

Ever since I re-joined the board in Mar 2012, it has been a very difficult time for me. The losses in 2012 and 2013 were shocking, and there have been many reasons provided to explain these losses.

Discussions during our Board Meetings to review the difficult situation have been very lengthy, yet in my view, have not led to any clear plans as to how the losses could be reduced and profitability restored.

My proposal to address the funding requirements of the company was discussed extensively, but not adopted. The issues of profitability and cost control were topics which I raised, but, in my view, did not yield satisfactory results.

The continued losses required us to borrow even more. Consequently and increasingly, we turned to CIMC for support.

I had asked questions about our growing dependence on CIMC, which at times made me appear as if I was ungrateful for their support when all I was trying to do was to remind ourselves that we need to consider other alternatives as well.

When the RTO terms were first discussed, I had asked for much better terms including a profit guarantee. This was later replaced with new terms which I felt were quite different. I felt totally frustrated. Despite my repeated suggestions to explore alternatives, the Board (excluding me) made a trip to China to meet the CIMC leaders, which made me feel that we had already almost decided to abandon the search for alternatives.

Further losses were announced for 2013, and the RTO exercise became the main focus of the Board. In my view, there often wasn't enough time allocated at Board meetings to discuss how to turn the Company around or how to fine-tune improvements to the terms of the RTO.

It became quite clear that I should turn to the minority shareholders who collectively represent the majority.

The last 2 weeks have not been pleasant. I fully appreciate the concerns of the Board members who believe that we should be very grateful to CIMC for its help. I am also appreciative of CIMC, but my concerns are the interests of the minority shareholders.

In my view, the future value of our shares appears rather uncertain unless we have better terms from CIMC such as a profit guarantee for at least 3 years, and assurances from them that will give us the feeling that as the potential 75% shareholder, CIMC will do its utmost to increase shareholder value.

Given the above considerations, I felt it would be best to resign from the board, while continuing my pursuit for better terms and/or putting together an alternative which would be fully supported by the minority shareholders.