.7% from S\$3.5 million in FY2014 to S\$6.2 million in FY2015 mainly due to the impairment of goodwill of S\$1.6 million for OSSB, impairment of assets of S\$0.2 million, provision for onerous contract of \$0.4 million and depreciation expense of S\$72,000.

Loss from continuing operations

The Group's loss from continuing operations, net of tax increased from approximately S\$3.0 million in FY2014 to approximately S\$5.4 million in FY2015 mainly due to an increase in G&A Expenses of approximately S\$2.7 million, which was mainly attributable to an impairment of goodwill of S\$1.6 million for OSSB, impairment of assets of S\$0.2 million and provision for onerous contract of \$0.4 million.

Discontinuing Operations

Loss from discontinuing operations

On 11 May 2015, the Company entered into a conditional sale and purchase agreement with Mr. Liew Siow Gian, Patrick for the disposal of HSR International Realtors Pte Ltd and Hastor Property Services Pte Ltd ("**HSR Group**") ("**HSR Disposal**"). The HSR Disposal was a strategic decision as the Company had incurred losses in the last two financial years. The loss from the HSR Group was approximately S\$2.3 million and S\$0.1 million for FY2014 and FY2015 respectively. The HSR Disposal was completed on 6 July 2015 and HSR International Realtors Pte Ltd ceased to be a subsidiary of the Company.

Loss attributable to owners of the Company

Factoring in the loss from HSR Group as mentioned above, the Group reported a slightly higher loss from S\$5.3 million for FY2014 to S\$5.5 million for FY2015.

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

2. Consolidated Balance Sheets

The audited consolidated balance sheet of the Group as at 31 December 2014, 31 December 2015 and 31 December 2016 are set out below:

	As at 31 December 2014 S\$'000 Audited	As at 31 December 2015 S\$'000 Audited	As at 31 December 2016 S\$'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	1,370	726	282
Goodwill	3,768	1,839	1,000
Other intangible assets	2,846	2,537	343
Investments in joint venture	140	143	150
Land held for property development	–	–	90,196
Deposits	265	–	–
	8,389	5,245	91,971
Current assets			
Inventories	70	–	–
Property development costs	–	–	55,404
Trade receivables	3,345	341	55
Other receivables and deposits	171	347	126
Prepayments	315	26	20
Amount due from joint venture	12	–	–
Amount due from associate	1	–	–
Tax recoverable	–	12	–
Cash and cash equivalents	1,166	330	4,016
Pledged fixed deposit	–	–	43
	5,080	1,056	59,664
Total assets	13,469	6,301	151,635
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	2,289	25	1
Accruals and other payables	1,883	833	843
Provision for onerous contract	–	357	–
Amount due to customers for project management contracts	1,349	393	106
Amount due to joint venture	173	161	161
Finance lease liability	86	85	88
Bank borrowings	–	–	17,556
Shareholder loan	–	2,850	3,885
Income tax payables	47	71	–
	5,827	4,775	22,640
Net current (liabilities) assets	(747)	(3,719)	37,024

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

	As at 31 December 2014 S\$'000 Audited	As at 31 December 2015 S\$'000 Audited	As at 31 December 2016 S\$'000 Audited
Non-current liabilities			
Accruals and other payables	75	–	–
Finance lease liability	313	210	120
Bank borrowings	–	–	64,426
Deferred tax liabilities	797	729	6
Total liabilities	7,012	5,714	87,192
Net assets	6,457	587	64,443
Equity attributable to owners of the Company			
Share capital	12,886	12,886	83,867
Accumulated losses	(6,384)	(11,898)	(17,084)
Other reserves	(45)	(401)	(2,340)
	6,457	587	64,443

Balance sheet as at 31 December 2016 compared to 31 December 2015

Property, plant and equipment decreased by S\$0.4 million from S\$0.7 million as at 31 December 2015 to S\$0.3 million as at 31 December 2016. The decrease was mainly due to depreciation of assets of the Group of S\$0.4 million.

Land held for property development of S\$90.2 million as at 31 December 2016 relates to the land cost and borrowing cost capitalised for the two parcels of undeveloped lands held by 3CMP which the Group had acquired on 11 August 2016. Land held for property development will be transferred to property development cost when development activities commence and are expected to be complete within the Company's normal operating cycle.

Goodwill decreased by approximately S\$0.8 million from S\$1.8 million as at 31 December 2015 to S\$1.0 million as at 31 December 2016, mainly due to an impairment of S\$1.1 million for OSSB and a movement of foreign exchange difference of S\$0.3 million.

Other intangible assets decreased by approximately S\$2.2 million from S\$2.5 million as at 31 December 2015 to S\$0.3 million as at 31 December 2016, mainly due to an impairment of S\$2.0 million for OSSB and an amortisation of \$0.2 million for the year.

Property development cost comprising costs of lands, direct materials, direct labour, other direct costs attributable overheads, borrowing costs and payments to subcontractors arising from the land held by 3CMP which the Group has acquired on 11 August 2016. As at 31 December 2016, the property development cost was S\$55.4 million. The subsidiary obtained approval for the development of the land parcel on 23 January 2017.

Trade receivables decreased by approximately S\$0.3 million from S\$0.4 million as at 31 December 2015 to S\$0.1 million as at 31 December 2016, mainly due to the collection of payment in trade receivables in OSSB.

Cash and cash equivalents increased by S\$3.7 million mainly due to the receipt of the Compliance Placement Proceeds.

Trade payables decreased by approximately S\$24,000 from S\$25,000 as at 31 December 2015 to S\$1,000 as at 31 December 2016, mainly due to the return of office premise on 30 September 2016.

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

Other payables increased by approximately S\$10,000 from S\$0.8 million as at 31 December 2015 to S\$0.8 million as at 31 December 2016, mainly due to the inclusion of other payables of 3CMP for an amount of S\$0.3 million which was offset by the decrease in payables of S\$0.2 million for Whitehouse Holdings in relation to the return of office premise.

Amount due to contract customers decreased by approximately S\$0.3 million from S\$0.4 million as at 31 December 2015 to S\$0.1 million as at 31 December 2016. The decrease was mainly due to the decrease in revenue recognized in 2016 for OSSB.

The increase in bank borrowing of S\$82.0 million was solely attributable to the inclusion of bank borrowing from 3CMP. The reason for the bank borrowing is to finance the purchase of the lands and also for working capital purpose.

3CMP has a non-current term loan facilities of S\$64.4 million from PBB. These term loans are secured by a charge over the lands and a general debenture that created a fixed and floating charge over the assets of 3CMP. The short-term bank borrowings of S\$17.6 million which is also from 3CMP comprises of several revolving facilities from PBB. The revolving credit facilities are secured by a charge over the lands and a second general debenture that created a fixed and floating charge over the assets of 3CMP. As at 31 December 2016, the total bank borrowing was S\$82.0 million.

On 8 January 2015, the Company signed a shareholder loan agreement with Phileo Capital, the major shareholder. The loan is non-interest bearing. As at 31 December 2016, the amount outstanding from shareholder loan was \$3.9 million.

Balance sheet as at 31 December 2015 compared to 31 December 2014

Property, plant and equipment decreased by S\$0.7 million from S\$1.4 million as at 31 December 2014 to S\$0.7 million as at 31 December 2015. The decrease was mainly due to depreciation of assets of the Group and impairment of asset of S\$0.2 million.

Goodwill decreased by approximately S\$2.0 million from S\$3.8 million as at 31 December 2014 to S\$1.8 million as at 31 December 2015, mainly due to provision for impairment of \$1.6 million and foreign exchange difference of \$0.3 million.

Trade receivables decreased by approximately S\$3.0 million from S\$3.3 million as at 31 December 2014 to S\$0.3 million as at 31 December 2015, mainly due the collection of payment in trade receivables of S\$1.3 million in OSSB and the disposal of HSR International Realtors Pte Ltd which accounted for S\$1.7 million as at 31 December 2014.

Trade payables decreased by approximately S\$2.3 million from S\$2.3 million as at 31 December 2014 to S\$25,000 as at 31 December 2015, mainly due to the elimination of commission payable to salespersons arising from HSR International Realtors Pte Ltd.

Other payables decreased by approximately S\$1.0 million from S\$1.9 million as at 31 December 2014 to S\$0.9 million as at 31 December 2015, mainly due to the disposal of HSR International Realtors Pte Ltd which accounted for S\$1.2 million as at 31 December 2014.

Amount due to contract customers decreased by approximately S\$0.9 million from S\$1.3 million as at 31 December 2014 to S\$0.4 million as at 31 December 2015. The decreased was mainly due to the increase in revenue recognised in FY15 for OSSB which was in line with the increase in revenue.

On 8 January 2015, the Company signed a shareholder loan agreement with Phileo Capital, the major shareholder. The loan is non-interest bearing. As at 31 December 2015, the amount outstanding from shareholder loan was \$2.9 million.

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

Balance sheet as at 31 December 2014 compared to 31 December 2013

The Group recognised a goodwill of S\$3.8 million and other intangible assets of S\$2.8 million arising from the acquisition of OSSB in July 2014.

Trade receivables decreased by approximately S\$1.5 million from S\$4.8 million as at 31 December 2013 to S\$3.3 million as at 31 December 2014, mainly due to lower turnover, an improvement in trade receivable turnover days for resale property market transactions and an increase in allowance for doubtful debts. Trade receivables represents outstanding amount after deducting gross allowance for doubtful debts.

Other receivables increased by S\$0.1 million from S\$0.1 million as at 31 December 2013 to S\$0.2 million as of 31 December 2014 mainly due to the inclusion of other receivables of OSSB following the acquisition.

Trade payables decreased by approximately S\$2.6 million from S\$4.9 million as at 31 December 2013 to S\$2.3 million as at 31 December 2014 mainly due to a corresponding decrease in commissions payable.

Other payables and accruals decreased by approximately S\$2.6 million from S\$4.5 million as at 31 December 2013 to S\$1.9 million as at 31 December 2014, mainly due to a decrease in the provision for restructuring costs.

3. Cash Flow Statement

The summary of the audited cash flow statement of the Group for FY2014, FY2015 and FY2016, are set out below:

	FY2014 S\$'000 Audited	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited
Cash flows from operating activities			
Loss before tax	(5,306)	(5,465)	(5,848)
Adjustments for:			
Depreciation of property, plant and equipment	1,114	713	439
Allowance for doubtful debts	871	–	–
Gain on disposal of property, plant and equipment	(50)	–	–
Amortisation of other intangible assets	153	309	180
Loss on deemed disposal of subsidiary	42	–	–
Share of profit in investment in joint venture	–	(3)	(7)
Gain on disposal of subsidiary	–	(430)	–
Bad debts written off	–	55	7
Impairment of goodwill	–	1,600	1,168
Impairment of property, plant and equipment	973	158	–
Impairment of other intangible assets	–	–	2,014
Fixed assets written off	–	–	32
Provision for onerous contract	–	357	–
Inventories obsolescence	70	–	–
Interest income	(35)	(33)	(32)
Interest expense	38	47	35
Unrealised exchange differences	(176)	9	217

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

	FY2014 S\$'000 Audited	FY2015 S\$'000 Audited	FY2016 S\$'000 Audited
Operating cash flows before changes in working capital	(2,306)	(2,683)	(1,795)
Decrease in receivables	896	1,220	573
Increase (Decrease) in inventories	(48)	12	–
Increase (Decrease) in amount due to customers for project management contracts	1,540	(956)	(287)
Decrease in payables	(5,547)	(493)	(189)
Decrease in provision for onerous contract	–	–	(357)
Expenditure on land held for property development	–	–	(1,715)
Cash used in operations	(5,465)	(2,900)	(3,770)
Interest received	35	33	32
Interest paid	(38)	(47)	(1,575)
Income tax received (paid)	1	(98)	(117)
Net cash used in operating activities	(5,467)	(3,012)	(5,430)
Cash flows from investing activities			
Purchase of property, plant and equipment	(261)	(68)	(27)
Disposal of subsidiary	–	(503)	–
Proceed from disposal of property, plant and equipment	138	–	–
Cash inflow from acquisition of a subsidiary	114	–	314
Cash outflow from loss of control in subsidiary	(193)	–	–
(Increase) Decrease in amount due from associate	(1)	1	–
Net cash (used in) generated from investing activities	(203)	(570)	287
Cash flows from financing activities			
Increase in shareholder's loan	–	2,850	1,035
Drawdown of bank borrowings	–	–	2,899
Increase in amount due to joint venture	173	–	–
Repayment of obligations under finance leases	(112)	(104)	(87)
Placement of pledged fixed deposit	–	–	(43)
Proceeds on issue of shares	–	–	5,025
Net cash from financing activities	61	2,746	8,829
Net (decrease) increase in cash and cash equivalents	(5,609)	(836)	3,686
Cash and cash equivalents at beginning of the financial year	6,775	1,166	330
Cash and cash equivalents at end of the financial year	1,166	330	4,016

Review of cash flow for FY2016

Net cash used in operating activities in FY2016 was approximately S\$5.4 million, mainly due to operating cash flow before changes in working capital of approximately S\$1.8 million, a decrease in provision for onerous contract and amount due to contract customers of S\$0.7 million, increase in expenditure on land held for property development of S\$1.7 million and interest paid of S\$1.5 million in respect of 3CMP bank borrowings. This was partially offset by a decrease in receivables of S\$0.6 million during the financial year.

Net cash generated from investing activities in FY2016 was approximately S\$0.3 million, mainly due to cash inflow of S\$0.3 million arising from the acquisition of 3CMP.

Net cash from financing activities in FY2016 was approximately S\$8.8 million, mainly due to the Compliance Placement Proceeds of S\$5.0 million, drawdown of bank borrowings of S\$2.9 million and also increase in drawdown from shareholder loan of S\$1.0 million during the financial year.

APPENDIX II – FINANCIAL INFORMATION OF THE GROUP

The Group recorded a net increase in cash and cash equivalents of approximately S\$3.7 million in FY2016 as compared to a decrease of S\$0.8 million in FY2015.

Review of cash flow for FY2015

Net cash used in operating activities in FY2015 was approximately S\$3.0 million, mainly due to operating cash flow before changes in working capital of approximately S\$2.7 million and a decrease in payables and amount due to contract customers of S\$1.4 million. This was partially offset by a decrease in receivables of S\$1.2 million during the financial year.

Net cash used in investing activities in FY2015 was approximately S\$0.6 million, which was mainly due to purchase of property, plant and equipment and cash flows from discontinued operation of HSR Group.

Net cash from financing activities in FY2015 was approximately S\$2.7 million, which was mainly due to the increase in drawdown shareholder loan of S\$2.8 million, partially offset by the repayment of finance lease commitments.

The Group recorded a net decrease in cash and cash equivalents of approximately S\$0.8 million in FY2015 as compared to S\$5.6 million in FY2014.

Review of cash flow for FY2014

Net cash used in operating activities in FY2014 was approximately S\$5.5 million, mainly due to the operating cash outflow before changes in working capital of approximately S\$2.3 million and a decrease in payables of S\$5.5 million. This was partially offset by a decrease in receivables of S\$0.9 million and increase in amount due to customers for project management contracts of S\$1.5 million during the financial year.

Net cash used in investing activities in FY2014 was approximately S\$0.2 million, mainly due to the purchase of Information Technology Systems and office equipment for the Group's operational use.

Net cash from financing activities in FY2014 was approximately S\$0.1 million, which was mainly due to the increase in amount due to joint venture of S\$0.2 million, partially offset by repayment of obligations under finance lease of S\$0.1 million.

The Group recorded a net decrease in cash and cash equivalents of approximately S\$5.6 million during FY2014.

4. Working Capital Position

A summary of working capitals of the Group as at 31 December 2014, 31 December 2015 and 31 December 2016 is set out below:

	As at 31 December 2014 S\$'000 Audited	As at 31 December 2015 S\$'000 Audited	As at 31 December 2016 S\$'000 Audited
Total Current Assets	5,080	1,056	59,664
Total Current Liabilities	(5,827)	(4,775)	(22,640)
Net Working Capital	(747)	(3,719)	37,024

A review of the working capital of the Group as at 31 December 2014, 31 December 2015 and 31 December 2016 is set out below:

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As at 31 December 2016 compared to 31 December 2015

The increase in net working capital of S\$40.7 million from negative S\$3.7 million as at 31 December 2015 to S\$37.0 million as at 31 December 2016 was due to an increase in property development costs of S\$55.4 million and an increase in cash and cash equivalents of S\$3.7 million. The increases were offset by an increase in bank borrowings of S\$17.6 million and an increase in shareholder loan of S\$1.0 million.

As at 31 December 2015 compared to 31 December 2014

The decrease in net working capital of S\$3.0 million from negative S\$0.7 million as at 31 December 2014 to negative S\$3.7 million as at 31 December 2015 was due to a decrease in trade receivables of S\$3.0 million, decrease in cash and cash equivalents of S\$0.8 million, an increase in provision for onerous contract of S\$0.4 million and an increase in shareholder loan of S\$2.9 million. The decreases were offset by a decrease in trade payables of S\$2.3 million, a decrease in accruals and other payables of S\$1.1 million and a decrease in amount due to contract customers of S\$1.0 million.

As at 31 December 2014 compared to 31 December 2013

The decrease in net working capital of S\$3.4 million from S\$2.7 million as at 31 December 2013 to negative S\$0.7 million as at 31 December 2014 was due to a decrease in trade receivables of S\$1.5 million, a decrease in cash and cash equivalents of S\$5.6 million and an increase in amount due to contract customers of S\$1.3 million. The decreases were offset by decrease in trade payables of S\$2.6 million and a decrease in accruals and other payables of S\$2.6 million.

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5 April 2017

3Cnergy Limited
150 Cecil Street #08-01
Singapore 069543

Attention: The Recommending Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE LTD TO THE RECOMMENDING DIRECTORS OF 3CNERGY LIMITED (THE "COMPANY") IN RESPECT OF THE WHITEWASH RESOLUTION RELATING TO THE RIGHTS CUM WARRANTS ISSUE (AS DEFINED HEREIN)

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to Shareholders of the Company dated 5 April 2017 (the "Circular").

1. INTRODUCTION

On 13 March 2017 (the "**Announcement Date**"), the Company announced that it is proposing to undertake a renounceable non-underwritten rights cum warrants issue of up to 383,381,747 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.067 for each Rights Share (the "**Issue Price**"), with up to 766,763,494 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**New Share**") at an exercise price of S\$0.10 for each New Share (the "**Exercise Price**"), on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Entitled Shareholders**") as at a date and time to be determined by the Directors for the purpose of determining the Shareholders' entitlement (the "**Books Closure Date**"), fractional entitlements to be disregarded, with two (2) free Warrants for every one (1) Rights Share subscribed (the "**Rights cum Warrants Issue**").

To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to the Company, Phileo Capital Limited ("**Phileo Capital**"), Icon Ventures Group Inc ("**Icon Ventures**"), Casi Management Sdn Bhd ("**Casi Management**") and Champion Brave Sdn Bhd ("**Champion Brave**") (collectively referred to herein as the "**Undertaking Shareholders**"), which collectively hold 901,189,395 Shares, representing 78.35% of the issued share capital of the Company, have each furnished an irrevocable undertaking to the Company (each an "**Irrevocable Undertaking**" and collectively "**Irrevocable Undertakings**") that:

- (a) it will not sell, transfer or otherwise deal with any of the Shares that it owns or controls prior to the books closure date of the Rights cum Warrants Issue;

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- (b) it will subscribe or procure the subscription in full its entitlement of Rights Shares based on the Shares that it owns as of the books closure date of the Rights cum Warrants Issue; and
- (c) it will vote in favour of the Rights cum Warrants Issue.

Phileo Capital is the sole shareholder of Icon Ventures. Phileo Capital holds 65,368,500 Shares representing approximately 5.68% of the issued share capital of the Company and has an interest in the 477,611,940 Shares representing approximately 41.53% of the issued share capital of the Company held by Icon Ventures. Phileo Capital is in turn wholly owned by TMF Trustees Singapore Limited, the trustee of a family trust of which Datuk Tong Kooi Ong is the sole beneficiary. Datuk Tong Kooi Ong is the non-executive chairman of the Company. Accordingly, Phileo Capital, Icon Ventures, TMF Trustees Singapore Limited and Datuk Tong Kooi Ong are presumed to be acting in concert as set out in the Singapore Code on Take-overs and Mergers (the “Code”).

As Phileo Capital and its concert parties collectively hold 47.21% of the issued share capital of the Company, the fulfilment of the obligations of Phileo Capital and its concert parties under their Irrevocable Undertakings, namely the subscription and payment for their *pro-rata* entitlements of Rights Shares and the subsequent potential subscription and payment for the New Shares arising from the exercise of their Warrants, may result in Phileo Capital and its concert parties increasing their shareholding in the Company by more than 1% within any six months period, thereby triggering a mandatory general offer for the remaining Shares not already owned by Phileo Capital and its concert parties pursuant to Rule 14 of the Code (the “Mandatory Take-over Offer”).

An application was made to the Securities Industry Council (the “SIC”) for a waiver of the obligation of Phileo Capital and its concert parties to make a Mandatory Take-over Offer (the “Whitewash Waiver”). The Whitewash Waiver was granted by the SIC on 7 February 2017, subject to the satisfaction of the conditions set out in Section 5.1 of the Circular, including the approval by a majority of the Shareholders who are deemed to be independent of Phileo Capital and its concert parties (the “Independent Shareholders”), by way of a poll, to waive their rights to receive the Mandatory Take-over Offer from Phileo Capital and its concert parties (the “Whitewash Resolution”), and the appointment of an independent financial adviser to advise on the Whitewash Resolution.

Xandar Capital Pte Ltd (“Xandar Capital”) has been appointed to advise the Directors who are considered independent of the Whitewash Resolution, namely Mr Yii Hung Due @ Bill Yii and Mr Ong Pai Koo @ Sylvester (collectively, the “Recommending Directors”).

This letter sets out our evaluation of the Rights cum Warrants Issue, the Irrevocable Undertakings from Phileo Capital and Icon Ventures, and the Whitewash Resolution, and our advice to the Recommending Directors thereon (this “IFA Letter”). This IFA Letter forms part of the Circular issued by the Company in connection with the Rights cum Warrants Issue.

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2. TERMS OF REFERENCE

Xandar Capital is not and was not involved in any aspect of the negotiations entered into by the Company or in the deliberations leading up to the decision of the Directors to, *inter alia*, undertake the Rights cum Warrants Issue, or the deliberations leading up to the decision of the Undertaking Shareholders (including Phileo Capital and Icon Ventures) to provide the Irrevocable Undertakings. Accordingly, we do not, by this IFA Letter, warrant the merits of the Rights cum Warrants Issue, the Irrevocable Undertakings and the Whitewash Resolution, other than to express an opinion on whether the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and advise the Recommending Directors on the recommendation to be made to the Independent Shareholders in relation to the Whitewash Resolution.

Our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic or commercial merits and/or risks of the Rights cum Warrants Issue, the Irrevocable Undertakings and/or the Whitewash Resolution. We have not conducted any review of the business, operations or financial condition of the Company and its subsidiaries (the “**Group**”). We have also not relied on any financial projections or forecasts in respect of the Company or the Group nor did we have access to their business plans, financial projections and forecasts. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group after the completion of the Rights cum Warrants Issue. We are also not expressing any view herein as to the prices at which the Shares may trade in the absence of or upon completion of the Rights cum Warrants Issue. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In the course of our evaluation and for the purpose of our opinion in relation to the Whitewash Resolution, we have held discussions with the Directors and the management of the Company (“**Management**”) and their professional advisers, and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Whitewash Resolution and the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or

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otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Rights cum Warrants Issue, the Whitewash Resolution and the Group, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us as of the Latest Practicable Date. 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 should further take note of any announcements relevant to their consideration of the Rights cum Warrants Issue, the Irrevocable Undertakings and the Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisers immediately.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion is for the use and benefit of the Recommending Directors in their consideration of the Whitewash Resolution and the recommendation made by the Recommending Directors to the Independent Shareholders shall remain their responsibility.

Our opinion in relation to the Whitewash Resolution should be considered in the context of the entirety of this IFA Letter and the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes (except for the Whitewash Resolution) at any time and in any manner without our prior written consent.

We recommend that the Recommending Directors advise the Independent Shareholders to read these pages carefully.

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3. THE RIGHTS CUM WARRANTS ISSUE

3.1 BASIS OF THE RIGHTS CUM WARRANTS ISSUE

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis to the Entitled Shareholders, on the basis of one (1) Rights Share for every three (3) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with two (2) Warrants for every one (1) Rights Share subscribed. Based on the Company's issued and paid-up share capital of 1,150,145,242 Shares as at the Latest Practicable Date, the Company will issue up to 383,381,747 Rights Shares with up to 766,763,494 Warrants.

3.2 THE ISSUE PRICE AND THE EXERCISE PRICE

The Issue Price for each Rights Share is S\$0.067 and the Exercise Price for each New Share is S\$0.10.

The Issue Price represents a premium of:

- (a) approximately 34.00% to the closing price of S\$0.050 per Share on 13 March 2017, being the Announcement Date; and
- (b) approximately 23.50% to the theoretical ex-rights price of S\$0.0543 per Share (before any exercise of the Warrants).

The Exercise Price represents a premium of:

- (a) approximately 100.00% to the closing price of S\$0.050 per Share on 13 March 2017, being the Announcement Date; and
- (b) approximately 49.25% to the Issue Price of S\$0.67 for each Rights Share; and
- (c) approximately 84.33% to the theoretical ex-rights price of S\$0.0543 per Share (before any exercise of the Warrants).

3.3 THE RIGHTS SHARES

The Rights Shares are payable in full upon acceptance and application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date of which falls on or after the date of issue of the Rights Shares.

Please refer to Section 2.4 of the Circular for the principal terms of the Rights Shares.

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3.4 THE WARRANTS AND THE NEW SHARES

Information on the principal terms of the Warrants is set out in Section 2.5 of the Circular and Shareholders are advised to read the information carefully. The salient terms are summarised as follows:

- Number of Warrants : Up to 766,763,494 Warrants will be issued free, if all 383,381,747 Rights Shares are fully subscribed.
- Basis of allotment : Two (2) Warrants for every one (1) Rights Share subscribed for, fractional entitlements to be disregarded.
- Detachability and trading : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Catalist board of SGX-ST, subject to, *inter alia*, a sufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

The Warrants may not be listed and quoted on the SGX-ST if there is an insufficient spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. In such event, Warrantholders will not be able to trade their Warrants on the SGX-ST.

- Exercise Price : S\$0.10 payable for each New Share on the exercise of a Warrant.
- Exercise Period : Any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants.

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New Shares : Up to 766,763,494 New Shares will be issued, if all 383,381,747 Rights Shares are fully subscribed and all 766,763,494 Warrants are exercised.

The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the Record Date for which falls before the date of exercise of the Warrants.

3.5 RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE

Information on the rationale for the Rights cum Warrants Issue is set out in Section 2.10 of the Circular and Shareholders are advised to read the information carefully.

The Company completed the acquisition of 3C Marina Park Sdn Bhd (formerly known as Liberty Bridge Sdn Bhd) ("**3CMP**") in August 2016. 3CMP holds several parcels of undeveloped lands (the "**Lands**") which the Group intends to develop into a mixed-use development featuring the largest tropical "Rambla" in Nusajaya, Malaysia (the "**Land Development**"). The Land Development is a capital intensive long term business proposition for the Group and the Group expects the Land Development to take place in several phases over a period of more than ten years. The Company intends to finance the first phase of the Land Development using bank borrowings, progress payments from buyers of units in the Land Development and equity. The Company intends to use part of the proceeds from the Rights cum Warrants Issue to carry out the first phase of the Land Development.

In connection with the acquisition of 3CMP in 2016, the Group had assumed term loans taken by 3CMP (the "**Term Loans**") from a financial institution. The Term Loans are repayable in 2019. However, the Company is currently in discussions with the financial institution with a view to the earlier partial repayment of the Term Loans in 2017 (the "**Earlier Repayment**") in order to reduce the Group's financing costs. In the event that the Earlier Repayment materialises, the Company shall utilise part of the proceeds from the Rights cum Warrants Issue to partially repay the Term Loans while using the remainder to carry out the first phase of the Land Development and repayment of the shareholder's loan which will be due at the latest on 31 December 2017.

3.6 USE OF PROCEEDS

Information on the use of proceeds is set out in Section 2.10 of the Circular and Shareholders are advised to read the information carefully.

Proceeds from the issue of the Rights Shares

Assuming that all Entitled Shareholders subscribe in full for their entitlements, whereby the Company will issue 383,381,747 Rights Shares and 766,763,494 Warrants (the "**Maximum Subscription Scenario**"), the Rights cum Warrants Issue is expected to raise net

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proceeds of up to approximately S\$25.39 million from the issue of the Rights Shares (the “**Maximum Rights Shares Net Proceeds**”), after deducting estimated expenses of approximately S\$0.30 million.

The Company intends to apply the Maximum Rights Shares Net Proceeds in the following manner:

Application of Maximum Rights Shares Net Proceeds	Amount (S\$ million)	Percentage Allocation (%)
To carry out the first phase of the Land Development	14.00	55.14
Partial repayment of the Term Loans	7.50	29.54
Repayment of shareholder’s loan	3.89	15.32
Total	25.39	100.00

Assuming that only the Undertaking Shareholders subscribe in full for their entitlements, whereby the Company will issue 300,396,465 Rights Shares and 600,792,930 Warrants (the “**Minimum Subscription Scenario**”), the Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$19.83 million from the issue of the Rights Shares (the “**Minimum Rights Shares Net Proceeds**”), after deducting estimated expenses of approximately S\$0.30 million.

The Company intends to apply the Minimum Rights Shares Net Proceeds in the following manner:

Application of Minimum Rights Shares Net Proceeds	Amount (S\$ million)	Percentage Allocation (%)
To carry out the first phase of the Land Development	12.33	62.18
Partial repayment of the Term Loans	7.50	37.82
Total	19.83	100.00

In the event that the Earlier Repayment does not materialise, the amounts earmarked in the above scenarios for the partial repayment of the Term Loans will be applied towards the first phase of the Land Development.

Should the amounts raised fall below the Maximum Rights Shares Net Proceeds (if there is Earlier Repayment), the proceeds will be applied in the following sequence: (i) partial repayment of the Term Loans; (ii) to carry out the first phase of the Land Development; and (iii) repayment of shareholder’s loan. If there is no Earlier Repayment, the proceeds will be applied in the following sequence: (i) to carry out the first phase of the Land Development; and (ii) repayment of shareholder’s loan.

Proceeds from the issue of New Shares upon the exercise of the Warrants

Assuming the Maximum Subscription Scenario and all the Warrants are exercised during the Exercise Period, 766,763,494 New Shares will be issued. The Company will raise net

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proceeds of up to approximately S\$76.68 million from the issue of New Shares (the “**Exercise Proceeds**”).

The Company intends to apply the Exercise Proceeds (assuming Maximum Subscription Scenario) towards the subsequent phases of the Land Development, general working capital of the Group, and repayment of borrowings.

3.7 CONDITIONS FOR THE RIGHTS CUM WARRANTS ISSUE

Information on the conditions for the Rights cum Warrants Issue is set out in Section 2.6 of the Circular and Shareholders are advised to read it carefully.

3.8 THE IRREVOCABLE UNDERTAKINGS

The Rights cum Warrants Issue will be supported by the following Undertaking Shareholders:

Name	Number of Shares	Percentage interest in the issued share capital of the Company
Phileo Capital	65,368,500	5.68%
Icon Ventures	477,611,940	41.53%
Champion Brave	238,805,970	20.76%
Casi Management	119,402,985	10.38%
Total	901,189,395	78.35%

Under the Irrevocable Undertakings, the Undertaking Shareholders have each undertaken that:

- (a) it will not sell, transfer or otherwise deal with any of the Shares that it owns or controls prior to the books closure date of the Rights cum Warrants Issue;
- (b) it will subscribe or procure the subscription in full its entitlement of Rights Shares based on the Shares that it owns as of the books closure date of the Rights cum Warrants Issue; and
- (c) it will vote in favour of the Rights cum Warrants Issue.

The Irrevocable Undertakings are subject to conditions as detailed in Section 2.8 of the Circular.

We also noted from Section 2.8 of the Circular that each of the Undertaking Shareholders has furnished a confirmation of its financial resources from a financial institution to the Company pursuant to the Irrevocable Undertakings.

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3.9 ABSTENTION FROM MAKING RECOMMENDATION AND VOTING

Datuk Tong Kooi Ong and Ms Anne Tong Kooi Lian have abstained from making recommendations to the Shareholders in respect of the Whitewash Resolution as they are concert parties of Phileo Capital.

Pursuant to the Whitewash Waiver, Phileo Capital and its concert parties as well as parties not independent of them will abstain from voting at the extraordinary general meeting on the ordinary resolution relating to the Whitewash Resolution.

Phileo Capital and its concert parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said resolution.

4. THE WHITEWASH RESOLUTION

4.1 PHILEO CAPITAL AND ITS CONCERT PARTIES

As at the Latest Practicable Date, Phileo Capital and its concert parties collectively hold 542,980,440 Shares, representing 47.21% of the issued share capital of the Company.

We note that the interests of Phileo Capital and its concert parties in the issued share capital of the Company was diluted from 54.51% to 50.50% in August 2016 following the completion of the acquisition of the entire issued share capital of 3CMP, and was further diluted from 50.50% to 47.21% in end August 2016 following the completion of the placement of 75,000,000 new ordinary shares in the capital of the Company, raising gross proceeds of S\$5.03 million for the Company. We further note that the purpose of the placement in August 2016 was to restore the minimum number of shares held by the public pursuant to Rule 724 of the Catalist Rules following the acquisition of 3CMP.

4.2 THE IRREVOCABLE UNDERTAKINGS FROM PHILEO CAPITAL AND ICON VENTURES

Phileo Capital and its concert parties will subscribe and pay for all their entitlements totalling 180,993,480 Rights Shares by the Closing Date pursuant to their Irrevocable Undertakings.

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Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 1,150,145,242 Shares (“**Existing Share Capital**”), the illustrative shareholdings of Phileo Capital and its concert parties after the completion of the Rights cum Warrants Issue is set out below:

	As at the Latest Practicable Date		After the issue of the Rights Shares			
	Number of Shares ⁽¹⁾	% of shareholding	Under the Maximum Subscription Scenario		Under the Minimum Subscription Scenario	
			Number of Shares ⁽¹⁾	% of shareholding	Number of Shares ⁽¹⁾	% of shareholding
Phileo Capital and its concert parties	542,980,440	47.21	723,973,920	47.21	723,973,920	49.91
Other Undertaking Shareholders	358,208,955	31.14	477,611,940	31.14	477,611,940	32.93
Other Shareholders	248,955,847	21.65	331,941,129	21.65	248,955,847	17.16
Total	1,150,145,242	100.00	1,533,526,989	100.00	1,450,541,707	100.00

Note:

(1) includes direct and indirect shareholdings.

The Warrants are exercisable for three (3) years from the date of issue of the Warrants. The illustrative shareholdings of Phileo Capital and its concert parties after the exercise of the Warrants is set out below:

	Assuming Maximum Subscription Scenario		After the issue of the New Shares			
	Number of Shares ⁽¹⁾	% of shareholding	If ALL Shareholders exercise their Warrants		If ONLY Phileo Capital and its concert parties exercise their Warrants	
			Number of Shares ⁽¹⁾	% of shareholding	Number of Shares ⁽¹⁾	% of shareholding
Phileo Capital and its concert parties	723,973,920	47.21	1,085,960,880	47.21	1,085,960,880	57.29
Other Undertaking Shareholders	477,611,940	31.14	716,417,910	31.14	477,611,940	25.20
Other Shareholders	331,941,129	21.65	497,911,693	21.65	331,941,129	17.51
Total	1,533,526,989	100.00	2,300,290,483	100.00	1,895,513,949	100.00

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	Assuming Minimum Subscription Scenario		After the issue of the New Shares			
	Number of Shares ⁽¹⁾	% of shareholding	If <u>ALL</u> Undertaking Shareholders exercise the Warrants		If <u>ONLY Phileo Capital and its concert parties</u> exercise their Warrants	
			Number of Shares ⁽¹⁾	% of shareholding	Number of Shares ⁽¹⁾	% of shareholding
Phileo Capital and its concert parties	723,973,920	49.91	1,085,960,880	52.94	1,085,960,880	59.91
Other Undertaking Shareholders	477,611,940	32.93	716,417,910	34.92	477,611,940	26.35
Other Shareholders	248,955,847	17.16	248,955,847	12.14	248,955,847	13.74
Total	1,450,541,707	100.00	2,051,334,637	100.00	1,812,528,667	100.00

Note:

(1) includes direct and indirect shareholdings.

As set out in the tables above, the shareholding of Phileo Capital and its concert parties may increase by 1% depending on the result of the subscription of the Rights Shares and the exercise of the Warrants under the Rights cum Warrants Issue thereby triggering the obligation of Phileo Capital and its concert parties to make a Mandatory Take-over Offer unless such obligation is waived by the SIC. Accordingly, an application was made to the SIC for, *inter alia*, a waiver of the obligations of Phileo Capital and its concert parties to make a Mandatory Take-over Offer. On 7 February 2017, the SIC granted the Whitewash Waiver subject to the satisfaction of the conditions set out in Section 5.1 of the Circular.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

- (a) that the acquisition of the Rights Shares and New Shares upon the exercise of the Warrants by Phileo Capital and its concert parties may result in Phileo Capital and its concert parties holding Shares carrying over 49% of the voting rights of the Company based on its enlarged issued capital and that Phileo Capital and its concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
- (b) by voting in favour of the Whitewash Resolution (Ordinary Resolution 2), Shareholders will be waiving their rights to receive a mandatory general offer for their Shares from Phileo Capital and its concert parties at the highest price paid or agreed to be paid by Phileo Capital and its concert parties in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and

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- (c) that Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants subscribed by Phileo Capital and Icon Ventures.

5. EVALUATION OF THE WHITEWASH RESOLUTION

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

- (a) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;
- (b) the rationale for the Rights cum Warrants Issue and use of proceeds;
- (c) the historical financial performance and financial position of the Group;
- (d) the Issue Price and the Exercise Price;
- (e) the financial effects of the Rights cum Warrants Issue;
- (f) the evaluation on the Warrants; and
- (g) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

5.1 THE RIGHTS SHARES WITH WARRANTS BEING OFFERED TO ENTITLED SHAREHOLDERS ON A *PRO-RATA* BASIS

We extract the following paragraphs set out in Section 2.2 of the Circular in *italics* below:

“The Company is offering to Entitled Shareholders up to 383,381,747 Rights Shares at an issue price of S\$0.067 for each Rights Share, with up to 766,763,494 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.10 for each New Share, on the basis of one (1) Rights Share for every three (3) existing Shares held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with two (2) Warrants for every one (1) Rights Share subscribed.”

“Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue (the “Excess Rights Shares with Warrants”).”

“In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with

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Warrants to allot to each applicant, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority.”

We note that:

- (a) the Undertaking Shareholders (including Phileo Capital and Icon Ventures) will only be subscribing for their *pro-rata* entitlements of the Rights Shares with Warrants;
- (b) none of the Undertaking Shareholders (including Phileo Capital and Icon Ventures) will be subscribing for Excess Rights Shares with Warrants; and
- (c) the shareholdings of the Undertaking Shareholders will not increase in the event ALL Entitled Shareholders subscribe for their *pro-rata* entitlements of the Rights Shares with Warrants and exercise all Warrants.

5.2 THE CASH POSITION OF THE GROUP AND THE RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE

The rationale for the Rights cum Warrants Issue and use of proceeds is set out in Section 2.10 of the Circular and we have summarised them in paragraphs 3.5 and 3.6 of this IFA Letter.

In August 2016, the Company completed the acquisition of the entire share capital of 3CMP for an aggregate consideration of S\$64 million, satisfied by way of the allotment and issuance of an aggregate of 955,223,880 new ordinary shares at an issue price of S\$0.067 for each new ordinary share.

The main asset of 3CMP is the Lands (which are undeveloped) and the main liability of 3CMP is the bank borrowings undertaken in relation to the acquisition of the Lands. The Group intends to carry out the Land Development which is a capital intensive long term business proposition for the Group. As disclosed in the Company's circular dated 28 June 2016, the value of the Lands is RM380 million as at 10 March 2016, being the effective date of the valuation of the Lands by Raine & Horne International Zaki + Partners Sdn. Bhd.. Based on the closing exchange rate of S\$1.00 to RM3.1008 as at the Latest Practicable Date, the value of the Lands is approximately S\$122.55 million. As at 31 December 2016, the Group only had cash and cash equivalents of S\$4.06 million which represented only 3.31% of the value of the Lands.

The cash and cash equivalents of the Group as at 31 December 2016 are mainly from the placement of 75,000,000 new ordinary shares at an issue price of S\$0.067 for each placement share undertaken by the Company in August 2016 and the shareholder's loan. The placement raised gross proceeds of S\$5.03 million for the Company and as at the Latest Practicable Date, the Company utilised S\$2.98 million of the proceeds and the unutilised balance was S\$2.05 million.

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The Company intends to use part of the proceeds from the Rights cum Warrants Issue to carry out the first phase of the Land Development and in the event that the Earlier Repayment of the Term Loans materialises, for the partial repayment of Term Loans which were drawn down by 3CMP, which will help to reduce the financing costs of the Group.

5.3 THE HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The salient historical consolidated financial results of the Group for FY2014, FY2015 and FY2016, as extracted from Appendix II to the Circular are set out below:

(a) Consolidated Income Statements

S\$'000	Audited		
	FY2014	FY2015	FY2016
Revenue	381	1,325	1,149
Gross profit	63	260	346
(Loss) before tax	(3,023)	(5,387)	(5,848)
(Loss) for the year	(3,022)	(5,514)	(5,186)

The revenue registered by the Group in the last three financial years ended 31 December 2016 (the “**Track Record Period**”) were mainly from Orientis Solutions Sdn Bhd which was acquired by the Company in July 2014. Orientis Solutions Sdn Bhd is an integrated property development management firm. Orientis Solutions Sdn Bhd was involved in two (2) mixed-use commercial developments in Johor, Malaysia during the Track Record Period. However, none of the two (2) property developments conducted any sales launches during the Track Record Period.

In August 2016, the Company completed the acquisition of the entire issued share capital of 3CMP. No revenue is generated from 3CMP in the Track Record Period as the Lands held by 3CMP are undeveloped.

Please also see further discussion on the cash flows of the Group in paragraph (c) below.

(b) Statements of Financial Position

S\$'000	Audited as at 31 December	
	2015	2016
Current assets	1,056	59,664
Current liabilities	(4,775)	(22,640)
Net current assets	(3,719)	37,024
Non-current assets	5,245	91,971

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S\$'000	Audited as at 31 December	
	2015	2016
Non-current liabilities	(939)	(64,552)
Total equity / Net asset value (" NAV ")	587	64,443

The increase in the NAV of the Group was mainly attributed to the acquisition of 3CMP for an aggregate consideration of S\$64 million in August 2016 and the completion of the placement of 75,000,000 new ordinary shares in the capital of the Company, raising gross proceeds of S\$5.03 million for the Company in the same month.

The Directors confirm that, to the best of their knowledge and belief, there were no material contingent liabilities, unrecorded earnings, expenses or provisions which could have a material impact on the financial position of the Group as at the Latest Practicable Date.

Based on the Group's statements of financial position as at 31 December 2016, the Group had total borrowings (comprising bank borrowings, finance lease liabilities and shareholder's loan) of S\$86.08 million, representing approximately 1.34 times of the Group's NAV of S\$64.44 million.

The Rights cum Warrants Issue, based on the Minimum Subscription Scenario where only the Undertaking Shareholders subscribe for their *pro-rata* entitlements of the Rights Shares with Warrants, would have increase the Group's NAV by S\$19.83 million. The Group's total borrowings of S\$86.08 million as at 31 December 2016 would represent approximately 1.02 times of the Group's adjusted NAV of S\$84.27 million after the issue of the Rights Shares to the Undertaking Shareholders.

(c) Statements of Cash Flows

S\$'000	Audited		
	FY2014	FY2015	FY2016
Net cash (used in) operating activities	(5,467)	(3,012)	(2,174)
Net cash (used in) investing activities	(203)	(570)	(2,969)
Net cash from financing activities	61	2,746	8,872
Net (decrease)/increase in cash and cash equivalents	(5,609)	(836)	3,729
Cash and cash equivalents at end of year	1,166	330	4,059

As set out in the above table, the Group had negative cash flows from its operating activities for the Track Record Period.

As set out in paragraph 5.3(a) of this IFA Letter, the Group only had revenues of S\$381,000, S\$1.33 million and S\$1.15 million respectively for FY2014, FY2015 and FY2016 while its expenses (comprising sales and distribution expenses, general and administrative expenses, and finance costs) amounted to S\$3.59 million, S\$6.28 million

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and S\$6.70 million respectively. The Group has not been generating sufficient revenue to meet its operating expenses in the Track Record Period.

In 2015, the Group started to obtain the shareholder's loan. As at 31 December 2015 and 31 December 2016, the outstanding shareholder's loan amounted to S\$2.85 million and S\$3.89 million respectively.

The Rights cum Warrants Issue, based on the Minimum Subscription Scenario where only the Undertaking Shareholders subscribe for their pro-rata entitlements of the Rights Shares with Warrants, would raise net proceeds of S\$19.83 million for the Group and improve the Group's cash and cash equivalents position.

5.4 THE ISSUE PRICE AND THE EXERCISE PRICE

(a) Versus the historical share price of the Shares

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares from 14 March 2015, being the 24-month period prior to the Announcement Date, up to the Latest Practicable Date:

Share Price Performance

Periods	Highest trading price (S\$)	Lowest trading price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of Issue Price to VWAP (%)	Premium of Exercise Price to VWAP (%)
<u>Before the Announcement Date</u>					
Last 24 months	0.3500	0.0390	0.0477	40.35	109.48
Last 12 months	0.1000	0.0390	0.0459	46.11	118.07
Last 6 months	0.0650	0.0390	0.0457	46.76	119.04
Last 3 months	0.0650	0.0390	0.0456	46.83	119.16
Last 1 month	0.0600	0.0390	0.0441	51.88	126.69
On 13 March 2017, being the Announcement Date	0.0500	0.0450	0.0475	41.05	110.53
<u>After the Announcement Date</u>					
Up to the Latest Practicable Date	0.0850	0.0600	0.0716	(6.37)	39.75
As at the Latest Practicable Date	0.0720	0.0690	0.0704	(4.83)	42.05

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Periods	Total volume traded	Number of trading days	Number of market days	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾ (%)
<u>Before the Announcement Date</u>					
Last 24 months	11,219,700	47	501	238,717	0.18
Last 12 months	11,077,600	32	253	346,175	0.27
Last 6 months	10,987,400	25	126	439,496	0.34
Last 3 months	10,972,300	23	61	477,057	0.37
Last 1 month	9,010,900	12	20	750,908	0.58
On 13 March 2017, being the Announcement Date	140,000	1	1	140,000	0.11
<u>After the Announcement Date</u>					
Up to the Latest Practicable Date	25,533,200	12	20	2,127,767	1.64
As at the Latest Practicable Date	867,000	1	1	867,000	0.67

Source: Bloomberg Finance L.P.

Notes:

- (1) The volume weighted average price (“VWAP”) of the Shares over the relevant period, rounded to the nearest four decimal places.
- (2) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period, divided by the number of trading days (being the days on which the Shares were traded) during the relevant period.
- (3) Free float refers to the Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have calculated the free float to be approximately 129.54 million Shares, representing approximately 11.26% of the Company’s issued Shares.

Based on the above table, we note that:

- (a) in the 24-month period prior to the Announcement Date, the trading prices of the Shares ranged between a low of S\$0.039 and a high of S\$0.35. The Shares were only traded on 47 market days as compared to the total 501 market days during the relevant period;
- (b) the Issue Price represents premiums of between 40.35% and 51.88% to the VWAP of the Shares for the periods prior to the Announcement Date. The Shares were only traded on 32 market days, 25 market days, 23 market days and 12 market days during the 12-month, 6-month, 3-month and 1-month periods prior to the Announcement Date. There were 253 market days, 126 market days, 61 market

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days and 20 market days during the 12-month, 6-month, 3-month and 1-month periods prior to the Announcement Date;

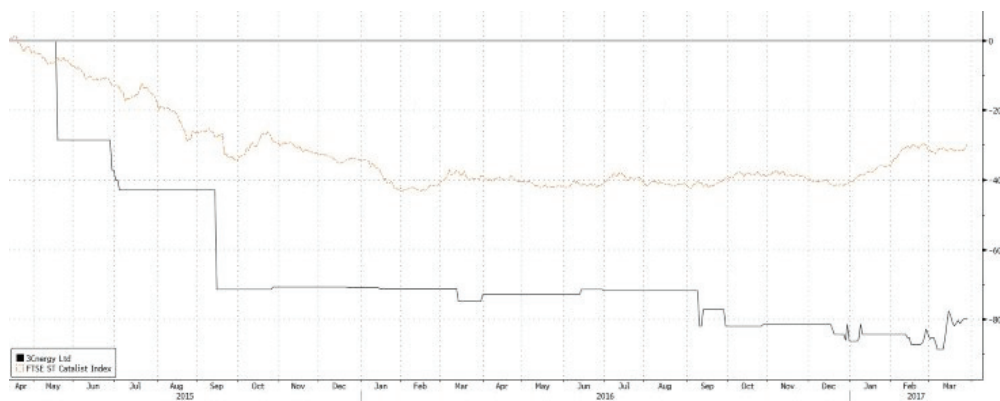
- (c) the Issue Price represents a premium of 41.05% to the VWAP of the Shares on 13 March 2017, being the Announcement Date;
- (d) the VWAP of the Shares between 14 March 2017 and the Latest Practicable Date is substantially higher than the historical VWAPs of the Shares for the periods prior to the Announcement Date, implying that the market reacted positively to the Rights cum Warrants Issue;
- (e) the Issue Price represents a discount of 6.37% to the VWAP of the Shares of S\$0.0716 for the period from 14 March 2017 (being the market day after the Announcement Date) up to the Latest Practicable Date (both dates inclusive);
- (f) the Issue Price represents a discount of 4.83% to the VWAP of the Shares of S\$0.0704 on the Latest Practicable Date;
- (g) the Exercise Price, which represented 100.00% premium to the closing price of the Shares on the Announcement Date, is at premiums of between 109.48% and 126.69% to the VWAP of the Shares for the periods prior to the Announcement Date;
- (h) the Exercise Price represents a lower premium of 39.75% to the VWAP of the Shares of S\$0.0716 for the period from 14 March 2017 (being the market day after the Announcement Date) up to the Latest Practicable Date (both dates inclusive);
- (i) the Exercise Price represents a premium of 42.05% to the VWAP of the Shares of S\$0.0704 on the Latest Practicable Date;
- (j) in the periods prior to the Announcement Date, the average daily trading volume ranged from a low of approximately 238,717 Shares to a high of approximately 750,908 Shares. The average daily trading volume represents less than 0.60% of the Company's free float. On average, the Shares were only traded on 28% of the total market days for the periods prior to the Announcement Date; and
- (k) for the period after the Announcement Date to the Latest Practicable Date, the average daily trading volume of the Shares increased to 2,127,767 Shares, representing 1.64% of the Company's free float.

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(b) Versus the general stock market performance

The following chart shows the price performance of the Shares, in comparison to the FTSE Catalyst Index (“**FTSE Catalyst**”) from 14 March 2015, being the 24-month period prior to the Announcement Date, up to the Latest Practicable Date:



Source: Bloomberg Finance L.P.

We note that, the Shares had underperformed the FTSE Catalyst since May 2015 up to the Latest Practicable Date.

(c) Comparison against NAV

Based on the latest audited financial statements of the Group, the NAV attributable to Shareholders as at 31 December 2016 was approximately S\$64.44 million. The NAV per Share attributable to Shareholders is approximately S\$0.056 (based on 1,150,145,242 Shares).

The Issue Price of S\$0.067 represents a premium of approximately 19.58% to the audited NAV per Share attributable to Shareholders of S\$0.056 as at 31 December 2016.

The Exercise Price of S\$0.10 (for the Warrants which can be exercised any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants) represents a premium of approximately 78.47% to the audited NAV per Share attributable to Shareholders of S\$0.056 as at 31 December 2016.

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(d) Versus recent rights issues

In assessing the Issue Price and the Exercise Price, we also compared them to issue prices of rights shares and exercise prices of warrants, where available, of recently completed rights issues by companies listed on the SGX-ST which were announced after 1 January 2016 ("Recent Rights Issues"):

SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Latest available NAV per share before rights issue	Premium/ (Discount) of issue price to latest NAV per share (%)	Exercise price of warrants ⁽²⁾	Premium/ (Discount) of theoretical ex-rights share price (%)	Total proceeds (assuming all rights shares are subscribed) as a percentage of the market capitalisation of the company before the rights issue (%)	Total proceeds (assuming all rights shares and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)
OUE Hospitality Trust	7 March 2016	33 rights shares for 100 existing shares	S\$0.765	S\$0.540	(29.4)	S\$0.709	(23.8)	S\$0.901	(40.1)	N.A.	N.A.	23.3	23.3
Joyas International Holdings Limited	8 March 2016	6 rights shares for 1 existing share	S\$0.009	S\$0.0035	(61.1)	S\$0.004	(18.3)	S\$0.011	(66.8)	N.A.	N.A.	233.3	233.3
Artivision Technologies Ltd	18 March 2016	5 rights shares for 6 existing shares	S\$0.042	S\$0.030	(28.6)	S\$0.036	(17.9)	S\$0.001	2,198.9	N.A.	N.A.	69.5	69.5
IFS Capital Limited	6 May 2016	3 rights shares for 2 existing shares	S\$0.280	S\$0.220	(21.4)	S\$0.244	(9.8)	S\$0.678	(67.6)	N.A.	N.A.	117.9	117.9
Addvalue Technologies Limited	9 May 2016	1 rights share for 3 existing shares	S\$0.038	S\$0.031	(18.6)	S\$0.036	(14.7)	S\$0.008	269.2	N.A.	N.A.	27.1	27.1

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Latest available NAV per share before rights issue	Premium/ (Discount) of issue price to latest NAV per share (%)	Exercise price of warrants ⁽²⁾	Premium/ (Discount) of theoretical ex-rights share price (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)
Ramba Energy Limited	19 May 2016	1 rights share with 1 warrant for 5 existing shares	S\$0.196	S\$0.200	1.9	S\$0.197	1.5	S\$0.106	89.3	S\$0.200	1.5	20.4	40.8
GRP Limited	24 May 2016	1 rights share with 1 warrant for 2 existing shares	S\$0.320	S\$0.250	(21.9)	S\$0.297	(15.7)	S\$0.553	(54.8)	S\$0.250	(15.7)	39.1	78.1
IX Biopharma Ltd	27 May 2016	1 rights share for 25 existing shares	S\$0.345	S\$0.210	(39.1)	S\$0.340	(38.2)	S\$0.051	310.3	N.A.	N.A.	2.4	2.4
Yongnam Holdings Limited	1 June 2016	1 rights share for 2 existing shares	S\$0.335	S\$0.210	(37.3)	S\$0.293	(28.3)	S\$0.941	(77.7)	N.A.	N.A.	31.9	31.9
Noble Group Limited	3 June 2016	1 rights share for 1 existing share	S\$0.300	S\$0.110	(63.3)	S\$0.205	(46.3)	S\$0.702	(84.3)	N.A.	N.A.	36.7	36.7
AA Group Holdings Ltd.	28 June 2016	10 rights shares with 10 warrants for 1 existing share	S\$0.078	S\$0.010	(87.2)	S\$0.016	(38.2)	S\$0.118	(91.5)	S\$0.012	(25.8)	128.2	282.1

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Latest available NAV per share before rights issue	Premium/ (Discount) of issue price to latest NAV per share (%)	Exercise price of warrants ⁽²⁾	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)
Singapore eDevelopment Ltd	29 June 2016	1 rights share for 3 existing shares	S\$0.031	S\$0.040	29.0	S\$0.033	20.3	S\$0.061	(34.4)	S\$0.040	20.3	50.7	304.1
Cedar Strategic Holdings Ltd	29 June 2016	1 rights share for 2 existing shares	S\$0.004	S\$0.0036	(10.0)	S\$0.004	(10.0)	S\$0.002	94.2	N.A.	N.A.	50.5	50.5
Ezion Holdings Limited	30 June 2016	3 rights shares for 10 existing shares	S\$0.520	S\$0.290	(44.2)	S\$0.467	(37.9)	S\$1.073	(73.0)	N.A.	N.A.	17.0	17.0
Vashion Group Ltd.	1 July 2016	9 rights shares for 1 existing share	S\$0.014	S\$0.0032	(77.1)	S\$0.0043	(25.2)	S\$0.019	(82.8)	N.A.	N.A.	205.7	205.7
Maxi-Cash Financial Services Corp Ltd	8 August 2016	1 rights share for 4 existing shares	S\$0.150	S\$0.145	(3.3)	S\$0.149	(2.7)	S\$0.124	16.6	N.A.	N.A.	24.2	24.2
ASL Marine Holdings Ltd	29 August 2016	1 rights share for 2 existing shares	S\$0.200	S\$0.120	(40.0)	S\$0.173	(30.8)	S\$1.012	(88.1)	N.A.	N.A.	30.0	30.0
MYP Ltd.	31 August 2016	1 rights share for 1 existing share	S\$0.270	S\$0.180	(33.3)	S\$0.225	(20.0)	S\$0.255	(29.5)	N.A.	N.A.	66.7	66.7

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Latest available NAV per share before rights issue	Premium/ (Discount) of issue price to latest NAV per share (%)	Exercise price of warrants ⁽²⁾	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)
Frasers Hospitality Trust	9 September 2016	32 rights shares for 100 existing shares	S\$0.790	S\$0.603	(23.7)	S\$0.745	(19.0)	S\$0.871	(30.8)	N.A.	N.A.	24.4	24.4
Samko Timber Limited	15 September 2016	5 rights shares for 7 existing shares	S\$0.085	S\$0.035	(58.8)	S\$0.064	(45.5)	Negative NAV	Not meaningful	N.A.	N.A.	29.4	29.4
JEP Holdings Ltd.	11 October 2016	2 rights shares with 1 warrant for 4 existing shares	S\$0.028	S\$0.020	(28.6)	S\$0.025	(21.1)	S\$0.039	(48.9)	S\$0.020	(21.1)	35.7	53.6
China Flexible Pack Holding Ltd	21 October 2016	2 rights shares with 1 warrant for 1 existing share	S\$0.845	S\$0.700	(17.2)	S\$0.748	(6.5)	S\$7.402	(90.5)	S\$1.050	40.3	165.7	289.9
Cacola Furniture International Limited	25 October 2016	4 rights shares for 1 existing share	S\$0.007	S\$0.00475	(32.1)	S\$0.005	(8.7)	S\$0.004	19.6	N.A.	N.A.	271.4	271.4
Health Management International Limited	11 November 2016	11 rights shares for 200 existing shares	S\$0.605	S\$0.570	(5.8)	S\$0.6032	(5.5)	S\$0.147	289.1	N.A.	N.A.	5.2	5.2

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Latest available NAV per share before rights issue	Premium/ (Discount) of issue price to latest NAV per share (%)	Exercise price of warrants ⁽²⁾	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)
Tat Hong Holdings Ltd	14 November 2016	1 rights share for 5 existing shares	\$0.455	\$0.330	(27.5)	\$0.434	(24.0)	\$0.916	(64.0)	N.A.	N.A.	14.5	14.5
Sino Grandness Food Industry Group Limited	13 December 2016	5 rights shares for 11 existing shares	\$0.295	\$0.210	(28.8)	\$0.268	(21.8)	\$0.760	(72.4)	N.A.	N.A.	35.1	35.1
Sabana Shari'ah Compliant REIT	20 December 2016	42 rights shares for 100 existing shares	\$0.505	\$0.258	(48.9)	\$0.432	(40.3)	\$0.884	(70.8)	N.A.	N.A.	21.5	21.5
AsiaPhos Limited	30 December 2016	1 rights share with 1 warrant for 8 existing shares	\$0.101	\$0.080	(20.8)	\$0.099	(18.9)	\$0.101	(20.8)	\$0.080	(18.9)	9.9	19.8
Highest premium					29.0		20.3		2,198.9		40.3	271.4 ⁽³⁾	304.1 ⁽³⁾
Highest discount					(87.2)		(46.3)		(91.5)		(25.8)	2.4 ⁽³⁾	2.4 ⁽³⁾
Mean					(31.3)		(20.2)		108.2		(2.8)	63.8	85.9
Median					(28.7)		(19.5)		(44.5)		(15.7)	33.5	35.9

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Latest available NAV per share before rights issue	Premium/ (Discount) of issue price to latest NAV per share (%)	Exercise price of warrants ⁽²⁾	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)	Total proceeds (assuming all rights shares are subscribed) as a percentage of the market capitalisation of the company before the rights issue (%)	Total proceeds (assuming all rights shares are subscribed and warrants, if any, are exercised) as a percentage of the market capitalisation of the company before the rights issue (%)
Company	13 March 2017	1 Rights Share with 2 Warrants for 3 existing Shares	S\$0.050	S\$0.067	34.0	S\$0.0543	23.50	S\$0.0560	19.6	S\$0.10	84.3	44.7	178.0

Source: Bloomberg Finance L.P. and the respective SGX-ST announcements and public documents of the above companies.

Notes:

- (1) The theoretical ex-rights share price is obtained by the following formula:

$$\frac{\text{(number of existing shares to rights shares X last trade price)} + \text{(number of rights shares X issue price)}}{\text{(number of existing shares to rights shares} + \text{number of rights shares)}}$$
- (2) "N.A." denotes not applicable.
- (3) Refers to the highest percentage and lowest percentage represented by the total proceeds of the rights issue to the market capitalisation of the respective company before the rights issue.

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Based on the information above, we note that:

- (i) out of the 28 rights issues announced and completed since 1 January 2016, two (2) rights issues had issue price above their last transacted share prices prior to announcement of the rights issues;
- (ii) the Issue Price which is at a premium of 34.0% to the closing price of the Shares is slightly above the highest premium of 29.0% represented by the issue price of rights shares of the Recent Rights Issues;
- (iii) the Issue Price which is at a premium of 23.5% to the theoretical ex-rights price of the Shares is also slightly above the highest premium of 20.3% represented by the issue price of rights shares of the Recent Rights Issues;
- (iv) out of the seven rights issues with warrants announced and completed since 1 January 2016, two (2) rights issues with warrants had exercise price above their rights issue prices and three (3) rights issues with warrants had exercise price above the theoretical ex-rights share prices;
- (v) the Exercise Price which is at a premium to the closing price and the theoretical ex-rights price of the Shares and the Issue Price, is above the highest premium of exercise price of warrants of the Recent Rights Issues; and
- (vi) despite the premiums represented by the Issue Price and Exercise Price, the gross proceeds to be raised by the Company from the allotment and issue of the Rights Shares (assuming Maximum Subscription Scenario) represent only 44.7% of the Company's market capitalisation before the Rights cum Warrants Issue which is within the range and below the mean of the Recent Rights Issues. After including the gross proceeds from the allotment and issue of the New Shares from the exercise of Warrants, the gross proceeds represent 178.0% of the Company's market capitalisation before the Rights cum Warrants Issue which is within the range of the Recent Rights Issues. Out of the 28 rights issues announced and completed since 1 January 2016, there were six (6) companies which raised gross proceeds representing more than 178.0% of their market capitalisation.

Shareholders should note that the statistics of the Recent Rights Issues are dependent on various factors, including but not limited to, the industry, the business, the scale of operations, the financial performance, financial position and market capitalisation of the listed companies and may be affected by the prevailing market and economic conditions. As such, any comparison made is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

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(e) 2016 Acquisition and Placement

In August 2016, the Company issued 955,223,880 new ordinary shares in connection with the acquisition of 3CMP (the “**Acquisition**”) and issued 75,000,000 new ordinary shares (the “**Placement Shares**”) for the compliance placement undertaken after the completion of the Acquisition.

The issue price of each consideration share issued for the Acquisition and the placement price of each Placement Share was S\$0.067.

The Issue Price of the Rights Shares is the same as the issue price of each consideration share issued for the Acquisition and the placement price of each Placement Share.

5.5 FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The full text of the proforma financial effects of the Rights cum Warrants Issue on the Group is set out in Section 3 of the Circular.

In summary, we note the following:

- (a) assuming that the Rights cum Warrants Issue had been effected as at the Latest Practicable Date, the share capital of the Company will increase from 1,150,145,242 Shares to 1,533,526,989 Shares after the issuance of the Rights Shares and increase to 2,300,290,483 Shares upon exercise of the Warrants under the Maximum Subscription Scenario;
- (b) assuming that the Rights cum Warrants Issue had been effected on 31 December 2016, the net tangible assets (“**NTA**”) per Share would increase from 5.49 cents before the Rights cum Warrants Issue to 5.77 cents after the issuance of the Rights Shares and improve to 7.18 cents upon exercise of the Warrants under the Maximum Subscription Scenario as the Issue Price of the Rights Shares and the Exercise Price of the Warrants are higher than the NTA per Share attributable to Shareholders;
- (c) assuming that the Rights cum Warrants Issue had been effected on 1 January 2016, the loss per Share would decrease from 0.45 cents before the Rights cum Warrants Issue to 0.34 cents after the issuance of the Rights Shares, and further decrease to 0.23 cents upon exercise of the Warrants under the Maximum Subscription Scenario. This is due mainly to the enlarged share capital of the Company upon the completion of the Rights cum Warrants Issue and the exercise of the Warrants; and
- (d) assuming that the Rights cum Warrants Issue had been effected on 31 December 2016, the gearing of the Group would have improved from 0.57 times to 0.49 times after the issuance of the Rights Shares, and further decrease to 0.34 times upon exercise of the Warrants under the Maximum Subscription Scenario.

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5.6 EVALUATION ON THE WARRANTS

Pursuant to the Rights cum Warrants Issue, up to 766,763,494 Warrants will be issued for free together with the Rights Shares subscribed. In evaluation on the Warrants, we note that the Exercise Price represents:

- (i) a premium of 100.00% to the last transacted price of S\$0.050 per Share on 13 March 2017, being the Announcement Date;
- (ii) a premium of 84.33% to the theoretical ex-rights price of S\$0.0543 per Share;
- (iii) a premium of 49.25% to the Issue Price for the Rights Share; and
- (iv) a premium of 78.47% to the latest audited NAV per Share of S\$0.0560 as at 31 December 2016.

While the Exercise Price of the Warrants has been set at premiums to the recent historical market prices and NAV per Share, Shareholders should note that the Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants. The exercise period of the Warrant is within the range as compared to the Recent Rights Issues with warrants set out in paragraph 5.4(d) of this IFA Letter.

5.7 OTHER CONSIDERATIONS

In determining whether the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders, we have also considered the following:

(a) The Rights cum Warrants Issue is subject to approval from the Shareholders and the Whitewash Resolution is subject to approval from Independent Shareholders

As set out in Section 1.1 of the Circular, the Rights cum Warrants Issue is subject to the approval of Shareholders for the Rights cum Warrants Issue and the approval of the Independent Shareholders for the Whitewash Resolution being obtained at the extraordinary general meeting to be convened. Pursuant to the Code and the conditions from the SIC as set out in Section 5.1 of the Circular, Phileo Capital and its concert parties as well as parties not independent of them shall abstain from voting on the Whitewash Resolution.

By voting in favour of the Whitewash Resolution, the Independent Shareholders will be waiving their rights to receive a Mandatory Take-over Offer at the highest price paid or agreed to be paid by Phileo Capital and its concert parties for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue.

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(b) Dilution to the Independent Shareholders

There will be no dilution impact on the Independent Shareholders in the event all Entitled Shareholders subscribe for their *pro-rata* entitlements of the Rights Shares and exercise all Warrants issued under the Rights cum Warrants Issue.

The maximum dilution impact on the Independent Shareholders will occur in the event that Phileo Capital and its concert parties are the only Shareholders to subscribe for their *pro-rata* Rights Shares cum Warrants entitlements. However, this will not happen as Champion Brave and Casi Management have also provided undertakings to subscribe for their *pro-rata* Rights Shares cum Warrants entitlements.

Under the Minimum Subscription Scenario as set out in Appendix I to the Circular, the shareholding of Phileo Capital and its concert parties will only increase from 47.21% to 49.91% after the issuance of the Rights Shares and further increase to 59.91% assuming only Phileo Capital and its concert parties exercise all their Warrants. Under such circumstances, the shareholdings of the Independent Shareholders would be correspondingly diluted from 52.79% to 40.09%.

(c) Support from the Undertaking Shareholders

Besides Phileo Capital and Icon Ventures, Champion Brave and Casi Management have also provided irrevocable undertakings for the subscription of all their entitlements totalling 300,396,465 Rights Shares which will help to raise Minimum Rights Shares Net Proceeds of S\$19.83 million for the Company.

The Undertaking Shareholders have also undertaken to vote in favour of the Rights cum Warrants Issue at the extraordinary general meeting.

While Phileo Capital and its concert parties as well as parties not independent of them will abstain from voting at the extraordinary general meeting on the ordinary resolution relating to the Whitewash Resolution pursuant to the Whitewash Waiver, the Other Undertaking Shareholders do not need to abstain from voting on the resolution. The shareholding of the Other Undertaking Shareholders aggregate 358,208,955 Shares and represent 59.00% of the remaining Shares of the Company not held by Phileo Capital and its concert parties. The Whitewash Resolution will be passed in the event that the Other Undertaking Shareholders vote in favour of the Whitewash Resolution at the extraordinary general meeting.

(d) Scope of the Irrevocable Undertakings and the Whitewash Resolution

We wish to highlight that the scope of the Irrevocable Undertakings from Phileo Capital and its concert parties relates, *inter alia*, to the undertaking of Phileo Capital and its concert parties to subscribe for their entitlement under the Rights cum Warrants Issue, being 180,993,480 Rights Shares. The Whitewash Resolution is in relation to the waiver for Phileo Capital and its concert parties to make a Mandatory Take-over Offer in the event that Phileo Capital and its concert parties increase their aggregate voting rights in the Company by 1% or more of the voting rights of the Company pursuant to their subscription of the Rights Shares or exercise of the Warrants. Independent Shareholders should note

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that in approving the Whitewash Resolution, they will allow Phileo Capital and its concert parties to subscribe for their entitlements which is the subject of their Irrevocable Undertakings.

(e) Alternative fund-raising options

The Company had raised gross proceeds of S\$5.03 million from the issue of the Placement Shares in August 2016 (“**Placement Proceeds**”). As at the Latest Practicable Date, the Company has utilised S\$2.98 million from the Placement Proceeds. The remaining S\$2.05 million will be utilised as working capital purposes, including payments for company overheads, director fees, staff salaries and related expenses.

We understand from the Company that the Directors have considered other fund-raising options prior to proceeding with the Rights cum Warrants Issue. Having considered that the terms and rationale for the Rights cum Warrants Issue, the Directors are of the opinion that the Rights cum Warrants Issue is in the best interests of the Company.

6. OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution, as summarised below:

- (a) the Rights Shares with Warrants being offered to ALL Entitled Shareholders on a *pro-rata* basis;
- (b) the Company intends to use part of the proceeds from the Rights cum Warrants Issue to carry out the first phase of the Land Development and in the event that the Earlier Repayment of the Term Loans materialises, for the partial repayment of Term Loans which were drawn down by 3CMP, which will help to reduce the financing costs of the Group;
- (c) the Group had registered low revenue and losses, and had negative cash flows from its operating activities during the Track Record Period;
- (d) while the Issue Price and the Exercise Price are at premiums to the historical VWAPs of the Shares for the periods prior to the Announcement Date, Shareholders may wish to note that the Shares are fairly illiquid and have underperformed the FTSE Catalist since May 2015 up to the Latest Practicable Date;
- (e) the VWAP of the Shares between 14 March 2017 and the Latest Practicable Date is substantially higher than the historical VWAPs of the Shares for the periods prior to the Announcement Date, implying that the market reacted positively to the Rights cum Warrants Issue;
- (f) while the Issue Price is at a premium to the closing price and the theoretical ex-rights price of the Shares, two of the Recent Rights Issues had issue price above

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the last transacted share price prior to announcement of the rights issue. The Issue Price is only five percentage points higher than the highest premium of 29.0% represented by the issue price of rights shares of the Recent Rights Issues, and less than five percentage points higher than the highest premium of 20.3% represented by the issue price of rights shares of the Recent Rights Issues;

- (g) the Issue Price of the Rights Shares is the same as the issue price of each consideration share issued for the Acquisition and the placement price of each Placement Share;
- (h) on an overall basis, the financial effects of the Rights cum Warrants Issue are positive, as the NTA per Share and gearing of the Group will improve and the loss per Share will decrease after the Rights cum Warrants Issue;
- (i) while the Exercise Price is at premiums to the recent historical market prices and NAV per Share, the Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants;
- (j) although the Issue Price and Exercise Price are at premiums to the recent historical market prices of the Shares, the percentage represented by the gross proceeds to be raised by the Company, either solely from the allotment and issue of the Rights Shares (assuming Maximum Subscription Scenario) or including the gross proceeds from the allotment and issue of the New Shares from the exercise of Warrants, to the Company's market capitalisation before the Rights cum Warrants Issue are within the range of the Recent Rights Issues;
- (k) besides Phileo Capital and Icon Ventures, Champion Brave and Casi Management have also provided irrevocable undertaking for the subscription of all their entitlements totalling 300,396,465 Rights Shares which will help to raise Minimum Rights Shares Net Proceeds of S\$19.83 million for the Company; and
- (l) other considerations as set out in paragraph 5.7 above.

Accordingly, after taking into account the above factors, we are of the opinion that, from a financial point of view, as of the date hereof, the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Recommending Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the extraordinary general meeting.

This IFA Letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Rights cum Warrants Issue, the Irrevocable Undertakings and the Whitewash Resolution. Any decision made by the Recommending Directors in relation to the Rights cum Warrants Issue and the Whitewash Resolution shall remain their responsibility. Whilst a copy of this IFA Letter may

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THE COMPANY IN RESPECT OF THE WHITEWASH RESOLUTION RELATING TO
THE RIGHTS CUM WARRANTS ISSUE**



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Yours truly
For and on behalf of
XANDAR CAPITAL PTE LTD

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

3CENERGY LIMITED

(Company Registration No.: 197300314D)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of 3Cenergy Limited (the “**Company**”) will be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on Thursday, 20 April 2017 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the resolution as set out below as ordinary resolution:

All capitalised terms in this notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular to shareholders of the Company dated 5 April 2017.

ORDINARY RESOLUTIONS

RESOLUTION 1

THE PROPOSED RIGHTS CUM WARRANTS ISSUE

That contingent upon the passing of Ordinary Resolution 2 herein, a renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”) by the Company of up to 383,381,747 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.067 for each Rights Share, with up to 766,763,494 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at the exercise price of S\$0.10 for each New Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a date and time to be determined by the directors of the Company (the “**Directors**”) for the purpose of determining the Shareholders’ entitlement under the Rights cum Warrants Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded, with two (2) Warrants for every one (1) Rights Share subscribed, be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

- (a) create and issue:
 - (i) such number of Rights Shares as the Directors may determine, up to a maximum of 383,381,747 Rights Shares at an issue price of S\$0.067 for each Rights Share;
 - (ii) up to 766,763,494 Warrants in registered form, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.10 for each New Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the deed poll (the “**Deed Poll**”) constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - (iii) such further Warrants in registered forms may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
- (i) up to 766,763,494 New Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the New Shares; and
 - (ii) on the same basis as paragraph (b)(i) above, such further New Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (b) above; and
- (c) effect the Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
- (i) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date with registered addresses in Singapore and who have, at least three (3) Market Days prior thereto, provided to CDP or the share registrar of the Company (the “**Share Registrar**”), as the case may be, addresses in Singapore for the service of notices and documents, on the basis of one (1) Rights Share for every three (3) existing Shares and two (2) Warrants for every one (1) Rights Share subscribed, or in such other proportions as the Directors may think fit;
 - (ii) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
 - (iii) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the net proceeds therefrom, if any, will be dealt with in accordance with the terms set out in the offer information statement to be issued by the Company in respect of the Rights cum Warrants Issue;
 - (iv) the entitlements to Rights Shares with Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be dealt with in such manner as the Directors may in their absolute discretion deem fit in the interests of the Company; and
 - (v) the Rights Shares and/or the New Shares when issued and fully paid will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date of which falls before the date of issue of the Rights Shares and/or the New Shares; and
- (d) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue (including fixing the Books Closure Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 2

THE WHITEWASH RESOLUTION

That contingent upon the passing of Ordinary Resolution 1 herein, approval be and is hereby given as follows:

That subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter dated 7 February 2017, the Shareholders (other than Phileo Capital Limited and its concert parties) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") from Phileo Capital Limited and its concert parties, in respect of all or any part of the Shares held by such Shareholders, in the event that the subscription by Phileo Capital Limited and its concert parties of the 180,993,480 Rights Shares with Warrants and the New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

Shareholders should note that Ordinary Resolutions 1 and 2 are inter-conditional. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed.

By Order of the Board

Teo Meng Keong
Company Secretary

Singapore
5 April 2017

Notes:-

- (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.

- A proxy need not be a member of the Company.
- The instrument appointing proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.
- The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's share registrar, **Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898** not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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3CENERGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300314D)

IMPORTANT

1. Relevant intermediaries as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy 3Cnergy Limited's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 5 April 2017.

PROXY FORM

I / We _____ (Name) NRIC/Passport No./Company Registration No. _____

of _____ (Address)
being a member/members of 3Cnergy Limited (the "Company"), hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%
and/or (please delete as appropriate)				

or failing him/her/them, the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM to be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on Thursday, 20 April 2017 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated with a "✓" hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

No.	Resolution	Number of votes For*	Number of votes Against*
1.	Ordinary Resolution To approve the proposed Rights cum Warrants Issue		
2.	Ordinary Resolution To approve the Whitewash Resolution		

* If you wish to exercise all your shares to be voted "For" or "Against" the relevant resolution, please indicate with a "✓" within the box provided. Otherwise, please indicate number of shares to be voted "For" and/or "Against" for each resolution within the box provided.

Dated this _____ day of _____ 2017

Total Number of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal

IMPORTANT – Please read notes overleaf



NOTES TO PROXY FORM:

1. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" has the meaning as ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Act**").

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, **Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898** not less than 48 hours before the time appointed for holding the meeting. If a member submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.
8. An investor who buys shares using CPF monies and/or SRS monies ("**CPF and SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

GENERAL:

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

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