CIRCULAR DATED 29 JUNE 2015

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

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

If you have sold or transferred all your shares in the capital of Great Group Holdings Limited (the "**Company**"), you should immediately forward this Circular with the Notice of EGM (as defined herein) and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the dealing in, listing of and quotation for the Rights Shares (as defined herein) and the new Shares arising from the exercise of the Adjustment Warrants (as defined herein) on the Official List of the SGX-ST, subject to certain conditions. The Rights Shares and the new Shares arising from the exercise of the Adjustment Warrants will be admitted to the Official List of the SGX-ST and official quotation will commence after all respective conditions imposed by the SGX-ST are satisfied, including the Rights Shares certificates having been issued and the notification letters from The Central Depository (Pte) Limited having been despatched. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Rights Issue (as defined herein), the Proposed Adjustment Warrants Issue (as defined herein), the Rights Shares, the Nil-paid Rights, the Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the contents of this Circular and the accuracy or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" IN THIS CIRCULAR, WHICH YOU SHOULD READ CAREFULLY. IN PARTICULAR, YOU SHOULD NOTE THAT THE GROUP EXPERIENCED NET LOSSES FOR FY2012, FY2013 AND FY2014 AND NEGATIVE WORKING CAPITAL AS AT 31 DECEMBER 2013 AND 31 DECEMBER 2014. THE GROUP IS ALSO DEPENDENT ON SHORT-TERM BORROWINGS TO MEET ITS WORKING CAPITAL AND OPERATING CASH FLOWS REQUIREMENTS. THERE IS NO ASSURANCE THAT THE GROUP IS ABLE TO CONTINUE AS A GOING CONCERN. PLEASE REFER TO THE RISK FACTORS ENTITLED "THE GROUP CURRENTLY SUFFERS NET LOSSES AND HAS NEGATIVE WORKING CAPITAL" AND "THE GROUP MAY NOT BE ABLE TO CONTINUE AS A GOING CONCERN" AND THE SECTION ENTITLED "SUMMARY OF FINANCIAL PERFORMANCE" FOR FURTHER DETAILS.

IN ADDITION, THE COMPANY WAS PLACED ON THE WATCH-LIST (AS DEFINED HEREIN) ON 4 MARCH 2015 PURSUANT TO RULE 1311 OF THE LISTING MANUAL AND IT MAY NOT COMPLY WITH THE NEW REQUIREMENT OF A MINIMUM TRADING PRICE OF S$0.20 PER SHARE. CONSEQUENTLY, INDIVIDUAL INVESTORS MAY NOT BE ABLE TO UTILIZE THEIR CPF FUNDS TO PURCHASE SHARES OF THE COMPANY AND EXISTING CPFIS SHAREHOLDERS (AS DEFINED HEREIN) MAY NOT BE ABLE TO PARTICIPATE IN THE COMPANY'S SUBSEQUENT CORPORATE ACTIONS, SUCH AS RIGHTS ISSUE. PLEASE REFER TO THE RISK FACTOR ENTITLED "THE COMPANY IS PLACED ON THE WATCH-LIST PURSUANT TO RULE 1311 OF THE LISTING MANUAL" FOR FURTHER DETAILS.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

GREAT GROUP HOLDINGS LIMITED

(Company Registration No. 200804077W)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 2,065,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("RIGHTS SHARES") AT AN ISSUE PRICE OF S$0.005 FOR EACH RIGHTS SHARE ON THE BASIS OF SEVEN (7) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY ("SHARE") HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS (IF ANY) TO BE DISREGARDED (THE "PROPOSED RIGHTS ISSUE");

(2) THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO FORISE CAPITAL GROUP LIMITED PURSUANT TO THE PROPOSED RIGHTS ISSUE;

(3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM FORISE CAPITAL GROUP LIMITED AND PERSONS ACTING IN CONCERT WITH IT (IF ANY), FOR ALL OF THE SHARES NOT ALREADY OWNED OR CONTROLLED BY THEM (THE "PROPOSED WHITEWASH RESOLUTION"); AND

(4) THE PROPOSED ISSUE OF UP TO 98,000,000 ADJUSTMENT WARRANTS (AS DEFINED HEREIN) PURSUANT TO THE ADJUSTMENT OF EXISTING WARRANTS (AS DEFINED HEREIN) CONSTITUTED UNDER THE WARRANTS CONDITIONS (AS DEFINED HEREIN) DATED 20 MAY 2013, EVERY ONE (1) ADJUSTMENT WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE IN THE CAPITAL OF THE COMPANY (THE "PROPOSED ADJUSTMENT WARRANTS ISSUE")

Manager for the Proposed Rights Issue

UOB KAY HIAN PRIVATE LIMITED

(Company Registration No. 197000447W)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser in relation to the Proposed Whitewash Resolution

PHILLIP SECURITIES PTE LTD

(Company Registration No. 197501035Z)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	:	12 July 2015 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	14 July 2015 at 10.00 a.m.
Place of Extraordinary General Meeting	:	4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807

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DEFINITIONS

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

"**1Q**"	:	First quarter ending or ended (as the case may be) 31 March
"**Adjustment Warrants**"	:	Up to 98,000,000 new warrants to be issued pursuant to the Proposed Adjustment Warrants Issue
"**Announcement**"	:	The announcement made by the Company on 31 December 2014 in relation to, *inter alia*, the Proposed Rights Issue
"**ARE**"	:	Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotment of Rights Shares pursuant to the Proposed Rights Issue
"**ARS**"	:	Application and acceptance form for Rights Shares to be issued to purchasers in respective of their purchase of Nil-paid Rights under the Proposed Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
"Articles of Association"	:	The articles of association of the Company, as amended or modified from time to time
"**ATM**"	:	Automated teller machine(s) of a Participating Bank
"**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 and announced by the Company in due course, on which, subject to the approval by Shareholders of the Proposed Rights Issue being obtained at the EGM, the Register of Members and share transfer books of the Company will be closed for the purpose of determining the provisional allotments of Rights Shares to Entitled Shareholders under the Proposed Rights Issue
"**CDP**"	:	The Central Depository (Pte) Limited
"**Chief Executive Officer**"	:	The chief executive officer of the Company as at the date of this Circular, being Mr Weng Wenwei
"**Circular**"	:	This circular to Shareholders dated 29 June 2015
"**Closing Date**"	:	The time and date to be determined by the Directors and announced by the Company in due course, being the latest time and date for acceptance of and/or excess application and payment for (and in the case of Entitled Scripholders, renunciation of and payment for) the Rights Shares under the Proposed Rights Issue

"**Closing Price**"	:	S$0.04 per Share, being the last traded price on the SGX-ST on 26 December 2014, being the last trading day of the Shares on the SGX-ST immediately prior to the date of the Announcement
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
"**Company**"	:	Great Group Holdings Limited
"**Controlling Interest**"	:	The interest of Controlling Shareholder(s)
"**Controlling Shareholder**"	:	A person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (subject to the SGX-ST determining that such person is not a Controlling Shareholder), or a person who in fact exercises control over the Company
"**CPF**"	:	The Central Provident Fund
"CPF Approved Bank"	:	Any bank appointed by the CPF Board to be an agent bank under the CPF Regulations
"CPF Board"	:	The Board of the CPF established pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, as amended, modified or supplemented from time to time
"**CPF Funds**"	:	The monies standing to the credit of the CPFIS Shareholders' respective CPF Investment Accounts
"**CPF Investment Account**"	:	An account opened by a member of CPF with a CPF Approved Bank from which money may be withdrawn for, *inter alia*, payment for the Rights Shares pursuant to the Proposed Rights Issue
"CPF Regulations"	:	The Central Provident Fund (Investment Schemes) Regulations and any other applicable regulations issued from time to time by the CPF Board or other relevant competent authority
"CPFIS"	:	Central Provident Fund Investment Scheme
"**CPFIS Shareholders**"	:	Shareholders who have purchased shares pursuant to the CPFIS
"**Directors**"	:	The directors of the Company as at the date of this Circular
"**EGM**"	:	The extraordinary general meeting of the Company to be held on 14 July 2015, notice of which is set out on page N1 of this Circular

"**Electronic Application**"	:	Acceptance of the Rights Shares and (if applicable) application for Excess Rights Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement
"**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 provided CDP with addresses in Singapore for the service of notices and documents at least three (3) Market Days prior to the Books Closure Date
"**Entitled Scripholders**"	:	Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar duly completed and stamped transfers (in respect of their Shares not registered in the name of CDP) together with all relevant documents of title for registration up to the Books Closure Date and, in each case, whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents at least three (3) Market Days prior to the Books Closure Date
"**Entitled Shareholders**"	:	Entitled Depositors and Entitled Scripholders
"**EPS**"	:	Earnings per Share
"**Excess Rights Shares**"	:	The provisional allotments of Rights Shares which are not taken up by the Entitled Shareholders as at the Closing Date, and which may be applied for by Entitled Shareholders in excess of the number of Rights Shares provisionally allotted to such Entitled Shareholders
"**Existing Share Capital**"	:	The existing issued and paid-up share capital of the Company of 265,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date
"**Foreign Purchasers**"	:	Persons purchasing the Nil-paid Rights through the book-entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore at the time of purchase
"**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
"**FY**"	:	Financial year ending or ended (as the case may be) 31 December

"**G&W**"	:	G&W Investment Management Co., Ltd. (Company Registration No. 1450208), a company incorporated in British Virgin Islands and a Controlling Shareholder of the Company, by virtue of it holding directly 100,000,000 Shares, representing approximately 37.74% of the Existing Share Capital
"**Group**"	:	The Company and its subsidiaries
"**IFA**"	:	Phillip Securities Pte Ltd, the independent financial adviser appointed to advise the Independent Directors in respect of the Proposed Whitewash Resolution
"**IFA Letter**"	:	The letter dated 29 June 2015 from the IFA to the Independent Directors in relation to the Whitewash Resolution as set out in Appendix 1 of this Circular
"**Independent Directors**"	:	Directors who are considered independent for the purposes of making recommendations to the Independent Shareholders in respect of the Proposed Whitewash Resolution, namely Mr Weng Wenwei, Ms Lee Kim Lian Juliana, Mr Chiang, Mike Chia-Peng, and Mr San Meng Chee
"**Independent Shareholders**"	:	The Shareholders who are deemed to be independent for the purpose of the Proposed Whitewash Resolution, being Shareholders independent of the Investor and the parties acting in concert with the Investor
"**Investor**"	:	Forise Capital Group Limited (Company Registration No. 1819781), a company incorporated in the British Virgin Islands
"**Investor Undertaking**"	:	The irrevocable undertaking given by the Investor, Forise Capital Group Limited, dated 30 December 2014 to the Company and the Manager to, *inter alia*, subscribe for and pay in full for the Renounced Rights Shares
"**Irrevocable Undertakings**"	:	Collectively: (i) the Undertaking Shareholders Undertakings; (ii) the Investor Undertaking; and (iii) the irrevocable undertakings dated 19 March 2015 given by Orient Glory and Oriental Charms to the Company and the Manager, to, *inter alia*, vote in favour of the Proposed Rights Issue, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, and the Proposed Adjustment Warrants Issue, and each, an "**Irrevocable Undertaking**"

"**Issue Price**"	:	The issue price of S$0.005 for each Rights Share
"**Latest Practicable Date**"	:	16 June 2015, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"**LPS**"	:	Losses per Share
"**Manager**"	:	UOB Kay Hian Private Limited
"**Market Day**"	:	A day on which the SGX-ST is open for securities trading
"**MAS**"	:	Monetary Authority of Singapore
"**Maximum Scenario**"	:	The scenario where, based on the Existing Share Capital, and assuming that (1) all 30,000,000 Warrants are exercised in full on or prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercising of the Warrants are allotted and issued on or prior to the Books Closure Date and (2) the Proposed Rights Issue is fully subscribed (including the Renounced Rights Shares), up to 2,065,000,000 Rights Shares will be issued pursuant to the Proposed Rights Issue
"**Minimum Scenario**"	:	The scenario where, based on the Existing Share Capital, and assuming that (1) none of the 30,000,000 Warrants are exercised on or prior to the Books Closure Date, (2) none of the other Shareholders subscribes for their respective entitlements under the Proposed Rights Issue, and (3) only the Investor subscribes for the Renounced Rights Shares pursuant to the Investor Undertaking, up to 1,130,500,000 Rights Shares will be issued pursuant to the Proposed Rights Issue
"**Mr Weng Wenwei**"	:	Mr Weng Wenwei, the Executive Chairman, Chief Executive Officer and a Controlling Shareholder of the Company, holding an aggregate of 181,500,000 Shares (direct and deemed), representing approximately 68.49% of the Existing Share Capital
"**Net Proceeds**"	:	The estimated net proceeds from the Proposed Rights Issue, after deducting estimated expenses such as professional fees and related expenses incurred in connection with the Proposed Rights Issue
"**Nil-paid Rights**"	:	The "nil-paid" provisional entitlements to subscribe for the Rights Shares
"**NTA**"	:	Net tangible assets

"**Offer Information Statement**"	:	The offer information statement referred to in Section 277 of the Securities and Futures Act, together with (where the context requires) the PAL, the ARE, the ARS (as the case may be) and all other accompanying documents (where applicable), including, where the context admits, any supplementary or replacement document to be issued by the Company in connection with the Proposed Rights Issue
"**Ordinary Resolutions**"	:	The ordinary resolutions as set out in the notice of EGM
"**Orient Glory**"	:	Orient Glory Ventures Limited (Company Registration No. 1855331), a company incorporated in British Virgin Islands, of which the sole director and shareholder is Mr Weng Wenwei, an Undertaking Shareholder
"**Oriental Charms**"	:	Oriental Charms Holdings Limited (Company Registration No. 1783559), a company incorporated in British Virgin Islands, of which the sole director and shareholder is Mr Weng Wenwei, an Undertaking Shareholder
"**PAL**"	:	The provisional allotment letter to be issued to an Entitled Scripholder setting out the provisional allotment of the Rights Shares to such Entitled Scripholder under the Proposed Rights Issue
"**Participating Banks**"	:	DBS Bank Ltd (including POSB), Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
"**PRC**"	:	The People's Republic of China, excluding Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region for the purpose of this Circular
"**Proposed Adjustment Warrants Issue**"	:	The proposed issue of up to 98,000,000 Adjustment Warrants pursuant to the adjustment of the existing Warrants constituted under the Warrants Conditions, with every one (1) Adjustment Warrant carrying the right to subscribe for one (1) new Share in the capital of the Company at the adjusted exercise price of S$0.0176 for each new Share
"**Proposed Rights Issue**"	:	The proposed renounceable non-underwritten rights issue by the Company of up to 2,065,000,000 Rights Shares at the Issue Price, on the basis of seven (7) Rights Shares for every one (1) existing Share held as at the Books Closure Date, fractional entitlements, if any, to be disregarded
"**Proposed Transfer of Controlling Interest**"	:	The proposed transfer of Controlling Interest in the Company to the Investor pursuant to Rule 803 of the Listing Manual resulting from the proposed subscription by the Investor of the Renounced Rights Shares under the Proposed Rights Issue pursuant to the Investor Undertaking

"**Proposed Whitewash Resolution**"	:	The resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from the Investor and its concert parties (if any) for all of the Shares not already owned or controlled by them, pursuant to Rule 14.1 of the Code and the Whitewash Waiver in relation to the Proposed Rights Issue
"**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 Company or the Securities Account of the Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
"**Register of Members**"	:	The register of members of the Company
"**Renounced Rights Shares**"	:	An aggregate of 1,130,500,000 Rights Shares, to be renounced by the Undertaking Shareholders in favour of the Investor, and which the Investor has undertaken to subscribe and pay in full for pursuant to the Investor Undertaking, constituting 54.7% of the maximum number of Rights Shares proposed to be allotted and issued by the Company pursuant to the Proposed Rights Issue (assuming the Maximum Scenario)
"**Rights Shares**"	:	Up to 2,065,000,000 new Shares proposed to be allotted and issued by the Company pursuant to the Proposed Rights Issue (assuming the Maximum Scenario)
"**SAPO**"	:	SAPO Investment Pte. Ltd.
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Registrar**"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"**Shareholders**"	:	Registered holders of Shares in the Register of Members of the Company or where CDP is the registered holder, the term "Shareholders" shall in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
"**Shares**"	:	Ordinary shares in the capital of the Company

"**SIC**"	:	Securities Industry Council of Singapore
"**SIC Conditions**"	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Section 9.4 of this Circular
"**SRS**"	:	Supplementary Retirement Scheme
"**SRS Account**"	:	An account opened by a participant in the SRS from which monies may be withdrawn for, *inter alia*, payment for the subscription of Rights Shares under the Proposed Rights Issue
"**SRS Investors**"	:	Investors who have purchased Shares pursuant to the SRS
"**Subscription Agreement**"	:	The subscription agreement dated 20 May 2013 entered into between the Company and SAPO, pursuant to which the Company issued the Warrants to SAPO
"**Substantial Shareholder**"	:	In relation to the Company, a person who has an interest in one (1) or more voting shares included in one (1) of the classes of shares in the Company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares included in that class
"**Undertaking Shareholders**"	:	Collectively, Mr Weng Wenwei and G&W
"**Undertaking Shareholders Undertakings**"	:	Collectively: (i) the irrevocable undertakings dated 30 December 2014 given by the Undertaking Shareholders to the Investor and the Manager to, *inter alia,* renounce the 1,130,500,000 Renounced Rights Shares in favour of the Investor; (ii) the irrevocable undertakings dated 30 December 2014 given by the Undertaking Shareholders to the Company and the Manager, to, *inter alia*, vote in favour of the Proposed Rights Issue; and (iii) the irrevocable undertakings dated 19 March 2015 given by the Undertaking Shareholders to the Company and the Manager, to, *inter alia*, vote in favour of the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution and the Proposed Adjustment Warrants Issue, and each, an "**Undertaking Shareholders Undertaking**"
"**Watch-list**"	:	The watch-list of the SGX-ST

"**Warrants**"	:	The 30,000,000 unlisted and non-transferable warrants issued by the Company to SAPO pursuant to the Subscription Agreement, each Warrant carrying the right to subscribe for one (1) Share at an exercise price of S$0.075 for each new Share, on the basis of one (1) Warrant for one (1) new Share
"**Warrants Conditions**"	:	The terms and conditions to the Warrants, as set out in the Subscription Agreement
"**Whitewash Waiver**"	:	The waiver granted by the SIC of the obligations of the Investor and its concert parties (if any) to make a mandatory general offer for all of the Shares not already owned or controlled by them, pursuant to Rule 14.1 of the Code arising from the Proposed Rights Issue, subject to the satisfaction of the SIC Conditions

Currencies, Units and Others

"**HK$**"	:	Hong Kong dollars, the lawful currency of Hong Kong
"**RMB**" and "**fen**"	:	PRC Renminbi and cents, the lawful currency of the PRC, respectively
"**S$**" and "**cents**"	:	Singapore dollars and cents, the lawful currency of Singapore, respectively
"**US$**"	:	United States dollars, the lawful currency of the United States of America
"**%**" or "**per cent.**"	:	Per centum or percentage

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

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

The term "**acting in concert**" shall have the meaning ascribed to it in the Code.

The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act.

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

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

DEFINITIONS

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

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

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

GREAT GROUP HOLDINGS

(Company Registration No. 200804077W)
(Incorporated in the Republic of Singapore)

Board of Directors

Mr. Weng Wenwei (Executive Chairman and Chief Executive Officer)
Ms. Lee Kim Lian Juliana (Independent Director)
Mr. Chiang, Mike Chia-Peng (Non-Executive Director)
Mr. San Meng Chee (Independent Director)

Registered Office:

75 High Street
Singapore 179435

29 June 2015

To: The Shareholders of Great Group Holdings Limited

Dear Sir/Madam

(1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 2,065,000,000 RIGHTS SHARES AT AN ISSUE PRICE OF S$0.005 FOR EACH RIGHTS SHARE ON THE BASIS OF SEVEN (7) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE IN THE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS (IF ANY) TO BE DISREGARDED;

(2) THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO FORISE CAPITAL GROUP LIMITED PURSUANT TO THE PROPOSED RIGHTS ISSUE;

(3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM FORISE CAPITAL GROUP LIMITED AND PERSONS ACTING IN CONCERT WITH IT (IF ANY), FOR ALL OF THE SHARES NOT ALREADY OWNED OR CONTROLLED BY THEM; AND

(4) THE PROPOSED ISSUE OF UP TO 98,000,000 ADJUSTMENT WARRANTS PURSUANT TO THE ADJUSTMENT OF EXISTING WARRANTS CONSTITUTED UNDER THE WARRANTS CONDITIONS DATED 20 MAY 2013, EVERY ONE (1) ADJUSTMENT WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

1.1 Proposed Rights Issue, Proposed Transfer of Controlling Interest and Proposed Whitewash Resolution

On 31 December 2014, the Company announced the Proposed Rights Issue, details of which are set out in Section 2 of this Circular.

On 2 April 2015, the SIC granted the Whitewash Waiver to the Company, subject to the SIC Conditions, details of which are set out in Section 9.4 of this Circular.

On 12 June 2015, the SGX-ST has granted its approval in-principle for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST, subject to certain conditions, details of which are set out in Section 4.3 of this Circular. Shareholders should note that the approval in-principle granted by the SGX-ST for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares is not to be taken as an indication of the merits of the Proposed Rights Issue, the Rights Shares, the Nil-paid Rights, the Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the contents of this Circular and the accuracy or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

The Undertaking Shareholders, Mr Weng Wenwei and G&W, had on 30 December 2014 respectively given the Undertaking Shareholders Undertakings to, *inter alia*, renounce the Renounced Rights Shares, being all or part of their provisional entitlements, pursuant to the Proposed Rights Issue, in favour of the Investor, and vote in favour of the Proposed Rights Issue at the EGM.

The Investor, Forise Capital Group Limited, had on 30 December 2014 given the Investor Undertaking to, *inter alia*, subscribe for and pay in full for the Renounced Rights Shares.

Please refer to Section 7 of this Circular for details of the Irrevocable Undertakings.

The Investor's proposed subscription of the Renounced Rights Shares pursuant to the Investor Undertaking will result in a transfer of Controlling Interest, which is subject to the approval of Shareholders pursuant to Rule 803 of the Listing Manual.

1.2 Proposed Adjustment Warrants Issue

As at the Latest Practicable Date, the Company has 30,000,000 outstanding, unexercised Warrants issued by the Company to SAPO pursuant to the Warrants Conditions.

As a result of the Proposed Rights Issue, the Company is required to make adjustments to the number and exercise price of the Warrants. Pursuant to the Warrants Conditions, such adjustments will be effective (if appropriate, retrospectively) from the commencement of the Market Day following the Closing Date.

Assuming that all 30,000,000 Warrants are not exercised prior to the Books Closure Date, the number of Warrants issued, and the exercise price at which such Warrants are to be converted into new Shares of the Company, will be adjusted in accordance with the Warrants Conditions. Pursuant to the Warrants Conditions, the number of Warrants will be adjusted from 30,000,000 to a total of 128,000,000, and each Warrant will carry the right to subscribe for one (1) new Share of the Company at an exercise price of S$0.0176 for each new Share. Consequently, 98,000,000 Adjustment Warrants will be issued on the terms and conditions of the Warrants Conditions to the warrantholders.

On 12 June 2015, the SGX-ST granted to the Company its approval in-principle for the dealing in, listing of and quotation for up to 98,000,000 new Shares arising from the exercise of the Adjustment Warrants on the Official List of the SGX-ST, details of which are set out in Section 10.3 of this Circular. Shareholders should note that the approval in-principle for the dealing in, listing of and quotation for the new Shares arising from the exercise of the Adjustment Warrants granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Adjustment Warrants Issue, the Adjustment Warrants, the new Shares arising from the exercise of the Warrants, the Shares, the

Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the contents of this Circular and the accuracy or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

1.3 Conditionality of Resolutions

Shareholders should note that Ordinary Resolutions 1, 2, 3 and 4, in respect of the Proposed Rights Issue, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution and the Proposed Adjustment Warrants Issue, are inter-conditional on each other. This means that if any one of the Ordinary Resolutions is not approved, the other Ordinary Resolutions would not be passed.

The Directors are convening the EGM to seek Shareholders' approval for (i) the Proposed Rights Issue; (ii) the Proposed Transfer of Controlling Interest; (iii) the Proposed Whitewash Resolution; and (iv) the Proposed Adjustment Warrants Issue.

The purpose of this Circular is to provide Shareholders with relevant information relating to, and seek Shareholders' approval for, (i) the Proposed Rights Issue; (ii) the Proposed Transfer of Controlling Interest; (iii) the Proposed Whitewash Resolution; and (iv) the Proposed Adjustment Warrants Issue.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholder to whom this Circular is despatched to by the Company) or for any other purpose.

2. OVERVIEW OF THE PROPOSED RIGHTS ISSUE

The Company is proposing to undertake a renounceable non-underwritten rights issue of up to 2,065,000,000 Rights Shares at an Issue Price of S$0.005 for each Rights Share on the basis of seven (7) Rights Shares for every one (1) existing Share of the Company held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements (if any) to be disregarded.

Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares, and are eligible to apply for additional Rights Shares in excess of their provisional allotment under the Proposed Rights Issue.

As at the Latest Practicable Date, the Existing Share Capital of the Company is 265,000,000 Shares and there are 30,000,000 Warrants outstanding.

Based on the Existing Share Capital and assuming the Maximum Scenario and that all 2,065,000,000 Rights Shares are allotted and issued, the enlarged share capital of the Company will be 2,360,000,000.

The Rights Shares are payable in full upon acceptance and/or application and upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares and with each other save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.

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

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. 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 Proposed Rights 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.

3. PRINCIPLE TERMS OF THE PROPOSED RIGHTS ISSUE

Number of Rights Shares to be issued	:	Up to 2,065,000,000 Rights Shares to be allotted and issued on a renounceable non-underwritten basis (assuming Maximum Scenario)
Basis of provisional allotment of Rights Shares	:	Seven (7) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements, if any, to be disregarded.
Issue Price	:	S$0.005 for each Rights Share, payable in full upon acceptance and/or application.
Discount	:	The Issue Price represents a discount of approximately: (a) 87.5% to the Closing Price; (b) 50.0% to the theoretical ex-rights price[1] of S$0.01 per Share, based on the Closing Price; and (c) 72.6% discount to the closing price of S$0.021, being the last traded price of the Shares on the SGX-ST on 15 June 2015, being the last trading day of the Shares on the SGX-ST immediately prior to Latest Practicable Date
Status of the Rights Shares	:	The Rights Shares, upon allotment and issue shall rank *pari passu* in all respects with the then existing Shares and with each other, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of allotment and issue of the Rights Shares.

[1] The theoretical ex-rights price per Share is equal to (A) the sum of (i) the Company's market capitalisation based on the closing price of S$0.04 per Share on the SGX-ST on 26 December 2014 and assuming the full exercise of Warrants; and (ii) the gross proceeds of the Proposed Rights Issue under the Maximum Scenario, divided by (B) the enlarged total number of Shares in issue following the completion of the Proposed Rights Issue.

Eligibility to participate in the Proposed Rights Issue	:	Please refer to Section 5 of this Circular.
Listing of Rights Shares	:	On 12 June 2015, the SGX-ST granted its approval in-principle for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST, subject to certain conditions, the details of which are set out in Section 4.3 of this Circular. The approval in-principle granted by the SGX-ST for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares is not to be taken as an indication of the merits of the Company, its subsidiaries, the Proposed Rights Issue, the Rights Shares, the Nil-paid Rights and the Shares.
Trading of the Rights Shares and Odd Lots	:	Upon the listing of and quotation for the Rights Shares on the Official List of the SGX-ST, the Rights Shares will be traded on the Official List of 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, or such other number of Shares as may be notified by the Company. Odd lots of Shares in board lot of one (1) Share may be traded on the Unit Share Market of the SGX-ST.
Use of CPF Funds	:	CPFIS Shareholders who have previously bought their Shares using their CPF Funds can only use, subject to the CPF Regulations, their CPF Funds to accept and pay for the subscription of their provisional allotments of Rights Shares and (if applicable) the application for Excess Rights Shares. Such Entitled Shareholders who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares using their CPF Funds will need to instruct their respective CPF Approved Banks, where they hold their CPF Investment Accounts, to accept the provisional allotment of the Rights Shares and (if applicable) apply for the Excess Rights Shares on their behalf in accordance with the terms and conditions of the Offer Information Statement. Any acceptance and/or application made directly through CDP, the Share Registrar, the Company or by way of Electronic Application at any ATMs will be rejected. CPF Funds cannot be used for the purchase of the Nil-paid Rights directly from the market.

In the case of insufficient CPF Funds or stock limit, persons who have previously bought their Shares using CPF Funds would have to top-up cash into their CPF Investment Accounts before instructing their respective CPF Approved Banks to accept the Rights Shares and (if applicable) apply for Excess Rights Shares.

As announced by CPF on 10 February 2015, with effect from 1 March 2016, CPF Funds will not be allowed used to purchase securities on the Watch-list. In the event that the Company is unable to meet the requirements to be removed from the Watch-list before 1 March 2016, individual investors will not be able to utilize their CPF Funds to purchase Shares of the Company, and existing CPFIS Shareholders may not be able to participate in the Company's subsequent corporate actions, such as rights issue.

Use of SRS Accounts : SRS Investors who wish to accept their provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares can only do so, subject to applicable SRS rules and regulations, using the monies standing to the credit of their respective SRS Accounts. SRS Investors who wish to accept their provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares using the SRS Accounts, must instruct their relevant SRS approved banks in which they hold their SRS Accounts to accept their provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares on their behalf in accordance with the Offer Information Statement. Any acceptance and/or application made directly through CDP, the Share Registrar, the Company or by way of Electronic Application at any ATMs will be rejected. The SRS funds cannot be used for the purchase of Nil-paid Rights directly from the market.

Irrevocable Undertakings : Each of the Undertaking Shareholders had on 30 December 2014 respectively given an irrevocable undertaking to the Investor and the Manager to, *inter alia*, renounce the Renounced Rights Shares, being all or part of their provisional entitlements pursuant to the Proposed Rights Issue, in favour of the Investor.

Each of the Undertaking Shareholders had also on 30 December 2014 given an irrevocable undertaking to the Company and the Manager to, *inter alia*, vote in favour of the Proposed Rights Issue at the EGM. Each of the Undertaking Shareholders had on 19 March 2015 further given an irrevocable undertaking to the Company and the Manager to, *inter alia*, vote in favour of the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, and the Proposed Adjustment Warrants Issue at the EGM.

Each of Orient Glory and Oriental Charms had also on 19 March 2015 given an irrevocable undertaking to the Company and the Manager to, *inter alia*, vote in favour of the Proposed Rights Issue, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, and the Proposed Adjustment Warrants Issue at the EGM. The sole shareholder of Orient Glory and Oriental Charms is Mr Weng Wenwei, an Undertaking Shareholder. Orient Glory and Oriental Charms are not related to the Investor.

The Investor had on 30 December 2014 given an irrevocable undertaking to the Company and the Manager to, *inter alia*, subscribe for and pay in full for the Renounced Rights Shares.

Please refer to Section 7 of this Letter to Shareholders for details relating to the Irrevocable Undertakings provided by the Undertaking Shareholders, the Investor, Orient Glory and Oriental Charms.

Governing law : Laws of the Republic of Singapore.

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

4. CONDITIONS TO THE PROPOSED RIGHTS ISSUE

4.1 Conditions to the Proposed Rights Issue

The Proposed Rights Issue is subject to, *inter alia*:

(a) the Whitewash Waiver granted by the SIC on 2 April 2015 not having been revoked or repealed as at the date of the completion of the Proposed Rights Issue, and subject to the SIC Conditions;

(b) the approval of Shareholders at the EGM for the Proposed Rights Issue;

(c) the approval of Shareholders at the EGM for the Proposed Whitewash Resolution;

(d) the approval of Shareholders at the EGM for the Proposed Transfer of Controlling Interest;

(e) the approval of Shareholders at the EGM for the Proposed Adjustment Warrants Issue;

(f) the Investor having deposited not less than S$5,653,000 with the Manager on or before 30 January 2015. The Investor has deposited S$5,653,000 with the Manager for its subscription for the 1,130,500,000 Renounced Rights Shares;

(g) the approval in-principle granted by the SGX-ST on 12 June 2015 for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue, and if such approval in-principle is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;

(h) the approval in-principle for the listing and quotation of the new Shares arising from the exercise of the Adjustment Warrants on the Official List of the SGX-ST granted by the SGX-ST on 12 June 2015 not having been withdrawn or revoked on or prior to the completion of the Proposed Adjustment Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;

(i) all other necessary consents, approval and waivers from any persons, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue; and

(j) the lodgment of the Offer Information Statement, together with all other accompanying documents to be issued by the Company in connection with the Proposed Rights Issue, by the Company with the MAS in accordance with Section 277 of the Securities and Futures Act.

The Company notes that the total proceeds that will be raised from the Proposed Rights Issue, assuming the Maximum Scenario, will be S$10,325,000. As Mr Weng Wenwei holds 181,500,000 Shares (direct and deemed, and including his deemed interest in 100,000,000 Shares held by G&W), representing approximately 68.49% of the Existing Share Capital, the amount contributable by Mr Weng Wenwei and G&W will approximately be S$7.07 million. The Company further notes that Mr Weng Wenwei and G&W will not be subscribing for the Rights Shares provisionally allotted to them in respect of the respective 61,500,000 Shares and 100,000,000 Shares held directly by them. If the Company proceeds with the Proposed Rights Issue without the support of and subscription of Right Shares by Mr Weng Wenwei and G&W, there is a high risk that the Proposed Rights Issue will not raise a sufficient level of funding for the Company.

Accordingly, the audit committee of the Company is of the view that, given the rationale of the Proposed Rights Issue and the financial position of the Company, the Investor Undertaking to subscribe for the Renounced Rights Shares renounced by the Undertaking Shareholders is necessary for the Company to raise a sufficient level of funding from the Proposed Rights Issue. As the Investor Undertaking to subscribe for the Renounced Rights Shares is subject to, *inter alia*, the Whitewash Waiver, the approval of the Shareholders of

the Whitewash Resolution, and the approval of the Shareholders of the Proposed Transfer of Controlling Interest, it is not in the interest of the Company to proceed with the Proposed Rights Issue unless the Investor is able to the subscribe for the Renounced Rights Shares.

4.2 SIC Approval

On 2 April 2015, the SIC granted the Whitewash Waiver to the Company, subject to the SIC Conditions. Please refer to Section 9.4 of this Circular for further details.

4.3 SGX-ST Approval

On 12 June 2015, the SGX-ST granted its approval in-principle for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST, subject to, *inter alia*, the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) Shareholders' approval being obtained for the Proposed Rights Issue and Proposed Adjustment Warrants Issue;

(c) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) in relation to the use of proceeds from the Proposed Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report; and

(d) a written undertaking from the Company that it will comply with the confirmation given in Rule 877(10) with regards to the allotment of any Excess Rights Shares.

Shareholders should note that the approval in-principle granted by the SGX-ST for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares is not to be taken as an indication of the merits of the Proposed Rights Issue, the Rights Shares, the Nil-paid Rights, the Proposed Adjustment Warrants Issue, the Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

5. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE

5.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Proposed Rights 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 addresses in Singapore. Entitled Depositors who do not receive the Offer Information Statement and/or the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm during the period from the date the Proposed Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and/or the PALs may obtain them from the Company or the Share Registrar during the period from the date the Proposed Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Proposed Rights Issue on the basis of their shareholdings as at the Books Closure Date, fractional entitlements, if any, being disregarded. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their Nil-paid Rights, and are eligible to apply for Excess Rights Shares. Provisional allotments of Rights Shares not taken up or allotted for any reason will be aggregated and allotted to satisfy application(s) for Excess Rights Shares (if any) or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. 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 Proposed Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odds lots and allotment of Excess Rights Shares.

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

Entitled Depositors should note that all correspondence and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at #01-19/20 The Metropolis, 9 North Buona Vista Drive, Singapore 138588, at least three (3) Market Days before the Books Closure Date.

Entitled Scripholders should note that all notices and documents will be sent to their last registered address with the Share Registrar. Shareholders who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Proposed Rights Issue may provide such a Singapore address by notifying the Company c/o the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at least 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 Rights Shares on the 12th Market Day from the date of lodgment of the share certificates with CDP or such later date as CDP may determine.

5.2 Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Proposed Rights Issue will be lodged with the MAS in Singapore. The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents and the purchase, exercise of or subscription for Nil-paid Rights and/or the Rights Shares may be prohibited or restricted (either absolutely or subject to various requirements, whether legal or administrative, being complied with) by the laws of certain jurisdictions.

For practical reasons and in order to avoid any violation of the securities legislations applicable in countries other than in Singapore where Shareholders may have their registered addresses, the Proposed Rights Issue is only made in Singapore, and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders or to any jurisdictions outside Singapore.

Foreign Shareholders will not be entitled to participate in the Proposed Rights Issue. No provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance of Rights Shares or application for Excess Rights Shares by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing Nil-paid Rights through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept the Nil-paid Rights credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncees of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore and who has not furnished the Share Registrar with an address in Singapore, will not be entitled to accept the Nil-paid Rights renounced to him.

The Company reserves the right to reject any acceptances of Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application or purported application which (a) 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) or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty.

Depositors who wish to maintain a mailing address with CDP for the purpose of receiving documents relating to the Proposed Rights Issue should inform CDP in writing at at #01-19/20 The Metropolis, 9 North Buona Vista Drive, Singapore 138588. Depositors are reminded that any request to CDP to register a mailing address or to effect any change in address must reach CDP at least three (3) Market Days prior to the Books Closure Date.

Shareholders (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Proposed Rights Issue should provide an address in Singapore not later than three (3) Market Days prior to the Books Closure Date by notifying the Company c/o the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than three (3) Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the Nil-paid Rights 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 Nil-paid Rights commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them by ordinary post to their respective mailing addresses as recorded with CDP or in such other manner as they may have respectively agreed with CDP for the payment of any cash distributions at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit, and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP and/or the Share Registrar in connection therewith.

Where such Nil-Paid Rights are sold "nil-paid" on the SGX-ST, they will be sold at such price(s) as the Company may, in its absolute discretion, decide, and Foreign Shareholders shall not have any claim whatsoever against the Company, the Manager, CDP and/or the Share Registrar and/or their respective officers in respect of such sales or the proceeds thereof, the Nil-paid Rights or the Rights Shares represented by such provisional allotments.

If such Nil-paid Rights cannot be 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 Nil-paid Rights, the Rights Shares represented by such provisional allotments will be issued and allotted to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit, and no Foreign Shareholders shall have any claim whatsoever against the Company, the Manager, CDP and/or the Share Registrar and/or their respective officers in connection therewith.

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

The information set out in this section is not to be regarded as advice on the position of any Foreign Shareholder. Foreign Shareholders who are in doubt as to their position should consult his professional advisers without delay.

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe all legal requirements applicable thereto at their own expense and without liability to the Company. No person in any jurisdiction 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 unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirement in such jurisdiction.

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

6. RATIONALE FOR THE PROPOSED RIGHTS ISSUE, FUTURE PLANS AND THE USE OF PROCEEDS

6.1 Rationale

The Group had reported net loss since FY2012. Net losses reported by the Group for FY2012 and FY2013 were approximately RMB123.5 million and RMB240.9 million respectively. For FY2014, the Group incurred audited net loss of approximately RMB21.6 million (for continuing and discontinued operations) and audited net loss of RMB23.1 million (for continuing operations). The Group had, pursuant to Rule 1312 of the Listing Manual, given notice on 24 February 2015 that:

(a) it has recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on the latest announced full year consolidated accounts, excluding exceptional or non-recurrent income and extraordinary items); and

(b) its market capitalisation as at 24 February 2015, being the last market day on which trading was not suspended or halted, was S$7.7 million.

(the "**Notice of 3 Consecutive Years' Losses**")

Accordingly, pursuant to Rule 1311 of the Listing Manual, the SGX-ST has placed the Company on the Watch-list on 4 March 2015.

The Group has been dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. Based on the audited balance sheet of the Group as at 31 December 2014, its short-term bank borrowings amount to approximately RMB306.4 million, which is significantly higher than the Group's cash and cash equivalents of approximately RMB113.6 million. Furthermore, as at 31 December 2014, the Group's current liabilities exceeded current assets by approximately RMB49.4 million.

In view of the above financial circumstances of the Group, and taking into consideration the Investor Undertaking, the Directors are of the opinion that the Proposed Rights Issue is an important step to raise funds to strengthen the Group's financial position to meet its working capital requirements and to enhance its financial flexibility to capitalise on potential growth and acquisition opportunities. In addition, the Proposed Rights Issue will also provide Shareholders with an opportunity to maintain their equity participation in the Company, increase the Company's capital base and will allow the Company to be less reliant on external sources of funding.

6.2 Future Plans of the Company

Upon the completion of the Proposed Rights Issue, the subscription by the Investor of the Renounced Rights Shares will result in a transfer of a Controlling Interest in the Company under both the Minimum Scenario and the Maximum Scenario.

The Investor notes that the Company has on 24 February 2015 announced its Notice of 3 Consecutive Years' Losses, and has been placed on the Watch-list on 4 March 2015. Pursuant to Rule 1314 of the Listing Manual, the Company may apply for its removal from the Watch-list if it records consolidated pre-tax profit for the most recently completed financial year and has an average daily market capitalisation of S$40 million or more over the last 120 Market Days on which trading was not suspended or halted, or if the Company

satisfies the quantitative criteria in Rules 210(2)(a) or 210(2)(b) of the Listing Manual for listing of equity securities on the Main Board of the SGX-ST. Should the Company be unable to meet the requirements of Rule 1314 of the Listing Manual by 3 March 2017 (being two (2) years from the date it is placed on the Watch-list, the SGX-ST may either remove the Company from its Official List, or suspend trading of the Shares with a view to removing the Company from its Official List.

In view of the above, the Investor intends to undertake regular strategic and operational review of the organisation, business and operations of the Group with the objective of streamlining the existing business operations immediately after becoming the Controlling Shareholder of the Company. The objective of the review is to first gain a better understanding into the Group's existing business operations before determining the appropriate actions to be taken. These actions may include hiving off all or part of its non-performing operations and where possible, tapping on the Investor's established business network in the PRC to introduce new profitable business for acquisition by the Group. Although the Investor currently has no direct dealing in the garment business, its ultimate shareholder, Mr Wang Xin, believes he can nevertheless tap on his extensive business experience and connectivity established over the past 20 years to value add to the Group.

In addition, the Investor also intends to procure the Company to actively search for a new business to revitalise the Group and to steer the Group to profitability. In this regard, the Investor may consider other options or opportunities which may present themselves, including the divestment of the existing loss-making business or the acquisition of new business or investment to bring in more revenue and income streams. Currently, the Investor has not identified any specific business and/or opportunities. Where any of the divestment of existing businesses or acquisition of new businesses constitutes a major transaction, Shareholders' approval will be obtained at a separate extraordinary general meeting of the Company.

Save as disclosed above, the Investor has no current intention of (a) making material changes to the existing businesses of the Company, (b) redeploying fixed assets of the Company, or (c) discontinuing the employment of the existing employees of the Company or the Group, other than in the ordinary course of business. Nonetheless, the Investor retains the flexibility to, at any time, consider options or opportunities which may present themselves, or be required, and which it regards to be in the interests of the Investor and/or the Group.

It is also the intention of the Investor to preserve the listing status of the Company and the Investor has no intention to delist the Company.

The intentions of the Investor for the Company as set out above are based on current views and assumptions of the Investor and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Investor. There is no assurance that the current intentions of the Investor will be carried into effect.

Board representation

The Investor shall be entitled to the extent permissible by all applicable laws and regulations (including the Listing Manual), at any time after the completion of Proposed Rights Issue and the allotment and issuance of Renounced Rights Shares, to request that its nominated person(s) be appointed to the Board as director(s) of the Company. The

Company shall and to the extent permissible by all applicable laws and regulations (including the Listing Manual) take all reasonable steps, and subject to the approval of the nominating committee of the Company, to appoint such nominated person(s) to the Board as director(s) of the Company.

Save for Mr Wang Xin, the Investor had not identified any other person to be appointed as a director of the Company. Upon the completion of the Proposed Rights Issue, Mr Weng Wenwei is expected to remain as the Executive Director of the Company, but will be relinquishing the role of the Executive Chairman and the Chief Executive Officer to the Investor.

6.3 Use of Proceeds

Under the Maximum Scenario, where, based on the Existing Share Capital and assuming that:

(a) all 30,000,000 Warrants are exercised in full on or prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercise of such Warrants are allotted and issued on or prior to the Books Closure Date; and

(b) the Proposed Rights Issue is fully subscribed (including the Renounced Rights Shares),

up to 2,065,000,000 Rights Shares will be issued pursuant to the Proposed Rights Issue, and the Net Proceeds from the Proposed Rights Issue, after deducting estimated expenses of approximately S$0.7 million, is expected to be approximately S$9.6 million.

Under the Minimum Scenario, where, based on the Existing Share Capital and assuming that:

(a) none of the 30,000,000 Warrants are exercised on or prior to the Books Closure Date;

(b) none of the other Shareholders subscribes for their respective entitlements under the Proposed Rights Issue; and

(c) only the Investor subscribes for the Renounced Rights Shares pursuant to the Investor Undertaking,

up to 1,130,500,000 Rights Shares will be issued pursuant to the Proposed Rights Issue, and the Net Proceeds from the Proposed Rights Issue, after deducting estimated expenses of approximately S$0.7 million, is expected to be approximately S$5.0 million.

The Company expects that the expenses will mainly relate to the professional fees and other expenses incurred in connection with the Proposed Rights Issue.

The Group intends to utilize the Net Proceeds as follows:

Use of Proceeds	Maximum Scenario		Minimum Scenario	
	(S$'000)	%	(S$'000)	%
To fund new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses	7,125	74.03	2,453	49.53
For general working capital purposes	2,500	25.97	2,500	50.47
Total	9,625	100.00	4,953	100.00

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be used for investment in short-term deposits, money market instruments and/or debt instruments, or used for any other purposes, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Company will make the necessary announcements as and when the Net Proceeds are materially disbursed and subsequently provide a status report on the use of such Net Proceeds in its annual report and subsequent annual report, if applicable, until such time the Net Proceeds have been fully utilized. If the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the Company's announcements and annual reports.

6.4 Non-underwritten

The Investor has on 30 December 2014 provided the Investor Undertaking that it will, *inter alia*, subscribe in full for the aggregate of the 1,130,500,000 Renounced Rights Shares to be renounced to it by the Undertaking Shareholders pursuant to the Proposed Rights Issue. The Directors are of the opinion that the Issue Price of S$0.005 for each Rights Share is sufficiently attractive, and that after taking into consideration of the Investor Undertaking, the Company is assured of raising a minimum gross proceeds of approximately S$5.6 million under the Proposed Rights Issue. In view of the Investor Undertaking by the Investor, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis as the Directors are of the reasonable opinion that there is no further minimum amount which must be raised from the Proposed Rights Issue.

7. THE IRREVOCABLE UNDERTAKINGS

7.1 Undertaking Shareholders Undertakings

As at the Latest Practicable Date, the interests of the Undertaking Shareholders in the Shares are as follows:

(a) Mr Weng Wenwei holds an aggregate of 181,500,000 Shares (direct and deemed), representing approximately 68.49% of the Existing Share Capital. Mr Weng Wenwei has a direct interest in the 61,500,000 Shares (representing approximately 23.21% of the Existing Share Capital) and is deemed interested in the (i) 100,000,000 Shares (representing approximately 37.74% of the Existing Share Capital) held by G&W, by virtue of his 100.00% interest in G&W; (ii) 10,000,000 Shares (representing approximately 3.77% of the Existing Share Capital) held by Orient Glory, by virtue of

his 100.00% interest in Orient Glory; and (iii) 10,000,000 Shares (representing approximately 3.77% of the Existing Share Capital) held by Oriental Charms, by virtue of his 100.00% interest in Oriental Charms. Accordingly, Mr Weng Wenwei is a Controlling Shareholder of the Company; and

(b) G&W has a direct interest in 100,000,000 Shares, representing approximately 37.74% of the Existing Share Capital. Accordingly, Mr Weng Wenwei is a Controlling Shareholder of the Company.

Undertaking Shareholders Undertakings dated 30 December 2014 to the Investor and the Manager

On 30 December 2014, Mr Weng Wenwei and G&W had respectively provided the following Undertaking Shareholders Undertaking to the Investor and the Manager:

(a) Mr Weng Wenwei had undertaken that he shall, *inter alia*, renounce his provisional allotment of the Renounced Rights Shares, being 430,500,000 Rights Shares, in favour of the Investor; and

(b) G&W had undertaken that it shall, *inter alia*, renounce its provisional allotment of the Renounced Rights Shares, being 700,000,000 Rights Shares, in favour of the Investor.

The Undertaking Shareholders have decided to renounce their provisional allotments of the Renounced Rights Shares to the Investor due to each of the Undertaking Shareholders having limited financial resources to take up his/its respective provisional allotments of the Renounced Rights Shares.

Orient Glory and Oriental Charms will, pursuant to the Proposed Rights Issue, each be entitled to a provisional allotment of 70,000,000 Rights Shares. Orient Glory and Oriental Charms have not provided any undertakings to renounce their provisional allotment of Rights Shares to the Investor. Mr Weng Wenwei will be deciding closer to the Proposed Rights Issue whether Orient Glory and Oriental Charms will be subscribing for their provisional allotment of Rights Shares.

Undertaking Shareholders Undertakings dated 30 December 2014 to the Company and the Manager

Mr Weng Wenwei had on 30 December 2014 provided an Undertaking Shareholders Undertaking to the Company and the Manager that, *inter alia*:

(a) he shall vote in favour of the Proposed Rights Issue, including the allotment and issue of the Rights Shares, at the EGM;

(b) on or prior to the Books Closure Date, he shall not sell, transfer, or otherwise dispose of, encumber or part with or instruct his nominee(s) to sell, transfer or otherwise dispose of, encumber or part with, the ownership of any of 61,500,000 Shares owned by him;

(c) that as at the Books Closure Date, his total shareholding in the Company will not be less than 61,500,000 Shares;

(d) the Irrevocable Undertaking dated 30 December 2014 issued by him in favour of the Investor and the Manager in relation to, *inter alia*, the renunciation of his provisional allotment of 430,500,000 Rights Shares pursuant to the Proposed Rights Issue remains valid and in full force and effect up to the completion of the Proposed Rights Issue;

(e) he shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while he is in possession of unpublished information that is not generally available to the public, but if it were, would be likely to materially affect the price of the Company's securities, including but not limited to, information in relation to the Proposed Rights Issue ("**Price Sensitive Information**");

(f) he will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue; and

(g) he acknowledges and accepts that pursuant to Rule 877(10) of the Listing Manual, he will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares which are not taken up by the other Shareholders of the Company.

G&W had on 30 December 2014 provided an Undertaking Shareholders Undertaking to the Company and the Manager that, *inter alia*:

(a) it shall vote in favour of the Proposed Rights Issue, including the allotment and issue of the Rights Shares, at the EGM;

(b) on or prior to the Books Closure Date, it shall not sell, transfer, or otherwise dispose of, encumber or part with, or instruct its nominee(s) to sell, transfer or otherwise dispose of, encumber or part with the ownership of any of the 100,000,000 Shares owned by it;

(c) that as at the Books Closure Date, its total shareholding in the Company will not be less than 100,000,000 Shares;

(d) the Irrevocable Undertaking dated 30 December 2014 issued by it in favour of the Investor and the Manager in relation to, *inter alia*, the renunciation of its provisional allotment of 700,000,000 Rights Shares remains valid and in full force and effect up to the completion of the Proposed Rights Issue;

(e) it shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while it is in possession of Price Sensitive Information;

(f) it will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue; and

(g) it acknowledges and accepts that pursuant to Rule 877(10) of the Listing Manual, it will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares which are not taken up by the other Shareholders of the Company.

Undertaking Shareholders Undertakings dated 19 March 2015 to the Company and the Manager

On 19 March 2015, Mr Weng Wenwei and G&W had respectively provided the following further Undertaking Shareholders Undertakings to the Company and the Manager to, *inter alia*, vote in favour of the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, and the Proposed Adjustment Warrants Issue.

7.2 Renounced Rights Shares as a percentage of the Proposed Rights Issue

Assuming the Maximum Scenario, up to 2,065,000,000 Rights Shares are proposed to be allotted and issued by the Company pursuant to the Proposed Rights Issue (assuming the Maximum Scenario). The Renounced Rights Shares, comprising 1,130,500,000 Rights Shares, will constitute 54.7% of the maximum number of Rights Shares proposed to be allotted and issued by the Company pursuant to the Proposed Rights Issue (assuming the Maximum Scenario).

7.3 Irrevocable Undertakings by Orient Glory and Oriental Charms

Each of Orient Glory and Oriental Charms had on 19 March 2015 provided an Irrevocable Undertaking to the Company and the Manager that, *inter alia*:

(a) it shall vote in favour of the Proposed Rights Issue, including the allotment and issue of the Rights Shares, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, and the Proposed Adjustment Warrants Issue at the EGM;

(b) it shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while it is in possession of Price Sensitive Information;

(c) it will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue; and

(d) it acknowledges and accepts that pursuant to Rule 877(10) of the Listing Manual, it will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares which are not taken up by the other Shareholders of the Company.

7.4 Investor Undertaking

On 30 December 2014, the Investor had provided the Investor Undertaking to the Company and the Manager that, *inter alia*:

(a) it shall subscribe and pay, or procure the subscription and payment, in full for the aggregate of 1,130,500,000 Renounced Rights Shares pursuant to the Proposed

Rights Issue, which will be renounced to the Investor by Mr Weng Wenwei and G&W respectively, in accordance with the terms and conditions of the Proposed Rights Issue as soon as practicable but on or prior to the Closing Date;

(b) it has sufficient financial resources to subscribe and pay for the Renounced Rights Shares and shall deposit not less than S$5,653,000 with the Manager on or before 30 January 2015;

(c) it will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue, for the purpose of subscribing for the Renounced Rights Shares, and as it is necessary to ensure that the Renounced Rights Shares can be validly and legally provisionally allotted to it;

(d) it shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while it is in possession of any Price Sensitive Information; and

(e) it acknowledges and accepts that no representation and warranty is given by the Company or its subsidiaries or related companies in relation to, or in connection with, the merits or otherwise of the Proposed Rights Issue or timing thereof, the Rights Shares, the subscription thereof, or as to the Shares, the Company, its subsidiaries or related companies (including their respective financial or other conditions).

In providing the Investor Undertaking, the Investor intends to assist the Company in raising funds and strengthening its financial position by injecting working capital through the subscription of 1,130,500,000 Renounced Rights Shares. The Investor also intends to procure the Company to actively search for a new business and opportunities to steer the Group to profitability and to enhance Shareholders' value.

For the avoidance of doubt, the Investor has deposited S$5,653,000 with the Manager for the subscription of the Renounced Rights Shares by 30 January 2015. Please refer the Company's announcement dated 30 January 2015 entitled ***"PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE IN THE CAPITAL OF THE COMPANY – RECEIPT OF FUNDS FROM INVESTOR"*** in relation to the receipt of funds from the Investor.

Details of the shareholdings of the Investor, upon completion of the Proposed Rights Issue based on various scenarios, are set out in Section 8, Section 9.2 and Section 14 of this Circular.

7.5 Conditions to the Irrevocable Undertakings

Each of Mr Weng Wenwei and G&W's obligations under the respective Undertaking Shareholders Undertakings dated 30 December 2014, and the Investor's obligation to subscribe and pay for the 1,130,500,000 Renounced Rights Shares under the Investor Undertaking are subject to the Investor having deposited not less than S$5,653,000 with the Manager on or before 30 January 2015.

Each of Mr Weng Wenwei and G&W's obligations under the Undertaking Shareholders Undertakings, each of Orient Glory and Oriental Charms's obligations under its respective Irrevocable Undertaking, and the Investor's obligation to subscribe and pay for the 1,130,500,000 Renounced Rights Shares under the Investor Undertaking, are also subject to:

(a) the Proposed Rights Issue, including the allotment and issue of the Rights Shares, having been approved by Shareholders at the EGM;

(b) the Whitewash Waiver having been granted by the SIC and such Whitewash Waiver not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;

(c) the grant by the SGX-ST of its approval in-principle for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST, and such approval in-principle not having been withdrawn or revoked as at the completion of the Proposed Rights Issue;

(d) the Proposed Whitewash Resolution having been approved by way of a poll by a majority of Independent Shareholders at the EGM;

(e) the Proposed Transfer of Controlling Interest having been approved by the Shareholders at the EGM pursuant to Rule 803 of the Listing Manual;

(f) all other conditions of the Whitewash Waiver and the approval in-principle granted by the SGX-ST for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST having been complied with;

(g) all other necessary consents, approval and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue; and

(h) the lodgment of the Offer Information Statement, together with all other accompanying documents, by the Company with the MAS in accordance with Section 277 of Securities and Futures Act.

Each of Mr Weng Wenwei, G&W, Orient Glory, Oriental Charms and the Investor confirms that he/it has not been offered additional terms or benefits in connection with the giving of their respective Irrevocable Undertakings.

7.6 Background on Investor

The information on the Investor in this Section 7.6 was provided by the Investor. In respect of such information, the Company, the Directors and the Manager have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Circular.

The Investor, Forise Capital Group Limited (Company Registration No. 1819781) is an investment holding company incorporated in the British Virgin Islands on 10 April 2014, with an issued and paid up share capital of US$1.00, comprising 1 ordinary share. The ultimate shareholder and sole director of the Investor is Mr Wang Xin, a citizen of the PRC. The Investor has not commenced any business since its incorporation. As at the Latest Practicable Date, the Investor does not have any direct and/or indirect interest in the Shares of the Company.

The ultimate shareholder and sole director of the Investor, Mr Wang Xin, graduated with a Master of Business Administration from TsingHua University of the PRC in 2011, and is an established entrepreneur with business interests in asset management and investment business for over 20 years.

Mr Wang Xin is well known in the wealth and asset management industry, and has obtained various awards over the years. In particular, in June 2014, Mr Wang Xin became a qualified member of the China Wealth Management 50 Forum ("中国财富管理50人论坛"), whose members include influential personnel in the banking, trust, insurance and fund management industries.

Mr Wang Xin is serving as the chairman of Fu Hua Holdings Ltd (复华控股有限公司) ("**Fu Hua Holdings**") (Company Registration No. 110000016216623), a company incorporated in the PRC on 23 August 2013, with an existing paid up capital of RMB50,080,000. Mr Wang Xin holds 90% of the equity interest in Fu Hua Holdings, with the remaining 10% equity interest being held by Ms Wang Long Tang, the elder sister of Mr Wang Xin. Fu Hua Holdings is principally engaging in the businesses of, *inter alia*, core asset operation, asset management, investment, and merger and acquisition.

Mr Wang Xin, through his investment holding company, Fu Hua Holdings, has invested in companies in various sectors such as environmental protection, property development, cultural tourism, convenience stores, and retail as well as private equity, banking, wealth management, micro credit and investment banking. For example, Fu Hua Holdings owns 96% of the equity interest in Full Time 365 Convenience Store Ltd ("北京全时叁陆伍连锁便利店有限公司"), a convenience store chain in the PRC. Full Time 365 Convenience Store Ltd started its first convenience store in February 2011, and as at 2014, Full Time 365 Convenience Store Ltd has up to 100 convenience stores in the PRC, with a revenue exceeding RMB600 million. Full Time 365 Convenience Store Ltd also targets to have more than 10,000 store fronts throughout the PRC within the next five (5) years.

As at the Latest Practicable Date, Fu Hua Holdings has established its presence and network in countries other than PRC, such as Hong Kong, Australia, Singapore and etc.

As the Company and Fu Hua Holdings are in different businesses, both the Company and the Investor are of the view that there are no potential conflicts of interests.

Mr Wang Xin is also the chairman of few other companies incorporated in the PRC and overseas, including Dongyan Hi-tech (Beijing) Environment Protection Technology Co., Ltd (北京东研二十一世纪环境科技有限公司) ("**Dongyan**") (Company Registration No. 110105012080843). Mr Wang Xin has served as the chairman of Dongyan since May 2010, and is a 94% shareholder of Dongyan. Dongyan is principally engaged in the business of water purifying, air purification, smart bathroom facilities as well as the development of

other household electronic devices. As at the Latest Practicable Date, Dongyan has more than 20 subsidiaries throughout the PRC, and supplies its products to over 50,000 companies and businesses and over 30 million households.

Mr Wang Xin had also obtained various awards between years 2008 to 2014, including but not limited to, obtaining the Gold Award by the 21st Century Business Herald ("21世纪经济报道") in 2009, becoming a qualified member of the China Wealth Management 50 Forum ("中国财富管理50人论坛") in June 2014, and obtaining the "Going Global Pioneer" award ("2014 企业国际化推动奖") in November 2014.

The Investor and its beneficial shareholder, namely Mr Wang Xin, are not related to the Company, its subsidiaries, its Director and Substantial Shareholders, and their associates.

Other than the Undertaking Shareholders Undertakings, none of the Undertaking Shareholders, Orient Glory, Oriental Charms, and Directors and Substantial Shareholders, and their respective associates, have any connection (including business relationship) with the Investor and its beneficial shareholder.

8. THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE INVESTOR

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval of shareholders in general meeting.

The Investor, Mr Wang Xin or his associates currently does not hold any Shares in the Company and none of them is a Controlling Shareholder of the Company.

Assuming the Minimum Scenario, the Investor's proposed subscription of Renounced Rights Shares will result in the following changes in the shareholding interests of the Undertaking Shareholders and Investor upon completion of the Proposed Rights Issue.

Name	**Before Proposed Rights Issue**				**After Proposed Rights Issue[2]**			
	Direct Interest		**Indirect Interest**		**Direct Interest**		**Indirect Interest**	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Mr. Weng Wenwei[1]	61,500,000	23.2	120,000,000	45.3	61,500,000	4.4	120,000,000	8.6
G&W Investment Management Co., Ltd[1]	100,000,000	37.7	–	–	100,000,000	7.2	–	–
Oriental Charm[1]	10,000,000	3.8	–	–	10,000,000	0.7	–	–
Orient Glory[1]	10,000,000	3.8	–	–	10,000,000	0.7	–	–
Forise Capital Group Limited	–	–	–	–	1,130,500,000	81.0	–	–
Wang Xin	–	–	–	–	–	–	1,130,500,000	81.0
SAPO	–	–	–	–	–	–	–	–
Public Shareholders	83,500,000	31.5	–	–	83,500,000	6.0	–	–
Total	**265,000,000**	**100.0**	–	–	**1,395,500,000**	**100.0**	–	–

Notes:

(1) Mr Weng Wenwei is deemed to be interested in the (i) 100,000,000 Shares held by G&W by virtue of his shareholdings of 100% in G&W; (ii) 10,000,000 Shares held by Orient Glory, by virtue of his 100% interest in Orient Glory; and (iii) 10,000,000 Shares held by Oriental Charms, by virtue of his 100% interest in Oriental Charms.

(2) Assuming the Minimum Scenario, where, based on the Existing Share Capital, and assuming that (1) none of the 30,000,000 Warrants are exercised on or prior to the Books Closure Date, (2) none of the other Shareholders subscribes for their respective entitlements under the Proposed Rights Issue, and (3) only the Investor subscribes for the Renounced Rights Shares pursuant to the Investor Undertaking, up to 1,130,500,000 Rights Shares will be issued pursuant to the Proposed Rights Issue.

Assuming the Maximum Scenario, the Investor's proposed subscription of the Renounced Rights Shares will result in the following changes in the shareholding interests of the Undertaking Shareholders and Investor upon completion of the Proposed Rights Issue.

Name	Before Proposed Rights Issue				After Proposed Rights Issue[2]			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Weng Wenwei[1]	61,500,000	20.8	120,000,000	40.7	61,500,000	2.6	260,000,000	11.0
G&W Investment Management Co., Ltd[1]	100,000,000	33.9	–	–	100,000,000	4.2	–	–
Oriental Charm[1]	10,000,000	3.4	–	–	80,000,000	3.4	–	–
Orient Glory[1]	10,000,000	3.4	–	–	80,000,000	3.4	–	–
Forise Capital Group Limited	–	–	–	–	1,130,500,000	47.9	–	–
Wang Xin	–	–	–	–	–	–	1,130,500,000	47.9
SAPO	30,000,000	10.2			240,000,000	10.2		
Public Shareholders	83,500,000	28.3	–	–	668,000,000	28.3	–	–
Total	**295,000,000**	**100.0**	–	–	**2,360,000,000**	**100.0**	–	–

Notes:

(1) Mr Weng Wenwei is deemed to be interested in the (i) 100,000,000 Shares held by G&W by virtue of his shareholdings of 100% in G&W; (ii) 10,000,000 Shares held by Orient Glory, by virtue of his 100% interest in Orient Glory; and (iii) 10,000,000 Shares held by Oriental Charms, by virtue of his 100% interest in Oriental Charms.

(2) Assuming the Maximum Scenario, where, based on the Existing Share Capital, and assuming that (1) all 30,000,000 Warrants are exercised in full on or prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercising of the Warrants are allotted and issued on or prior to the Books Closure Date and (2) the Proposed Rights Issue is fully subscribed (including the Renounced Rights Shares), up to 2,065,000,000 Rights Shares will be issued pursuant to the Proposed Rights Issue.

Please refer to Section 14 for further details of the shareholding of the Investor, Mr Weng Wenwei and G&W before and after the Proposed Rights Issue, under the various situations assuming that the Warrants are exercised in full prior to the Books Closure Date and the Warrants are not exercised in full prior to the Books Closure Date.

Under both the Minimum Scenario and Maximum Scenario, the Investor will, upon the completion of the Proposed Rights Issue, hold more than 15% of the total number of issued Shares in the enlarged share capital of the Company, and will become the largest Shareholder and a Controlling Shareholder of the Company.

Upon the completion of the Proposed Rights Issue, Mr Weng Wenwei and G&W will collectively be the second largest Shareholder of the Company.

Therefore, the proposed subscription by the Investor of the Renounced Rights Shares will result in a transfer of a Controlling Interest in the Company under both the Minimum Scenario and the Maximum Scenario, which is subject to the approval of the Shareholders pursuant to Rule 803 of the Listing Manual. Accordingly, the Company intends to seek the approval of Shareholders for the Proposed Transfer of Controlling Interest at the EGM.

9. THE PROPOSED WHITEWASH RESOLUTION

9.1 Mandatory Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, 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 persons acting in concert with him) carry 30% or more of the Company's voting rights; 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 Company's voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights,

he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control.

9.2 Shareholding of the Investor following the Proposed Rights Issue

The Existing Share Capital comprises 265,000,000 Shares. For illustrative purposes only, an analysis of the Investor's shareholding interest is set out below, on the following assumptions:

(a) No exercise of the Warrants on or before the Books Closure Date:

(i) All other Shareholders subscribe fully for their respective entitlements under the Proposed Rights Issue ("**Scenario 1a**"); and

(ii) (A) None of the other Shareholders subscribe for any of their respective entitlements under the Proposed Rights Issue; and (B) the Investor fully subscribes for the Renounced Rights Shares only, pursuant to the Investor Undertaking ("**Scenario 1b**"); and

(b) Full exercise of the Warrants on or before the Books Closure Date:

(i) SAPO and all other Shareholders subscribe fully for their respective entitlements under the Proposed Rights Issue ("**Scenario 2a**"); and

(ii) (A) Neither SAPO nor any of the other Shareholders subscribe for any of their respective entitlements under the Proposed Rights Issue; and (B) the Investor fully subscribes for the Renounced Rights Shares only, pursuant to the Investor Undertaking ("**Scenario 2b**");

(c) Full exercise of the Warrants after the Books Closure Date:

(i) All other Shareholders subscribe fully for their respective entitlements under the Proposed Rights Issue ("**Scenario 3a**"); and

(ii) (A) None of the other Shareholders subscribe for any of their respective entitlements under the Proposed Rights Issue; and (B) the Investor fully subscribes for the Renounced Rights Shares only, pursuant to the Investor Undertaking ("**Scenario 3b**"):

	Shareholding interest of the Investor in the Company's						
	Before the Proposed Rights Issue (as at Book Closure Date)			After the Proposed Rights Issue			
	Total no. of shares in the Company ('000)	No. of Shares held by the Investor	%	Total no. of Rights Shares issued ('000)	Total no. of shares in the Company ('000)	No. of Shares held by the Investor ('000)	%
Scenario 1a	265,000	–	–	1,855,000	2,120,000	1,130,500	53.3
Scenario 1b(1)	265,000	–	–	1,130,500	1,395,500	1,130,500	81.0
Scenario 2a	295,000	–	–	2,065,000	2,360,000	1,130,500	47.9
Scenario 2b(1)	295,000	–	–	1,130,500	1,425,500	1,130,500	79.3
Scenario 3a	265,000	–	–	1,855,000	2,248,000(2)	1,130,500	50.3
Scenario 3b(1)	265,000	–	–	1,130,500	1,523,500(2)	1,130,500	74.2

Notes:

(1) Pursuant to the Investor Undertaking, the Investor shall subscribe for 1,130,500,000 Renounced Rights Shares only.

(2) Subject to Shareholders' approval, the number of Warrants will be adjusted to 128,000,000 in accordance with the Warrants Conditions. Please refer to Section 10 for details of the Proposed Adjustment Warrants Issue.

As illustrated above, the fulfilment by the Investor of its obligations under the Investor Undertaking will result in the Investor holding more than 30% of the Company's voting rights. In that event, pursuant to Rule 14 of the Code, the Investor and its concert parties (if any) will become obliged to make a mandatory general offer for all of the Shares not already owned or controlled by them, unless such requirement is otherwise waived by the SIC. Accordingly, an application was made to the SIC for, *inter alia*, the Whitewash Waiver and a confirmation from the SIC that the Undertaking Shareholders are not deemed to be parties acting in concert with the Investor.

9.3 Potential Dilution

Please refer to Section 14 for more information on the potential dilution to the collective shareholding interests of the Shareholders (other than the Investor and the Undertaking Shareholders) as a result of the Proposed Rights Issue.

9.4 Whitewash Waiver

The Company had on 13 January 2015 submitted its application to the SIC to seek (i) the Whitewash Waiver; and (ii) SIC's confirmation that the Undertaking Shareholders and the Investor are not parties acting in concert as defined under the Code.

On 2 April 2015, the SIC granted the Whitewash Waiver, subject to the satisfaction of the following conditions:

(a) a majority of Independent Shareholders of the Company approve at the EGM, before the issue of the Rights Shares, the Proposed Whitewash Resolution by way of poll to waive their rights to receive a general offer from the Investor and its concert parties (if any);

(b) the Proposed Whitewash Resolution is separate from other resolutions to be tabled at the EGM;

(c) the Investor and its concert parties (if any), as well as parties not independent of them abstaining from voting on the Proposed Whitewash Resolution;

(d) the Investor and its concert parties (if any) did not acquire and are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):

  (i) during the period between the date of the Announcement and the date on which Independent Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

  (ii) in the six (6) months prior to the date of the Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Rights Issue;

(e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Proposed Whitewash Resolution;

(f) the Company sets out clearly in this Circular:

  (i) details of the Proposed Rights Issue as well as the Investor Undertaking;

  (ii) the dilutive effect to existing holders of voting rights of the Company upon the acquisition of the Renounced Rights Shares by the Investor;

  (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 held by the Investor and its concert parties (if any) as at the Latest Practicable Date;

  (iv) the number and percentage of voting rights to be acquired by the Investor and its concert parties (if any) upon the acquisition of the Renounced Rights Shares by the Investor;

(v) specific and prominent reference to the fact that the acquisition by the Investor for the Renounced Rights Shares would result in the Investor and its concert parties (if any) holding Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital, and the fact that the Investor and their concert parties (if any) will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company; and

(vi) that the Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Investor and its concert parties (if any) at the highest price paid by the Investor and its concert parties (if any) for the Shares in the past six (6) months preceding the commencement of the Proposed Rights Issue;

(g) this Circular states that the Whitewash Waiver is subject to the conditions stated in sub-paragraphs (a) to (f) above;

(h) SIC's approval will be obtained in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and

(i) to rely on the Proposed Whitewash Resolution, the acquisition of the Renounced Rights Shares by the Investor must be completed within three (3) months of the approval of the Proposed Whitewash Resolution,

(collectively, the "**SIC Conditions**").

The SIC further confirmed that the Undertaking Shareholders and the Investor are not deemed to be parties acting in concert in respect of the Company. As Orient Glory and Oriental Charms, each holding 10,000,000 Shares in the Company, are wholly-owned by Mr Weng Wenwei, no distinction needs be drawn between Shares held by these corporate entities and by Mr Weng Wenwei and therefore Orient Glory and Oriental Charms would similarly not be parties acting in concert with the Investor.

As at the Latest Practicable Date, save for the conditions set out in sub-paragraphs (a), (c) and (i) above, all the other SIC conditions set out above have been satisfied.

9.5 Proposed Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll on the Proposed Whitewash Resolution as set out in Ordinary Resolution 3 in the notice of EGM set out on page N1 of this Circular.

Independent Shareholders should note that:

(a) by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer from the Investor, at the highest price paid or agreed to be paid by the Investor for the Shares in the six (6) months preceding the commencement of the Proposed Rights Issue (if any), which it would otherwise have been obliged to make for all the Shares which it and its concert parties (if any) does not already own or control in accordance with Rule 14.1 of the Code;

(b) by voting in favour of the Proposed Whitewash Resolution, the Investor and its concert parties (if any) may carry over 49% of the voting rights in the Company pursuant to the Proposed Rights Issue and will henceforth be free to acquire additional Shares without any obligation under Rule 14.1(b) of the Code to make a general offer; and

(c) the Proposed Rights Issue, the Proposed Transfer of Controlling Interest and Proposed Adjustment Warrants Issue are conditional upon them voting in favour of the Proposed Whitewash Resolution. In view of this, in the event the Proposed Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Rights Issue, the Proposed Transfer of Controlling Interest and the Proposed Adjustment Warrants Issue will not take place.

9.6 Advice of the Independent Financial Adviser

Phillip Securities Pte Ltd has been appointed as the IFA to advise the Independent Directors on the Proposed Whitewash Resolution.

The IFA's advice is contained in IFA Letter dated 29 June 2015, which is set out in Appendix 1 of this Circular.

Having regard to its analysis and the considerations set out in the IFA Letter and after having considered carefully the information available to the IFA and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to the terms of reference of the IFA, the IFA is of the view that the financial terms of the Proposed Rights Issue, being the transaction that is subject to the Proposed Whitewash Resolution, is, on balance fair and reasonable from a financial point of view, and the Proposed Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders. Accordingly, **the IFA has advised the Independent Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution**.

Shareholders are advised to read the IFA Letter in full and consider carefully the recommendation of the Independent Directors for the Proposed Whitewash Resolution.

10. THE PROPOSED ADJUSTMENT WARRANTS ISSUE

10.1 Background of Warrants

The Company had, pursuant to the Subscription Agreement, completed the issue of the 30,000,000 unlisted and non-transferable Warrants to SAPO on 19 July 2013, at an issue price of S$0.005 each, with each Warrant carrying the right to subscribe for one (1) new Share of the Company upon the exercise of the Warrants by SAPO at the exercise price of S$0.075 for each new Share.

SAPO is a private limited company duly incorporated in Singapore engaged in the business of film and media investment holding and motion picture, video and television programme production activities. As at the date of the Subscription Agreement and the Latest Practicable Date, the sole shareholder of SAPO is Mr Sim Hiang Teck.

The salient terms of the Warrants are as follows:

Number of Warrants issued	30,000,000
Vesting Date	The Warrants have vested on 1 January 2014.
Warrants Exercise Right	Each Warrant carries the right to subscribe for one (1) new Share
Warrants Exercise Period	From 1 January 2014 to 5.00 p.m. on the earlier of (a) the date immediately preceding 36 months from the date of issue of the Warrants; and (b) the date ending 30 days upon the announcement by the Company of any agreement (including a conditional agreement) that constitutes a very substantial acquisition or reverse takeover under Rule 1016 of the Listing Manual.
Exercise Price	S$0.075
Ranking of Warrants	Upon having vested, the Warrants constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and ratably without any preference among themselves, and subject as mentioned in the Warrants Conditions and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding. The Warrants do not give the warrantholders priority over any other debt of the Company.
Ranking of new Shares	The Company had on 3 July 2013 received the approval in-principle of the SGX-ST for the listing and quotations of the new Shares to be issued upon exercise of the Warrants. The new Shares issued upon exercise of the Warrants will rank *pari passu* with all existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which shall fall before the date of issue of the new Shares.
Events leading to adjustments to the Warrants	The exercise price of the Warrants and the number of Warrants will be adjusted in any of the following cases: (a) any consolidation, subdivision or conversion of the Shares; (b) an issue by the Company of Shares credited as fully paid by way of capitalization of profits or reserves to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend); (c) a capital distribution made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);

	(d) an offer or invitation made by the Company to its Shareholders under which they may acquire of subscribe for Shares by way of rights; or (e) an issue (otherwise than pursuant to an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights, requiring an adjustment under condition (d), and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares, if the total effective consideration for each Share is less than 90% of the last dealt price for each Share for one or more board lots of Shares on that Market Day on which there is trading of the Shares on the SGX-ST, where "**capital distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares or other securities (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully or partly paid-up by way of capitalization of profits or reserves. Any distribution out of profits or reserves shall not be deemed to be a capital distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before the date of such distribution and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a capital distribution; and "**total effective consideration**" shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.
Lapse of Warrants	At the expiry of the Warrants exercise period, any Warrants which have not been exercised in accordance with the Warrants Conditions will lapse and cease to be valid for any purpose.

Please refer to the announcement of the Company released on 20 May 2013 entitled ***"ENTRY INTO OF A LICENSE AGREEMENT AND PROPOSED WARRANTS ISSUE TO SAPO INVESTMENT PTE LTD"*** for further details of the Warrants issue.

10.2 Basis for the Proposed Adjustment Warrants Issue

As at the Latest Practicable Date, the Warrants remain outstanding and have not been exercised. The Warrants may or may not be exercised by SAPO prior to the Books Closure Date.

Assuming that the Warrants are exercised and 30,000,000 new Shares arising from the exercise of the Warrants are allotted and issued to SAPO prior to the Books Closure Date, SAPO will be an Entitled Shareholder pursuant to the Proposed Rights Issue.

Under the Warrants Conditions, the number of Warrants and exercise price will be adjusted in the event of any rights issue of the Company. Assuming that all 30,000,000 Warrants are not exercised prior to the Books Closure Date, the number of Warrants issued, and the exercise price at which such Warrants are to be converted into new Shares of the Company, will be adjusted in accordance with the Warrants Conditions. Pursuant to the Warrants Conditions, such adjustments will be effective (if appropriate, retrospectively) from the commencement of the Market Day following the Closing Date.

Pursuant to the Warrants Conditions, assuming that all 30,000,000 Warrants are not exercised prior to the Books Closure Date, the number of Warrants will be adjusted from 30,000,000 to a total of 128,000,000, and each Warrant will carry the right to subscribe for one (1) new Share of the Company at a decreased exercise price of S$0.0176 for each new Share, in accordance with the following formulas:

$$\text{New exercise price} = \frac{C - D}{C} \times P$$

$$\text{Adjusted number of Warrants} = \frac{C}{C - D} \times W$$

Where:

P = the existing exercise price of the Warrants, being S$0.075;

W = the existing number of Warrants, being 30,000,000;

C = the average of the last dealt prices on the five (5) Market Days immediately preceding the date on which the Proposed Rights Issue is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the rights issue. Accordingly, the Share price is S$0.040, being the average last dealt price on the five (5) Market Days before 31 December 2014; and

D = the value of the rights attributable to one (1) Share, calculated in accordance with the following formula:

$$D = \frac{C - E}{F+1}$$

Where:

C = as in C above;

E = the issue price for one additional Share under the Proposed Rights Issue, being S$0.005; and

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share by way of rights, being one seventh (1/7) of a Share

Arising from the adjustment of the total number of Warrants to 128,000,000, 98,000,000 Adjustment Warrants will be issued to SAPO. The adjustment to the Warrants have been reviewed and approved by the auditors of the Company, Nexia Public Accounting TS Corporation.

10.3 SGX-ST Approval

On 12 June 2015, the SGX-ST granted its approval in-principle for the listing and quotation of the new Shares arising from the exercise of the Adjustment Warrants on the Official List of the SGX-ST, subject to, *inter alia*, the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) Shareholders' approval being obtained for the Proposed Rights Issue and the Proposed Adjustment Warrants Issue;

(c) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) in relation to the use of proceeds from the Proposed Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report; and

(d) a written undertaking from the Company that it will comply with the confirmation given in Rule 877(10) with regards to the allotment of any Excess Rights Shares.

10.4 Principal Terms of the Adjustment Warrants

Number of Adjustment Warrants	:	Up to 98,000,000 Adjustment Warrants to be issued on the terms and conditions of the Warrants Conditions
Basis of Allotment	:	98 free Adjustment Warrants for every 30 existing Warrant held by SAPO as at the Books Closure Date, fractional entitlements (if any) to be disregarded
Trading	:	The Adjustment Warrants will not be listed or traded on the SGX-ST as the Warrants are unlisted
Listing of the new Shares arising from the exercise of the Adjustment Warrants	:	The SGX-ST had on 12 June 2015 granted the approval in-principle for the listing and quotation of the new Shares arising from the exercise of the Adjustment Warrants on the Official List of the SGX-ST, subject to certain conditions. The approval in-principle is not to be taken as an indication of the merits of the Proposed Rights Issue, the Rights Shares, the Nil-paid Rights, the Proposed Adjustment Warrants Issue, the Shares, the Company and/or its subsidiaries

Form and Subscription Rights	:	The Adjustment Warrants will be constituted by the Warrants Conditions. Subject to the terms and conditions of the Adjustment Warrants as set out in the Warrants Conditions, each Adjustment Warrant shall entitle SAPO, at any time during the exercise period, to subscribe for one (1) new Share at the exercise price of S$0.0176 for each new Share
Exercise Price	:	S$0.0176
Exercise Period	:	The Adjustment Warrants may be exercised at any time during the period commencing on 1 January 2014 and expiring at 5.00 p.m. on the earlier of (a) the date immediately preceding 36 months from the date of issue of the Warrants; and (b) the date ending 30 days upon the announcement by the Company of any agreement (including a conditional agreement) that constitutes a very substantial acquisition or reverse takeover under Rule 1016 of the Listing Manual. At the expiry of the exercise period, any Adjustment Warrants which have not been exercised in accordance with the Warrants Conditions, will lapse and cease to be valid for any purpose. The right to exercise the Adjustment Warrants will not be extended beyond the exercise period. The Company will announce the expiration of the Adjustment Warrants and the notice of expiry of the Adjustment Warrants will be sent to SAPO not later than one (1) month before the expiration date.
Ranking of Adjustment Warrants and the new Shares arising from the exercise of the Adjustment Warrants	:	The Adjustment Warrants constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and ratably without any preference with the Warrants and among themselves, and subject as mentioned in the Warrants Conditions and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding. The Adjustment Warrants do not give the warrantholders priority over any other debt of the Company. Upon the exercise of the Adjustment Warrants, the new Shares arising from the exercise of the Adjustment Warrants will rank *pari passu* with all existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which shall fall before the date of issue of such new Shares.
Adjustments	:	The exercise price and the number of Adjustment Warrants to be held by SAPO will be subject to adjustments under certain circumstances provided for in the Warrants Conditions, including in the event of rights, bonus and other capitalization issues.

Any adjustment to the exercise price and number of Adjustment Warrants shall be subject to the approval of the SGX-ST and agreed to by the Approved Person of the Company (as defined in the Warrants Conditions) and shall be announced by the Company.

Governing law : Laws of the Republic of Singapore.

11. BOOKS CLOSURE DATE

The Register of Members and the share transfer books of the Company will be closed as at a time and date to be determined by the Directors for the purpose of determining the entitlements of Entitled Shareholders under the Proposed Rights Issue.

12. SUMMARY OF PAST PERFORMANCE

Shareholders should read the following selected financial information and the relevant commentaries in conjunction with the full text of the Company's annual reports for the respective financial years and the Company's announcements on the unaudited results of the Company for the respective financial periods.

12.1 Consolidated Statement of Comprehensive Income

The audited consolidated statement of comprehensive income of the Group for FY2012, FY2013, and FY2014 respectively, and unaudited consolidated statement of comprehensive income of the Group for 1Q2015, are set out below.

	Audited FY2012 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Unaudited 1Q2014 RMB'000	Unaudited 1Q2015 RMB'000
Continuing operations					
Revenue	564,031	406,535	356,634	83,680	77,357
Cost of sales	(503,867)	(434,746)	(331,964)	(80,077)	(72,432)
Gross (loss)/profit	60,164	(28,211)	24,670	3,603	4,925
Other (losses)/gains, net	(104,157)	(18,501)	6,040	651	168
	(43,993)	(46,712)	30,710	4,254	5,093
Operating expenses					
Selling and distribution	(21,013)	(12,592)	(10,726)	(2,167)	(1,926)
Administrative	(41,829)	(164,070)	(27,510)	(5,553)	(5,976)
Finance	(11,859)	(9,917)	(10,092)	(2,565)	(2,342)
(Loss)/Profit before tax	(118,694)	(233,291)	(17,618)	(6,031)	(5,151)
Income tax expense	(4,802)	(8,219)	(5,454)	(879)	(747)
(Loss)/Profit from continuing operations	(123,496)	(241,510)	(23,072)	(6,910)	(5,898)

	Audited FY2012 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Unaudited 1Q2014 RMB'000	Unaudited 1Q2015 RMB'000
Discontinued operation					
Gain from discontinued operation, net of tax	–	595	1,425	663	–
Total (loss)/profit	(123,496)	(240,915)	(21,647)	(6,247)	(5,898)
Other comprehensive income/(loss), net of tax:					
Currency translation gains/(losses) arising from consolidation	(15)	172	21	178	13
Total comprehensive income/(loss)	(123,511)	(240,743)	(21,626)	(6,069)	(5,885)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company	(123,511)	(241,034)	(22,316)	(6,394)	(5,885)
Non-controlling interests	–	291	690	325	–
	(123,511)	(240,743)	(21,626)	(6,069)	(5,885)

Source: Annual report of the Company for FY2012, FY2013 and FY2014, and the unaudited financial statements of the Group for 1Q2015 as announced by the Company on SGXNET on 7 May 2015.

FY2013 versus FY2012

Revenue

The Group's revenue decreased by RMB157.5 million, or 27.9%, from RMB564.0 million in FY2012 to RMB406.5 million in FY2013. The decrease was mainly due to lower revenue recorded by the contract manufacturing segment.

The demand for the Group's products has declined mainly due to weaker customer demand in Europe and America, where demand from such areas has dipped by 27.5% and 31.5% respectively in FY2013 compared to FY2012.

Gross profit/(loss) and gross profit margin

The gross profit of the Group has decreased by RMB88.4 million, or 146.9%, from a gross profit of RMB60.2 million in FY2012 to a gross loss of RMB28.2 million in FY2013 and gross loss margin was 6.9% in FY2013 compared to a gross profit margin of 10.7% in FY2012.

The decrease in gross profit was due mainly to lower demand for the Group's products and lower average selling price combined with the increase in cost of labour, additional allowances for impairment and write-off of advances to supplies included in cost of sales.

Other (losses)/gains, net

The Group's other losses, net decreased by RMB85.7 million, or 82.2%, from RMB104.2 million in FY2012 to RMB18.5 million in FY2013. This was mainly contributed by the additional allowance for impairment of property, plant and equipment of RMB8.4 million, provision for restructuring and retrenchment of RMB6.4 million for the contract manufacturing segment and exchange loss of RMB5.4 million due to the weakening of US$ against RMB.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by RMB8.4 million, or 40.1%, from RMB21.0 million in FY2012 to RMB12.6 million in FY2013 due mainly to the decrease in consultancy expenses for the GRAT.UNIC segment, the lower custom clearance costs and export charges for the contract manufacturing segment.

Administrative expenses

The Group's administrative expenses increased by RMB122.3 million, or 292.2%, from RMB41.8 million in FY2012 to RMB164.1 million in FY2013 due mainly to additional allowances for impairment of trade receivables of RMB134.1 million recognised in FY2013.

Finance expenses

The Group's finance expenses decreased by RMB2.0 million, or 16.4%, from RMB11.9 million in FY2012 to RMB9.9 million in FY2013 due mainly to lower interest rate for trade receivables factoring.

Gain from discontinued operation, net of tax

The Group recognised a gain from discontinued operation, net of tax of RMB0.6 million in FY2013 from the 51.0% equity stake in Sinex Solutions Limited.

(Loss)/Profit after income tax

As a result of the foregoing, the Group's net loss increased by RMB117.4 million, or 95.1% from RMB123.5 million in FY2012 to RMB240.9 million in FY2013.

FY2014 versus FY2013

Revenue

The Group's revenue decreased by RMB49.9 million, or 12.3%, from RMB406.5 million in FY2013 to RMB356.6 million in FY2014. This was mainly due to the weak market conditions in the textile manufacturing sector which resulted in the reduction in sales volume of the contract manufacturing segment.

Demand for the Group's products has declined mainly due to lower sales in the American and European markets, where demand from such areas has dipped by 32.3% and 10.2% respectively in FY2014, as compared to FY2013.

Gross profit/(loss) and gross profit margin

The gross profit of the Group has increased by RMB52.9 million from a gross loss of RMB28.2 million in FY2013 to a gross profit of RMB24.7 million in FY2014 and gross profit margin was 6.9% in FY2014 compared to a gross loss margin of 6.9% in FY2013.

The increase in gross profit was mainly due to an improvement in gross margin arising mainly from lower raw materials cost, and allowances for impairment and write-off of advances to suppliers (included in cost of sales) of RMB19.1 million provided for the contract manufacturing segment in FY2013.

Other (losses)/gains, net

The Group recorded other gains, net of RMB6.0 million in FY2014 compared to other losses, net of RMB18.5 million in FY2013. This was mainly due to higher interest income and government grant received, offset by a one-off loss on deconsolidation of Sinex Solutions Limited of RMB1.0 million.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by RMB1.9 million, or 14.8%, from RMB12.6 million in FY2013 to RMB10.7 million in FY2014. The decrease was mainly due to the decrease in promotion and exhibition expenses for the contract manufacturing business, which was in line with the reduction in customers' orders.

Administrative expenses

The Group's administrative expenses decreased by RMB136.6 million, or 83.2%, from RMB164.1 million in FY2013 to RMB27.5 million in FY2014. This was mainly due to allowance for impairment of trade receivables of RMB134.1 million provided for the contract manufacturing business, recognised in FY2013.

Finance expenses

The Group's finance expenses marginally increased by RMB0.2 million, or 1.8%, from RMB9.9 million in FY2013 to RMB10.1 million in FY2014, due mainly to higher balance of net borrowings (after deducting pledged deposits) of RMB213.0 million as at 31 December 2014 compared to RMB202.5 million as at 31 December 2013.

Gain from discontinued operation, net of tax

The Group's profit from discontinued operation, net of tax increased by RMB0.8 million, or 139.5%, from RMB0.6 million in FY2013 to RMB1.4 million in FY2014.

The Company had on 31 December 2013 entered into a sale and purchase agreement with Mr Christensen, Jens Fruelund to purchase 5,100 shares, representing 51.0% of the issued share capital of Sinex Solutions Limited ("**Proposed Sinex Acquisition**").

The Group was unable to access the financial information of Sinex Solutions Limited since July 2014 as the accounts personnel in-charge was on extended leave during that period. Subsequently, by August 2014, based on information received from Sinex Solutions Limited, it appeared to the management that Sinex Solutions Limited was not likely to be able to achieve the profitability target of US$1,000,000 for FY2014 that the Company had initially thought it would, thereby diminishing the value of the Proposed Sinex Acquisition. Coupled with cash flow constraints, the Company protracted on the payment on the First Tranche Payment. This caused a strain in the relationship between Mr Weng Wenwei and Mr Christensen, Jens Fruelund, leading to the resignation of Mr Weng Wenwei from the board of Sinex Solutions Limited in September 2014. Subsequently, on 23 October 2014, the Company entered into a termination agreement with Mr Christensen, Jens Fruelund to terminate the Proposed Sinex Acquisition. Accordingly, the Company had deconsolidated the results of Sinex Solutions Limited. Please refer to Section 24.2 "Other Matters – Proposed Sinex Acquisition" for further information.

(Loss)/Profit after income tax

As a result of the foregoing, the Group's net loss decreased by RMB219.3 million, or 91.0%, from RMB240.9 million in FY2013 to RMB21.6 million in FY2014.

1Q2015 versus 1Q2014

Revenue

The Group's revenue decreased by RMB6.3 million, or 7.6%, from RMB83.7 million in 1Q2014 to RMB77.4 million in 1Q2015. This was mainly due to a decrease in average selling price coupled with the reduction in sales volume for the contract manufacturing segment.

While the demand for the Group's products in the Asia market has increased by 73.8% from 1Q2014 to 1Q2015, such demand has declined in the European and other markets, where demand from such areas has dipped by 30.6% and 77.6% respectively in 1Q2015, as compared to 1Q2014, resulting in an overall decline in the demand for the Group's products from 1Q2014 to 1Q2015.

Gross profit/(loss) and gross profit margin

The gross profit of the Group has increased by RMB1.3 million, or 36.7%, from a gross profit of RMB3.6 million in 1Q2014 to a gross profit of RMB4.9 million in 1Q2015, and gross profit margin was 6.4% in 1Q2015 compared to a gross profit margin of 4.3% in 1Q2014.

The increase in gross profit was mainly due to an improvement in gross margin arising mainly from lower raw materials cost.

Other (losses)/gains, net

The Group's other gains, net decreased by RMB0.5 million, or 74.2%, from RMB0.7 million in 1Q2014 to RMB0.2 million in 1Q2015. This was mainly due to increase in foreign exchange gains, offset by the decrease in interest income and government grant received, as well as the higher fair value losses on derivative financial instruments of the Group.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by RMB0.3 million, or 11.1%, from RMB2.2 million in 1Q2014 to RMB1.9 million in 1Q2015. The decrease was mainly due to a reduction in promotion and exhibition expenses which is in line with a lower revenue.

Administrative expenses

The Group's administrative expenses increased by RMB0.4 million, or 7.6%, from RMB5.6 million in 1Q2014 to RMB6.0 million in 1Q2015. This was mainly due to compensation arising from staff retrenchment.

Finance expenses

The Group's finance expenses marginally decreased by RMB0.3 million, or 8.7%, from RMB2.6 million in 1Q2014 to RMB2.3 million in 1Q2015, due mainly to lower bank borrowings of RMB299.7 million as at 31 March 2015 as compared to RMB306.4 million as at 31 December 2014.

Gain from discontinued operation, net of tax

The Group did not have any gain from discontinued operation in 1Q2015, as compared to its profit from discontinued operation, net of tax of RMB0.7 million in 1Q2014.

Arising from the termination of the Proposed Sinex Acquisition on 23 October 2014, the Company has deconsolidated the results of Sinex Solutions Limited, and the results of Sinex Solutions Limited are classified as discontinued operation. The consolidated comparative statement of comprehensive loss for 1Q2014 has been reorganised to distinguish the discontinued operation from the continuing operations of the Group.

Please refer to Section 24.2 "Other Matters – Proposed Sinex Acquisition" for further information.

(Loss)/Profit after income tax

As a result of the foregoing, the Group's net loss decreased by RMB0.3 million, or 5.6%, from RMB6.2 million in 1Q2014 to RMB5.9 million in 1Q2015.

12.2 Consolidated Statement of Financial Position

The audited consolidated statement of financial position of the Group as at 31 December 2012, 31 December 2013 and 31 December 2014 respectively, and the unaudited consolidated statement of financial position of the Group as at 31 March 2015 are set out below.

	Audited As at 31 December 2012 RMB'000	Audited As at 31 December 2013 RMB'000	Audited As at 31 December 2014 RMB'000	Unaudited As at 31 March 2015 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	81,312	118,584	113,569	100,081
Trade and other receivables	332,639	159,420	168,252	178,955
Inventories	40,314	58,695	52,828	39,025
Other current assets	1,840	1,998	404	1,546
Derivatives financial assets	1,002	817	2,293	1,288
	457,107	339,514	337,346	320,895
Non-current assets				
Property, plant and equipment	61,447	49,670	47,915	46,351
Intangible assets	17,024	28,941	15,990	15,861
Deposit for machinery and equipment	1,568	1,575	1,463	1,542
	80,039	80,186	65,368	63,754
Total assets	537,146	419,700	402,714	384,649
LIABILITIES				
Current liabilities				
Trade and other payables	41,012	102,244	77,838	72,364
Borrowings	217,417	266,979	306,387	299,675
Current income tax liabilities	1,000	2,161	2,517	2,536
Provision for restructuring	–	6,376	–	–
Total Liabilities	259,429	377,760	386,742	374,575
NET ASSETS	277,717	41,940	15,972	10,074

	Audited As at 31 December 2012 RMB'000	Audited As at 31 December 2013 RMB'000	Audited As at 31 December 2014 RMB'000	Unaudited As at 31 March 2015 RMB'000
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	104,766	104,766	104,766	104,766
Restructuring reserve	114,040	114,040	114,040	114,040
Currency translation reserve	(15)	157	178	165
Warrant reserve	–	727	727	727
Performance shares	–	886	–	–
Shares to be issued	–	3,349	–	–
Retained profits/(accumulated losses)	58,926	(182,280)	(203,731)	(209,616)
	277,717	41,645	15,980	10,082
Non-controlling interests	–	295	(8)	(8)
Total equity	277,717	41,940	15,972	10,074

Source: Annual report of the Company for FY2012, FY2013 and FY2014, and the unaudited financial statements of the Group for 1Q2015 as announced by the Company on SGXNET on 7 May 2015.

31 December 2013 versus 31 December 2012

Current assets

Cash and cash equivalents increased by RMB37.3 million, or 45.8%, from RMB81.3 million as at 31 December 2012 to RMB118.6 million as at 31 December 2013, mainly due to additional proceeds from borrowings.

Trade and other receivables decreased by RMB173.2 million or 52.1%, from RMB332.6 million as at 31 December 2012 to RMB159.4 million as at 31 December 2013, mainly due to additional impairment provided for trade receivables and advances to suppliers.

Inventories increased by RMB18.4 million, or 45.6%, from RMB40.3 million as at 31 December 2012 to RMB58.7 million as at 31 December 2013. This was mainly due to an increase in finished goods and raw materials.

Non-current assets

Non-current assets increased by RMB0.2 million, or 0.2%, from RMB80.0 million as at 31 December 2012 to RMB80.2 million as at 31 December 2013. The increase was mainly due to the increase in intangible assets by RMB11.9 million as a result of recognition of goodwill arising on consolidation which was partially offset by the decrease in property, plant and equipment by RMB11.7 million as a result of additional impairment provided during FY2013.

Current liabilities

Current liabilities increased by RMB118.3 million, or 45.6%, from RMB259.4 million as at 31 December 2012 to RMB377.8 million as at 31 December 2013. The increase in trade and other payables was mainly due to the increase in trade payables, which was in line with the increase in inventory, provision for restructuring and retrenchment of RMB6.4 million as well as cash consideration payable of RMB9.1 million arising from the acquisition of 51.0% interest in Sinex Solutions Limited.

Shareholders' Equity

Total shareholders' equity decreased by RMB235.8 million, or 84.9%, from RMB277.7 million as at 31 December 2012 to RMB41.9 million as at 31 December 2013, mainly due to net loss of RMB240.7 million in FY2013.

31 December 2014 versus 31 December 2013

Current assets

Cash and cash equivalents decreased marginally by RMB5.0 million, or 4.2%, from RMB118.6 million as at 31 December 2013 to RMB113.6 million as at 31 December 2014, mainly due to a decrease in fixed deposit at Xiamen International Bank (厦门国际银行).

Trade and other receivables increased by RMB8.8 million, or 5.5%, from RMB159.4 million as at 31 December 2013 to RMB168.3 million as at 31 December 2014. The increase was mainly due to slow payment from one of the Group's customer, which the Group will continue to monitor closely. Increase in advances to a few new suppliers for the purposes of obtaining new raw materials at a lower cost also contributed to this increase.

Inventories decreased by RMB5.9 million, or 10.0%, from RMB58.7 million as at 31 December 2013 to RMB52.8 million as at 31 December 2014. This was mainly due to the decrease in work-in-progress of RMB5.7 million.

Non-current assets

Non-current assets decreased by RMB14.8 million, or 18.5%, from RMB80.2 million as at 31 December 2013 to RMB65.4 million as at 31 December 2014. This decrease was mainly due to (i) the decrease in intangible assets by RMB13.0 million as a result of the reversal of provisional goodwill recognised in FY2013 arising from the consolidation of Sinex Solutions Limited and (ii) the decrease in property, plant and equipment by RMB1.8 million as a result of depreciation expenses of RMB6.1 million offset by the purchase of property, plant and equipment of RMB4.9 million.

Current liabilities

Current liabilities increased by RMB8.9 million, or 2.4%, from RMB377.8 million as at 31 December 2013 to RMB386.7 million as at 31 December 2014. The increase was mainly due to an increase in borrowings by RMB39.4 million, offset by the decrease in trade and other payables and provision for restructuring by RMB24.4 million and RMB6.4 million respectively.

Shareholder's equity

Total shareholders' equity decreased by RMB25.9 million, or 61.9%, from RMB41.9 million as at 31 December 2013 to RMB16.0 million as at 31 December 2014, mainly due to the net loss of RMB21.6 million in FY2014.

31 March 2015 versus 31 December 2014

Current assets

Cash and cash equivalents decreased by RMB13.5 million, or 11.9%, from RMB113.6 million as at 31 December 2014 to RMB100.1 million as at 31 March 2015 mainly due to lower cash and bank balances.

Trade and other receivables increased by RMB10.7 million, or 6.4%, from RMB168.3 million as at 31 December 2014 to RMB179.0 million as at 31 March 2015. Increase in advances to one (1) supplier of the Group contributed to this increase.

Inventories decreased by RMB13.8 million, or 26.1%, from RMB52.8 million as at 31 December 2014 to RMB39.0 million as at 31 March 2015. This was mainly due to a RMB12.7 million reduction in raw materials and RMB0.7 million decrease in finished goods.

Non-current assets

Non-current assets decreased by RMB1.6 million, or 2.5%, from RMB65.4 million as at 31 December 2014 to RMB63.8 million as at 31 March 2015. This decrease was mainly due to depreciation and amortisation of RMB1.6 million.

Current liabilities

Current liabilities decreased by RMB12.1 million, or 3.1%, from RMB386.7 million as at 31 December 2014 to RMB374.6 million as at 31 March 2015. The decrease was mainly due to the decrease in borrowings of RMB6.7 million as at 31 March 2015 and the decrease in trade and other payables of RMB5.5 million.

Shareholder's equity

Total shareholders' equity decreased by RMB5.9 million, or 36.9%, from RMB16.0 million as at 31 December 2014 to RMB10.1 million as at 31 March 2015, mainly due to the total loss of RMB5.9 million incurred during 1Q2015.

12.3 Credit policies to our suppliers

The Group may be required to place advances with its suppliers for the following circumstances: (i) when ordering from new suppliers; (ii) when ordering customised raw materials with existing suppliers; and (iii) to secure better pricing for large orders. The Group has advances of RMB103.2 million and RMB108.4 million placed with suppliers as at 31 December 2014 and 31 March 2015 respectively. To the best of the Chief Executive Officer's information, knowledge and belief, the advances to suppliers is consistent with market practice in the PRC.

The Group assesses the creditworthiness and quality of the suppliers prior to placing orders. Credit exposure to an individual counterparty is restricted by credit limits and terms that are approved by the Chief Executive Officer. In assessing the credit limits and terms granted, the Group considers the nature of the contract, creditworthiness, payment history and the relationship with the suppliers.

The advances to the top two (2) of the 210 suppliers are to 泉州万晟织造有限公司 and 厦门泓健贸易有限公司, which amounted to RMB57.81 million and RMB4.03 million, or 53.3% and 3.7%, respectively of the total advances to suppliers as at 31 March 2015. The remaining 43.0% is made up of advances to the remaining 208 suppliers.

The Company confirms that its Directors, Substantial Shareholders, executive officers or their associates do not have any interest, direct or indirect, in any of the suppliers and are not related to any of the suppliers.

The following table sets out the advances made to suppliers, advances to suppliers utilized and the advances to suppliers refunded for FY2012, FY2013 and FY2014:

RMB' million	**FY2012**	**FY2013**	**FY2014**
Beginning balance	167.8	130.4	99.1
Advances made to suppliers	523.4	206.6	489.0
Advances to suppliers utilized	(451.8)	(135.0)	(323.0)
Advances to suppliers refunded	(109.0)	(85.6)	(161.9)
Advances to suppliers written-off	–	(17.3)	–
Ending balance	130.4	99.1	103.2

The following table sets out the advances to suppliers and as a percentage of cost of sales for FY2012, FY2013 and FY2014:

RMB' million	**FY2012**	**FY2013**	**FY2014**
Advances to suppliers	130.4	116.4[(1)]	103.2
Cost of sales	503.9	434.7	332.0
Advances to suppliers as a percentage of cost of sales	25.9%	26.7%	31.1%

Note:

(1) Of the RMB116.4 million advances to suppliers, RMB17.3 million were written-off in FY2013.

Further, the following table sets out the sum of allowance for impairment of advances to suppliers and advances to suppliers written-off as a percentage of the total advances to suppliers for FY2012, FY2013 and FY2014:

RMB' million	FY2012	FY2013	FY2014
Allowance for impairment of advances to suppliers	2.0	3.6	3.4
Advances to suppliers written-off	–	17.3	–
Total	2.0	20.9	3.4
Advances to suppliers	130.4	116.4(1)	103.2
Percentage	1.5%	17.9%	3.3%

Note:

(1) Of the RMB116.4 million advances to suppliers, RMB17.3 million were written-off in FY2013.

The Board is aware of the advances the Group provides to its suppliers as a practice to develop working relationship and to obtain better pricing for its raw materials. The recoverability of advances to suppliers for FY2014 has been highlighted by both BDO LLP (being the internal auditor of the Group) and Nexia TS Accounting Corporation (being the auditors of the Group) to the Board and the audit committee of the Company. As part of the audit for FY2014, the management, Board of Directors, audit committee of the Company and the auditors, Nexia TS Accounting Corporation, have discussed and/or assessed whether there were objective evidences that the advances to suppliers were impaired and had recognised an allowance for impairment or had written-off such advances to suppliers when such evidence exists.

The Company is closely monitoring the advances made to the suppliers and the utilization of such advances on a month-to-month basis. To the best of its knowledge, the management is not aware of any indications that the suppliers are unable to refund the amount if required or unable to deliver the required material.

Please refer to the risk factor entitled "The Group is exposed to risks arising from advances made to its suppliers" for further information.

12.4 Consolidated Statement of Cash Flows

The audited consolidated statements of cash flows of the Group for FY2012, FY2013 and FY2014, respectively and the unaudited consolidated statements of cash flow of the Group for 1Q2015 are set out below.

	Audited FY2012 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Unaudited 1Q2015 RMB'000
Cash Flows from Operating Activities				
Total Gain(Loss)	(123,496)	(240,915)	(21,647)	(5,898)
Adjustments for:				
Income tax expenses	4,802	8,219	5,454	747
Amortisation and depreciation	11,448	6,719	6,591	1,697
Loss on disposal of property, plant and equipment	50	123	256	–

	Audited FY2012 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Unaudited 1Q2015 RMB'000
Write-off of property, plant and equipment	71	108	–	–
Loss on deconsolidation of a subsidiary	–	–	1,030	–
Allowance for impairment of property, plant and equipment	109,896	9,988	–	–
Reversal of allowance for impairment of property, plant and equipment	–	(1,572)	–	–
Fair value loss on derivative financial instruments	(739)	185	(1,476)	1,004
Interest expenses	11,859	9,917	10,092	2,342
Interest income	(1,539)	(489)	(2,587)	(116)
Employee performance share expenses	–	886	–	–
Unrealised currency translation losses	(200)	1,536	166	50
Operating cash flows before working capital changes	12,152	(205,295)	(2,121)	(174)
Trade and other receivables	162,621	318,973	154,376	36,376
Inventories	17,502	(18,381)	5,866	13,803
Other current assets	811	(158)	1,593	(1,141)
Trade and other payables	5,619	51,372	(14,449)	(5,460)
Provision for restructuring	–	6,376	(6,501)	–
Net cash flows from operations	198,705	152,887	138,764	43,404
Interest received	1,539	489	2,587	116
Income taxes paid	(6,564)	(7,058)	(5,098)	(728)
Net cash provided by operating activities	193,680	146,318	136,253	42,792

	Audited FY2012 RMB'000	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Unaudited 1Q2015 RMB'000
Cash Flows from Investing Activities				
Net cash outflow on deconsolidation of a subsidiary	–	–	(198)	–
Additions to property, plant and equipment	(13,027)	(4,610)	(4,745)	(4)
Additions to intangible assets	(249)	–	–	–
Deposit for machinery and equipment	(1,568)	(414)	(7)	(79)
Proceeds from disposal of property, plant and equipment	753	1,945	289	–
Acquisition of a subsidiary, net of cash acquired	–	772	–	–
Net cash from investing activities	(14,091)	(2,307)	(4,661)	(83)
Cash Flows from Financing Activities				
Proceeds from borrowings	356,662	450,876	485,122	111,846
Repayment of borrowings	(535,552)	(547,068)	(611,470)	(165,638)
Interest paid	(11,859)	(9,917)	(10,092)	(2,342)
Proceeds from issuance of warrants	–	727	–	–
(Increase)/decrease in short-term bank deposits pledged	3,795	(37,463)	(28,893)	3,876
Dividend paid to equity holders of the Company	–	–	–	–
Net cash used in financing activities	(186,954)	(142,845)	(165,333)	(52,258)
Net increase/(decrease) in cash and cash equivalents	(7,365)	1,166	(33,741)	(9,549)
Cash and cash equivalents as at the beginning of the year	61,469	54,289	54,098	20,190
Effect of exchange rate changes on cash and cash equivalents	185	(1,357)	(167)	(64)
Cash and cash equivalents as at the end of the year	54,289	54,098	20,190	10,577

FY2012

The Group generated net cash from operating activities of RMB193.7 million in FY2012. This was due mainly to (i) operating cash flows before working capital changes of RMB12.2 million; (ii) a decrease in working capital requirements of RMB186.6 million; (iii) interest received of RMB1.5 million; and (iv) income taxes paid of RMB6.6 million.

The Group incurred net cash used in investing activities of RMB14.1 million in FY2012. This was mainly due to (i) the acquisition of property, plant and equipment of RMB13.0 million and (ii) deposit for machinery and equipment of RMB1.6 million, offset by the proceeds from the disposal of property, plant and equipment of RMB0.8 million.

The Group incurred net cash used in financing activities of RMB187.0 million in FY2012. This was mainly due to (i) the repayment of borrowings of RMB535.6 million and (ii) interest paid of RMB11.9 million. This was partially offset by (i) the proceeds from borrowings of RMB356.7 million and (ii) decrease in short-term bank deposits pledged of RMB3.8 million.

FY2013

The Group generated net cash from operating activities of RMB146.3 million in FY2013. This was due mainly to (i) decrease in working capital requirements of RMB358.2 million and (ii) interest received of RMB0.5 million. This is offset by (i) operating cash outflow before working capital changes of RMB205.3 million and (ii) income taxes paid of RMB7.1 million.

The Group incurred net cash used in investing activities of RMB2.3 million in FY2013. This was mainly due to (i) the acquisition of property, plant and equipment of RMB4.6 million and (ii) deposit for machinery and equipment of RMB0.4 million. This was partially offset by (i) the proceeds from the disposal of property, plant and equipment of RMB1.9 million; and (ii) acquisition of a subsidiary, net of cash acquired of RMB0.8 million.

The Group incurred net cash used in financing activities of RMB142.8 million in FY2013. This was mainly due to (i) the repayment of borrowings of RMB547.1 million; (ii) interest paid of RMB9.9 million and (iii) increase in short-term bank deposits pledged of RMB37.5 million. This is partially offset by (i) the proceeds from borrowings of RMB450.9 million and (ii) proceeds from issuance of warrants of RMB0.7 million.

FY2014

The Group generated net cash from operating activities of RMB136.3 million in FY2014. This was mainly due to (i) decrease in working capital requirements of RMB140.9 million in FY2014 and (ii) interest received of RMB2.6 million. This is offset by (i) operating cash outflow before working capital changes of RMB2.1 million and (ii) income taxes paid of RMB5.1 million.

The Group incurred net cash used in investing activities of RMB4.7 million in FY2014. This was mainly due to the acquisition of property, plant and equipment of RMB4.7 million.

The Group incurred net cash used in financing activities of RMB165.3 million in FY2014. This was mainly due to (i) the repayment of borrowings of RMB611.5 million; (ii) interest paid of RMB10.1 million; and (iii) increase in short term bank deposits pledged of RMB28.9 million. This is partially offset by the proceeds from bank borrowings of RMB485.1 million.

1Q2015

The Group generated net cash from operating activities of RMB42.8 million in 1Q2015. This was mainly due to (i) improved working capital as management tightened its controls over trade and other payables in inventories; and (ii) the Group relying on bills payable to pay most of its suppliers, thus reducing the outflow of cash and bank balances.

The Group incurred net cash used in investing activities of RMB0.08 million in 1Q2015. This was mainly related to deposits for machinery and equipment.

The Group incurred net cash used in financing activities of RMB52.3 million in 1Q2015. This was mainly due to higher repayment of borrowings as compared to the increase in proceeds from borrowings.

12.5 Working Capital

The total current assets, total current liabilities and working capital of the Group as at 31 December 2012, 31 December 2013, 31 December 2014 and 31 March 2015 are as follows:

	Audited As at 31 December 2012 RMB'000	Audited As at 31 December 2013 RMB'000	Audited As at 31 December 2014 RMB'000	Unaudited As at 31 March 2015 RMB'000
Total Current Assets	457,107	339,514	337,346	320,895
Total Current Liabilities	(259,429)	(377,760)	(386,742)	(374,575)
Working Capital	197,678	(38,246)	(49,396)	(53,680)

***Source**: Annual report of the Company for FY2012, FY2013 and FY2014 and the unaudited financial statements of the Group for 1Q2015 as announced by the Company on SGXNET on 7 May 2015.*

31 December 2013 compared to 31 December 2012

The Group's working capital decreased by RMB235.9 million, or 119.3%, from positive working capital of RMB197.7 million as at 31 December 2012 to negative working capital of RMB38.2 million as at 31 December 2013. This was mainly due to a decrease in current assets by RMB117.6 million and an increase in current liabilities by RMB118.3 million.

Current assets of the Group decreased by RMB117.6 million as at 31 December 2013 compared to as at 31 December 2012 due mainly to a decrease in trade and other receivables by RMB173.2 million, which in turn was mainly due to additional impairment provided for trade receivables and advances to suppliers. This was partially offset by (i) an increase in cash and cash equivalent by RMB37.3 million and (ii) an increase in inventories by RMB18.4 million.

Current liabilities of the Group increased by RMB118.3 million as at 31 December 2013 compared to as at 31 December 2012 due mainly to (i) the increase in borrowings by RMB49.6 million; (ii) increase in trade and other payable by RMB61.2 million; and (iii) provision for restructuring of RMB6.4 million.

31 December 2014 compared to 31 December 2013

The Group's working capital decreased by RMB11.2 million, or 29.2%, from negative working capital of RMB38.2 million as at 31 December 2013 to negative working capital of RMB49.4 million as at 31 December 2014. This was mainly due to a decrease in current assets by RMB2.2 million and an increase in current liabilities by RMB9.0 million.

Current assets of the Group decreased by RMB2.2 million as at 31 December 2014 as compared to as at 31 December 2013 due mainly to (i) a decrease in cash and bank balances by RMB5.0 million; (ii) a decrease in inventories by RMB5.9 million; and (iii) a decrease in other current assets of RMB1.6 million. This was partially offset by (i) an increase in trade and other receivables by RMB8.8 million and (ii) an increase in derivative and financial assets of RMB1.5 million.

Current liabilities of the Group increased by RMB9.0 million as at 31 December 2014 compared to as at 31 December 2013 due mainly to (i) increase in borrowings by RMB39.4 million and (ii) increase in current income tax liabilities of RMB0.4 million. This was partially offset by (i) the decrease in trade and other payables by RMB24.4 million and (ii) the decrease in provision for restructuring of RMB6.4 million.

31 March 2015 compared to 31 December 2014

The Group's working capital decreased by RMB4.3 million, or 8.6%, from negative working capital of RMB49.4 million in as at 31 December 2014 to negative working capital of RMB53.7 million as at 31 March 2015. This was mainly due to a decrease in current assets by RMB16.5 million and a decrease in current liabilities by RMB12.2 million.

Current assets of the Group decreased by RMB16.5 million as at 31 March 2015 as compared to as at 31 December 2014 due mainly to (i) a decrease in cash and bank balances by RMB13.5 million; (ii) a decrease in inventories by RMB13.8 million and (iii) a decrease in derivative and financial assets by RMB1.0 million. This was partially offset by (i) an increase in trade and other receivables by RMB10.7 million and (ii) an increase in other current assets of RMB1.1 million.

Current liabilities of the Group decreased by RMB12.2 million as at 31 March 2015 compared to as at 31 December 2014 due mainly to (i) the decrease in trade and other payables by RMB5.5 million and (ii) decrease in borrowings by RMB6.7 million.

12.6 Adequacy of working capital

The Directors note that the Group has been in a net current liabilities position since 31 December 2013 and has been dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. Therefore, the Proposed Rights Issue is an important step to address in part such insufficiency and provide short term liquidity to the Group.

Notwithstanding the Group's net current liabilities position, the Directors are of the opinion that, taking into consideration the following factors and barring any unforeseen circumstances, the working capital available to the Group is sufficient for present requirements subject to the continuous support of the financial institutions in refinancing the short-term bank borrowings. The Directors are not aware of any adverse circumstances that might cause the financial institutions not to refinance the short-term bank borrowings:

(a) About S$2.5 million of the Net Proceeds will be used for general working capital purposes to alleviate its net current liabilities position.

(b) The Group continues to tighten the controls over credit sales, advances to suppliers, inventories management and reduction of various operating expenses, With these measures, the Group expects to be able to continue generating positive cash flows from its operations for the next twelve (12) months. Although the Group has been in a net current liabilities position, it has managed to generate positive cash flow from its operations for each of the last six (6) reporting periods, as follows:

RMB ('000)	As at 31 December 2013	As at 31 March 2014	As at 30 June 2014	As at 30 September 2014	As at 31 December 2014	As at 31 March 2015
Operating cash flow	156,894	35,187	39,830	33,263	28,896	42,792

(c) The Group continues to maintain its credit facilities with the relevant financial institutions and has been able to refinance the short-term bank borrowings when they fall due. The Group's management is not aware of any adverse circumstances that might cause the financial institutions not to refinance the short-term bank borrowings.

(d) As at 31 March 2015, the Group has RMB6.7 million available to it under existing credit facilities that had not been utilized.

The Group intends to allocate S$2.5 million of the Net Proceeds for working capital purposes and the remaining Net Proceeds will be used to fund any new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses. The Company and the Investor intend for these new potential investments and businesses to general new streams of income which will improve the working capital and profitability of the Group.

Please refer to the risk factors entitled "The Group currently suffers net losses and has negative working capital" and "The Group may not be able to continue as a going concern" of this Circular for more information in respect of its negative working capital.

13. FINANCIAL EFFECTS OF THE PROPOSED RIGHTS ISSUE

The financial effects of the Proposed Rights Issue set out below are purely for illustrative purposes only and are not necessarily indicative or a projection of the actual future financial performance or financial position of the Group after completion of the Proposed Rights Issue.

Based on (i) the audited consolidated financial statements of the Group for FY2014 and the unaudited consolidated financial statements of the Group for 1Q2015; (ii) the assumption that the Existing Share Capital comprises 265,000,000 Shares (being the total number of issued Shares as at the Latest Practicable Date); and (iii) the assumption that there is no return earned from the Net Proceeds, the financial effects of the Proposed Rights Issue are expected to be as follows:

13.1 Share capital

The effects of the Proposed Rights Issue on the issued share capital of the Company are as follows:

	Maximum Scenario		Minimum Scenario	
	No. of Shares ('000)	RMB'000	No. of Shares ('000)	RMB'000
Existing Share Capital	265,000	104,766	265,000	104,766
Add: Shares to be issued pursuant to the exercise of the Warrants	30,000	11,134	–	–
Add: Rights Shares to be issued[(1)(2)]	2,065,000	44,706	1,130,500	23,093
Enlarged issued Share capital after the Proposed Rights Issue	2,360,000	160,606	1,395,500	127,859

Notes:

(1) Based on the exchange rates of S$1.00:RMB4.6255 on 16 June 2015, being the Latest Practicable Date (*Source: Bloomberg L.P.*).

(2) The Company has not taken into consideration the expenses that will be incurred in connection with the Proposed Rights Issue

13.2 NTA

Assuming that the Proposed Rights Issue was completed on 31 December 2014 or 31 March 2015, as the case may be, the financial effects of the Proposed Rights Issue on the NTA (representing NTA attributable to equity holders of the Company) and NTA per Share of the Group are as follows:

As at 31 December 2014

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
NTA attributable to the equity holders of the Company	(10)	(10)	(10)
Net Proceeds from the Proposed Rights Issue[(1)]	–	44,705	23,093

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Proceeds from the exercise of Warrants	–	10,407	–
Adjusted NTA attributable to the equity holders of the Company	(10)	55,103	23,083
Number of Shares ('000)	265,000	2,360,000	1,395,500
NTA per Share (RMB fen)	(0.004)	2.33	1.65

As at 31 March 2015

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
NTA attributable to the equity holders of the Company	(5,779)	(5,779)	(5,779)
Net Proceeds from the Proposed Rights Issue(1)	–	44,705	23,093
Proceeds from the exercise of Warrants	–	10,407	–
Adjusted NTA attributable to the equity holders of the Company	(5,779)	49,333	17,314
Number of Shares ('000)	265,000	2,360,000	1,395,500
NTA per Share (RMB fen)	(2.18)	2.09	1.24

Note:

(1) Based on the exchange rates of S$1.00:RMB4.6255 on 16 June 2015, being the Latest Practicable Date (*Source: Bloomberg L.P.*).

13.3 EPS/(LPS)

Assuming the Proposed Rights Issue was completed on 1 January 2014 or 1 January 2015, as the case may be, the financial effects of the Proposed Rights Issue on the EPS of the Group would be as follows:

FY2014

RMB'000	Before the Proposed Rights Issue[1]	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total loss attributable to equity holders of the Company	(22,337)	(22,337)	(22,337)
Number of Shares ('000)	265,000	2,360,000	1,395,500
Basic EPS/(LPS) per Share attributable to equity holders of the Company (RMB fen)	(8.43)	(0.95)	(1.60)
Diluted EPS/(LPS) per Share attributable to equity holders of the Company (RMB fen)	(8.43)	(0.95)	(1.60)

1Q2015

RMB'000	Before the Proposed Rights Issue[1]	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total loss attributable to equity holders of the Company	(5,885)	(5,885)	(5,885)
Number of Shares ('000)	265,000	2,360,000	1,395,500
Basic EPS/(LPS) per Share attributable to equity holders of the Company (RMB fen)	(2.22)	(0.25)	(0.42)
Diluted EPS/(LPS) per Share attributable to equity holders of the Company (RMB fen)	(2.22)	(0.25)	(0.42)

Notes:

(1) The basic and diluted EPS/LPS for FY2014 and 1Q2015 are computed based on the profit/(loss) for the year/period attributable to the equity holders of the Company by the weighted average number of Shares of 265,000,000 during the financial year/period. The basic and diluted EPS/LPS of the Group are the same as there were no potential dilutive ordinary shares as at the respective financial year/period.

(2) The basic and diluted EPS/LPS after the Proposed Rights Issue are calculated based on the assumption that the Proposed Rights Issue was completed at the beginning of each of the respective financial year/period and without taking into account the effect of the use of the Net Proceeds from the Proposed Rights Issue on the earnings of the Group.

13.4 Gearing

Gearing is computed based on the ratio of total borrowings to Shareholders' equity as at 31 December 2014 and 31 March 2015 (as the case may be).

As at 31 December 2014

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total borrowings	306,387	306,387	306,387
Total equity[(1)]	15,972	71,085	39,065
Gearing (times)	19.18	4.31	7.84

As at 31 March 2015

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total borrowings	299,675	299,675	299,675
Total equity[(1)]	10,074	65,187	33,167
Gearing (times)	29.75	4.60	9.04

Note:

(1) Based on the exchange rates of S$1.00:RMB4.6255 on 16 June 2015, being the Latest Practicable Date (*Source: Bloomberg L.P.*).

14. INTERESTS OF THE INVESTOR, DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Investor, Directors and the Substantial Shareholders, based on the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders before and after the Proposed Rights Issue are set out the tables below:

(a) Assuming that none of the Warrants are exercised on or prior to the Books Closure Date:

	Before Proposed Rights Issue				After Proposed Rights Issue							
					Only Investor subscribes for the Renounced Rights Shares				Investor subscribes in full for Renounced Rights Shares and Shareholders subscribe in full for their provisional allotment of Rights Shares			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
Name	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Directors												
Mr. Weng Wenwei[(1)]	61,500,000	23.2	120,000,000	45.3	61,500,000	4.4	120,000,000	8.6	61,500,000	2.9	260,000,000	12.3
Substantial Shareholders (other than Directors)												
G&W Investment Management Co., Ltd[(1)]	100,000,000	37.7	–	–	100,000,000	7.2	–	–	100,000,000	4.7	–	–
Orient Glory Ventures Limited[(1)]	10,000,000	3.8	–	–	10,000,000	0.7	–	–	80,000,000	3.8	–	–
Oriental Charm Holdings Limited[(1)]	10,000,000	3.8	–	–	10,000,000	0.7	–	–	80,000,000	3.8	–	–
Forise Capital Group Limited	–	–	–	–	1,130,500,000	81.0	–	–	1,130,500,000	53.3	–	–
Wang Xin	–	–	–	–	–	–	1,130,500,000	81.0	–	–	1,130,500,000	53.3
Public Shareholders	83,500,000	31.5	–	–	83,500,000	6.0[(2)]	–	–	668,000,000	31.5	–	–
Total	**265,000,000**	**100.0**			**1,395,500,000**	**100.0**			**2,120,000,000**	**100.0**		

Notes:

(1) Mr Weng Wenwei is deemed to be interested in the (i) 100,000,000 Shares held by G&W by virtue of his shareholdings of 100% in G&W; (ii) 10,000,000 Shares held by Orient Glory, by virtue of his 100% interest in Orient Glory; and (iii) 10,000,000 Shares held by Oriental Charms, by virtue of his 100% interest in Oriental Charms.

(2) In the event that the percentage of Shares held in public hands falls below the minimum free float requirements under the Listing Manual upon the completion of the Proposed Rights Issue, the Company shall carry out a placement in the form of allotment of new Shares of the Company to public investors to enable the Company to comply with the shareholding spread and distribution requirements set out in the Listing Manual.

(b) Assuming that the Warrants are exercised in full prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercise of the Warrants are allotted and issued on or prior to the Books Closure Date

	Before Proposed Rights Issue				After Proposed Rights Issue							
					Only Investor subscribes for the Renounced Rights Shares				Investor subscribes in full for Renounced Rights Shares and Shareholders subscribe in full for their provisional allotment of Rights Shares			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
Name	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Directors												
Mr. Weng Wenwei[(1)]	61,500,000	20.8	120,000,000	40.7	61,500,000	4.3	120,000,000	8.4	61,500,000	2.6	260,000,000	11.0
Substantial Shareholders (other than Directors)												
G&W Investment Management Co., Ltd[(1)]	100,000,000	33.9	–	–	100,000,000	7.0	–	–	100,000,000	4.2	–	–
Orient Glory Ventures Limited[(1)]	10,000,000	3.4	–	–	10,000,000	0.7	–	–	80,000,000	3.8	–	–
Oriental Charm Holdings Limited[(1)]	10,000,000	3.4	–	–	10,000,000	0.7	–	–	80,000,000	3.8	–	–
Forise Capital Group Limited	–	–	–	–	1,130,500,000	79.3	–	–	1,130,500,000	47.9	–	–
Wang Xin	–	–	–	–	–	–	1,130,500,000	79.3	–	–	1,130,500,000	47.9
SAPO	30,000,000	10.2			30,000,000	2.1	–	–	240,000,000	10.2	–	–
Public Shareholders	83,500,000	28.3	–	–	83,500,000	5.9[(2)]	–	–	668,000,000	28.3	–	–
Total	**295,000,000**	**100.0**			**1,425,500,000**	**100.0**			**2,360,000,000**	**100.0**	–	–

Notes:

(1) Mr Weng Wenwei is deemed to be interested in the 100,000,000 shares held by G&W by virtue of his shareholdings of 100% in G&W; (ii) 10,000,000 Shares held by Orient Glory, by virtue of his 100% interest in Orient Glory; and (iii) 10,000,000 Shares held by Oriental Charms, by virtue of his 100% interest in Oriental Charms.

(2) In the event that the percentage of Shares held in public hands falls below the minimum free float requirements under the Listing Manual upon the completion of the Proposed Rights Issue, the Company shall carry out a placement in the form of allotment of new Shares of the Company to public investors to enable the Company to comply with the shareholding spread and distribution requirements set out in the Listing Manual.

Save for the Irrevocable Undertakings as set out in Section 7 of this Circular and save as disclosed in this Circular, none of the Directors or Substantial Shareholders has any direct or indirect interest in the Proposed Rights Issue, the Proposed Transfer in Controlling Interest, the Proposed Whitewash Resolution, or the Proposed Adjustment Warrants Issue other than through their respective shareholdings in the Company.

15. RISK FACTORS

To the best of the Directors' knowledge and belief, all the risk factors that are material to prospective investors in making an informed judgment on the Proposed Rights Issue (save for those which have already been disclosed to the general public) are set out below. Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Circular before deciding whether to invest in the Shares and/or the Rights Shares. The Group could be affected by a number of risks that may relate to the industries and countries in which the Group operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. The risks described below are not intended to be exhaustive.

There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations. If any of the following considerations and uncertainties develop into actual events, the business operations, results of operations, financial condition, net sales, revenues, cash flow, profitability, liquidity, capital resources and/or prospects of the Group could be materially and adversely affected. In the event, the trading prices of the Shares and/or Rights Shares could decline, and investors may lose all or part of their investment in the Shares and/or the Rights Shares.

The headings herein are inserted for convenience only. Risk factors inserted under a particular division or segment of the Group's business may not be exclusively applicable to such division or segment and may also be applicable to the other business divisions or segments of the Group.

15.1 Risks relating to the Group

The Group currently suffers net losses and has negative working capital

The Group incurred audited net losses of RMB123.5 million, RMB240.9 million and RMB21.6 million for FY2012, FY2013 and FY2014, and unaudited net losses of RMB5.9 million for 1Q2015, respectively and had audited net current liabilities of RMB38.2 million and RMB49.4 million as at 31 December 2013 and 31 December 2014, and unaudited net current liabilities of RMB53.7 million as at 31 March 2015, respectively. There is no assurance that the Group will achieve positive operating profits or continue to achieve positive operating cash flows in FY2015 and the extent of the recovery of the Group's financial performance in FY2015 (if any) is uncertain.

While the Group continues to maintain its credit facilities with the relevant financial institutions and has been able to refinance its short-term bank borrowings when they fall due, and management is currently not aware of any adverse circumstances that might cause such financial institutions not to refinance the short-term bank borrowings, there is no assurance that the financial institutions will continue to refinance bank borrowings as and when they fall due.

While the Net Proceeds will provide the Group with additional funding, the Group's cash position is also dependent on, *inter alia*, the extent of improvement in the Group's operating performance. Please refer to Section 12.6 for further details on the net current liabilities position of the Group and the factors contributing to the working capital of the Group.

The Group may not be able to continue as a going concern

The Group currently suffers net losses and has audited net current liabilities of RMB49.4 million and RMB53.7 million for FY2014 and 1Q2015, respectively. The Group is also dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. Based on the financial statements of the Group for FY2012, FY2013, FY2014 and 1Q2015, the Group's short-term bank borrowings of the Group amounted to RMB217.4 million, RMB267.0 million, RMB306.4 million and RMB300.0 million respectively. These short term bank borrowings are significantly higher than the Group's cash and cash equivalents of RMB81.3 million, RMB118.6 million, RMB113.6 million and RMB100.1 million for FY2012, FY2013, FY2014 and 1Q2015, respectively, and are due for repayment within 12 months of the balance sheet date.

The Group is continuing its measures to tighten control over its credit sales, advances to suppliers, inventories management and reduction of various operating expenses, and continues to maintain its credit facilities with the relevant financial institutions. However, there is no assurance that the Group is able to continue as a going concern and discharge its liabilities in the ordinary course of business.

The Group is exposed to tax claims arising from the Share Transfer

On 7 October 2008, the Group entered into a share transfer agreement with Great Holdings HK Limited ("**Great Hong Kong**") for the acquisition of the entire equity interests in Fujian Great Fashion Industry Co., Ltd ("**Fujian Great**") (the "**Share Transfer**"). The consideration for the Share Transfer was HK$15.0 million (the "**Acquisition Consideration**"). Great Hong Kong was 60% owned by Mr Weng Wenwei, and 40% owned by Ms Cai A'ne, the wife of Mr Weng Wenwei. The Company notes that the Share Transfer was an interested person transaction, and such interested person transaction has been previously announced in the section entitled "Restructuring Exercise" in the prospectus of the Company dated 16 September 2009. Great Hong Kong was deregistered as a Hong Kong incorporated company on 15 October 2010 and has been dissolved since then.

On 16 April 2012, Fujian Great received a letter from the Large Enterprises Tax Administration Bureau of Quanzhou State Tax Bureau (泉州市国家税务局大企业税收管理局) (the "**Quanzhou Tax Bureau**") to assist in the withholding tax matters arising from the Share Transfer (the "**Letter of Notification**"). No notification was issued to the Company. The Group had sought legal advice from its PRC legal counsel, which drafted for the Group a response to the Quanzhou Tax Bureau highlighting, *inter alia*, that the Share Transfer was completed in 2008 and the relevant regulations imposing the relevant obligations for reporting the share transfer agreement by Fujian Great were only implemented in 2009, and that the withholding tax matters related to Great Hong Kong and not Fujian Great. After the Company had sent its response to the Quanzhou Tax Bureau, no further response or notification was received from the Quanzhou Tax Bureau. As no notification was issued to the Company, and there was no affirmation of actual liabilities suffered by the Group then, the management and Board of Directors had deemed that the Letter of Notification is a

matter of supposition or is insufficiently definite to warrant disclosure pursuant to Rule 703(3) of the Listing Manual, and no announcement was made in relation to the notification received by Fujian Great.

On 29 April 2014, the Quanzhou Tax Bureau further issued a letter to Fujian Great (the "**Notification of Assistance Required**"), requesting Fujian Great to assist in procuring Great Hong Kong to make the withholding tax payment which arose from the Share Transfer, being an aggregate of RMB5,718,075, to the Quanzhou Tax Bureau (the "**Withholding Tax Payable**") before 8 May 2014. The Group had sought legal advice and the PRC legal counsel had opined that Fujian Great was not responsible for the Withholding Tax Payable.

On 31 December 2014, the Quanzhou Tax Bureau issued a notification to the Company, requesting the Company to complete the administrative procedures at the Quanzhou Tax Bureau to act as the withholding agent for the Withholding Tax Payable (the "**Withholding Agent**"). This notification further states that as the Company is deemed to be the Withholding Agent, the Company is responsible for the payment for the Withholding Tax Payable (the "**Tax Treatment Notification**"). On 12 January 2015, the Quanzhou Tax Bureau notified the Company to make payment for the Withholding Tax Payable by 27 January 2015 (the "**Notification of Deadline**").

On 28 January 2015, the Quanzhou Tax Bureau notified the Company of its intention to impose an administrative penalty of RMB5,718,075 (the "**Withholding Tax Penalty**") on the Company for its failure to withhold and make payment for the Withholding Tax Payable (the "**Penalty Notice**"). The Company was entitled to submit a written hearing application to the Quanzhou Tax Bureau within three (3) days upon receiving the Penalty Notice.

On 13 February 2015, the Company had, through its PRC legal counsel, presented its defence to the Quanzhou Tax Bureau in a hearing (the "**Tax Hearing**") on why the Company should not be considered as the Withholding Agent and accordingly, should not be responsible for paying both the Withholding Tax Payable and the Withholding Tax Penalty. As at the Latest Practicable Date, the Company has not received any further communications from the Quanzhou Tax Bureau or any other relevant authorities in relation to the Tax Hearing, the Withholding Tax Payable or the Withholding Tax Penalty.

The relevant applicable tax laws and regulations to such withholding tax payment include *inter alia*, 《中华人民共和国企业所得税法》(the Law of the PRC on Enterprise Income Tax), 《中华人民共和国税收征收管理法》(the Law of the PRC on the Administration of Tax Collection),《非居民企业所得税源泉缴扣管理暂行办法的通知》国税发【2009】3号 (Circular 3), 《国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知》国税函【2009】698号 (Circular 698) (collectively the "**PRC Tax Laws and Regulations**").

Under the applicable PRC Tax Laws and Regulations, a transfer of the equity interest in a PRC company by a foreign investor or enterprise will be subject to withholding tax on capital gains at the rate of 10% on the amount of gain, computed based on the difference between the transfer price at the time of the sale and the cost of equity.

However, in respect of transactions entered into between a foreign enterprise and its affiliated parties, where the taxable income or capital gains of the enterprise or its affiliated parties decreases due to a non-conformity of the transaction with the arm's length principle, the applicable PRC Tax Laws and Regulations allow for the taxation authority to make an

adjustment through a reasonable method. In making such adjustments, the relevant taxation authority may adjust the transfer price of the equity accordingly, resulting in a different income or capital gains being calculated.

The Group had sought legal advice on its position and its PRC legal counsel had opined that the Company has reasonable grounds to successfully defend itself against the claims by the Quanzhou Tax Bureau for the following reasons:

(i) Pursuant to the relevant and applicable PRC Tax Laws and Regulations, the party responsible for the payment of the Withholding Tax Payable should be Great Hong Kong, instead of the Company and/or any of its subsidiaries; and

(ii) Pursuant to the provisions of Law of the People's Republic of China on the Administration of Tax Collection, the time limit to impose any administrative penalties (the "**Statutory Limit**") shall be within five (5) years of such violations of the laws or administrative regulations on tax collection which deserves administrative penalties. As the Share Transfer took place on 10 October 2008, being more than five (5) years from the date of the Penalty Notice, pursuant to the relevant PRC Tax Laws and regulations, the Statutory Limit has expired.

However, there is no certainty that the Quanzhou Tax Bureau would accept the Company's defence, and the imposition by the Quanzhou Tax Bureau of the Withholding Tax Payable and the Withholding Tax Penalty may have an adverse effect on the financial performance of the Company.

The Group may face tax claims arising from a restructuring of the Group in the PRC

The majority of the Group's subsidiaries are incorporated in the PRC. Under the applicable PRC Tax Laws and Regulations, a transfer of the equity interest in a PRC company to a foreign investor or enterprise will be subject to withholding tax on capital gains at the rate of 10% on the amount of gain, computed based on the difference between the transfer price at the time of the sale and the cost of equity.

However, in respect of transactions entered into between a foreign enterprise and its affiliated parties, where the taxable income or capital gains of the enterprise or its affiliated parties decreases due to a non-conformity of the transaction with the arm's length principle, the applicable PRC Tax Laws and Regulations allow for the taxation authority to make an adjustment through a reasonable method. In making such adjustments, the relevant taxation authority may adjust the transfer price of the equity accordingly, resulting in a different income or capital gains being calculated.

Pursuant to Article 5 of Circular 698, in the event of an indirect transfer of equity of a PRC resident enterprise through an offshore holding company (the "**Target**") by a party which controls the Target (the "**Acquirer**") and the PRC resident enterprise, such transfer may still be subject to withholding tax on the capital gains arising from the transfer of equities derived from the territory of PRC under certain conditions. Therefore any past and future restructuring of the Group (including but not limited to the restructuring exercise undertaken by the Group prior to its initial public offering, as described in pages 79–80 of the prospectus of the Company dated 16 September 2009) where transfer of the equity interest in a PRC subsidiary is involved may be subject to tax payable according to the relevant PRC Tax Laws and Regulations, which may in turn impact the financial performance and operating cash flow of the Company.

As at the Latest Practicable Date, save for the tax notifications received in respect of the Share Transfer, the Company has not received any tax notifications from the relevant tax bureau arising from any past and future restructuring of the Group. However, there is no assurance that the relevant tax authority will not impose any tax on the Group in respect of any transfer of equity interest in a PRC subsidiary of the Company.

The Group is exposed to risks arising from credit terms extended to its customers

The Group is exposed to payment delays and/or defaults by its customers who are granted credit terms. These customers may default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons resulting from the current disruption in the global credit markets. As at 31 December 2014, the Group's audited trade receivables amounted to RMB186.2 million, of which RMB137.8 million was impaired. The impairment was mainly due to the provision for impairment for the balance due from Collect Source HK Limited and Sparkle-Tex Limited which in aggregate amounted to RMB131.3 million.

Accordingly, any inability on the part of the Group's customers to pay or pay on time, such amounts due to the Group may have a material adverse impact on the Group's financial performance and operating cash flow.

The Group is exposed to risks arising from advances made to its suppliers

The Group may be required to place advances with its suppliers for the following circumstances: (i) when ordering from new suppliers; (ii) when ordering customised raw materials with existing suppliers; and (iii) to secure better pricing for large orders. The Group has advances of RMB103.2 million and RMB108.4 million placed with suppliers as at 31 December 2014 and 31 March 2015 respectively.

The Group assesses the creditworthiness and quality of the suppliers prior to placing orders. Credit exposure to an individual counterparty is restricted by credit limits and terms that are approved by the Chief Executive Officer. In assessing the credit limits and terms granted, the Group considers the nature of the contract, creditworthiness, payment history and the relationship with the suppliers.

The advances to the top 2 of the 210 suppliers are to 泉州万晟织造有限公司 and 厦门泓健贸易有限公司, which amounted to RMB57.81 million and RMB4.03 million, or 53.3% and 3.7%, respectively of the total advances to suppliers as at 31 March 2015. The remaining 43.0% is made up of advances to the remaining 208 suppliers.

The Company is closely monitoring the advances made to the suppliers and the utilization of such advances on a month-to-month basis. To the best of its knowledge, the management is not aware of any indications that the suppliers are unable to refund the amount if required or unable to deliver the required material.

Nevertheless, the Group is exposed to defaults by such suppliers with whom it has placed advances. These suppliers may default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons resulting from disruption in the global credit markets. Any inability on the part of its suppliers to fulfil their obligations may have a material adverse impact on the financial performance and operating cash flow of the Group. Please refer to Section 12.3 "Credit policies to our suppliers" of this Circular for further information.

The Group is susceptible to fluctuations in the prices of raw materials and the availability of such raw materials

The main raw materials that the Group uses in the manufacture of its products include fabrics, yarn, spandex, elastic bands, lace and accessories. The Group's operations may be vulnerable to fluctuations in the supply and market prices of these raw materials. For FY2012, FY2013, FY2014 and 1Q2015, the cost of the Group's raw materials accounted for approximately 84.2%, 80.4%, 76.4% and 75.2% of its total cost of sales respectively. Any significant increase in prices of its main raw materials will adversely impact on its profitability and financial performance if it is unable to pass on such price increases to its customers or if it is unable to find alternative sources of raw materials at equivalent or competitive prices.

The Group has developed excellent working relationship with its suppliers and had maintained a strong network of raw material suppliers. To mitigate the risks of suppliers ceasing or limiting their supplies of raw materials, the Group also provides advances to its key suppliers. Nevertheless, in the event that any of the Group's suppliers ceases or limits the supply of raw materials to it or is unable to deliver the raw materials that it requires on time, the Group may face difficulties in obtaining sufficient quantities of raw materials for its business operations and this will adversely affect its business and financial performance.

The Group is subject to foreign exchange risk

As at the Latest Practicable Date, the revenue of the Group is mainly denominated in RMB and US$. According to the audited financial statements of the Group for FY2012, FY2013, FY2014 and 1Q2015, approximately 17.2%, 21.2%, 19.2% and 27.0% respectively of the Group's revenue were denominated in RMB whilst 82.8%, 78.8%, 80.8% and 73.0% respectively of the Group's revenue were denominated in US$. The costs of sales of the Group are denominated in RMB.

To the extent that the revenue and purchases of the Group are not matched in the same currency and to the extent that there are timing differences between invoicing and collection or payment, as the case may be, the Group is exposed to any adverse fluctuations of US$ against RMB or *vice versa*. According to the audited financial statements of the Group for FY2012, FY2013, FY2014 and 1Q2015, the Group has experienced foreign exchange gains of RMB148,000, RMB140,000 and RMB647,000 for FY2012, FY2014 and 1Q2015, and a foreign exchange loss of RMB5,389,000 for FY2013.

The Group is dependent on its established network of distributors

The Group sells directly to various points of sales or through its distribution networks. This is a strategic arrangement by the Group so as to minimise the Group's capital expenditure in establishing its own direct retail stores. While the Group relies on a network of distributors and there were no distributors that accounted for more than 5% of the Group's revenue for FY2014, the Group is still dependent on its relationship with its network of distributors and retailers to effectively market and sell its products in the PRC. Should the Group fail to maintain a close working relationship with its distributors and retailers, its results of operation and financial position will be adversely affected.

The Group may face product liability claims which are costly and may result in negative publicity

The Group undertakes contract manufacturing of undergarments and children's and infants' apparel. The Group also manufactures and sells undergarments under its own "GRAT.UNIC (格来德)" brand. The Company has obtained the ISO 9001 accreditation in respect of its quality management system, and the Group has in place internal product control and quality check systems, and adheres to stringent quality control procedures during its production process. For example, customers of the Company will be required to inspect the products at the factory before the delivery is being made. As at the Latest Practicable Date, no major rejections of the Group's products have occurred. The cases of rejections constituted 0.09% of the total sales of the Group for FY2014.

However, there is no assurance that its products will be free from defects. Any production accident or negligence by its production staff during the production process may result in defects in its products and render them unsuitable or unsafe for their intended use. If any of the Group's products are found to be unsafe or unfit for its intended purpose, the Group may face product liability claims from consumers arising from injuries, loss or damages suffered by them.

As the Group does not maintain any product liability insurance, the occurrence of any product liability claim brought against the Group, with or without merit, could harm its reputation in the industry and result in adverse impact on its financial position, business operations and prospects.

The Group may be affected by the shortage of skilled employees and any significant increase in labour cost in the PRC

The Group's business is labour intensive and its continued success depends in part on its ability to attract, motivate and retain a sufficient number of skilled employees such as designers, seamstresses and other operational personnel. As at 31 March 2015, the Company has a total strength of 1,179 employees and the management believes that the current staff strength is able to support the current business operations. However, any failure to recruit a sufficient number of skilled personnel to support its business operations or any material increase in employee turnover rates could have an adverse impact on its business operations and financial performance.

Competition for skilled employees may require the Group to pay higher wages to attract and retain sufficient and capable employees. For example, wages and salaries saw a marginal increase of 1.2% from RMB67.9 million in FY2013 to RMB68.7 million in FY2014, despite the decrease in the average headcount from 1,883 in FY2013 to 1,514 in FY2014 resulting from the Group's restructuring exercise to downsize and control rising labour costs. In the event of any substantial increase in labour costs, the Group's profitability and financial performance may be adversely affected.

The Group's labour costs will also be affected by increases in the mandatory minimum wage guidelines prescribed by the local government in Fujian Province, PRC, where its production facilities are located. In the event of an increase in any of the minimum wage requirements, the Group would need to increase the wages of its affected employees and it may also need to increase the wages of other employees who are paid above the

minimum wage due to higher pay expectations. This will result in an increase in the Group's costs of operations. Consequently, if the Group not able to pass on the increased labour costs to its customers, its financial performance will be adversely affected.

The Group is dependent to a large extent on its ability to attract and retain qualified personnel

One of the Group's key success factors is the continued services of the management team and skilled employees. The key management of the Group includes the Executive Chairman and Chief Executive Officer, Mr Weng Weng Wenwei, the Group General Manager, Ms Cai An'e, and the Chief Financial Officer, Mr Lee Teck Kheng. Having a team of experienced management staff and skilled personnel is critical in maintaining the quality of the Group's services and relationship with its customers. A high turnover of such personnel without suitable and timely replacement will adversely affect the Group's operations and competitiveness.

The Group may not be able to respond to fashion and market trends successfully and produce commercially viable products

The Group believes that its success depends on its ability to keep abreast of changing fashion and market trends and to produce commercially viable merchandise with sufficient mass market appeal. The Group's product design and development department spearheads the planning and development of products to meet customers' needs. However, in the event that the Group is unable to continuously develop products which appeal to customers and meet the changing fashion trends and customer needs such that the Group's products will be commercially viable, the Group's profitability and operating results will be adversely affected. In the long term, this could also lead to a loss or diminution in the commercial value of the Group's products.

For example, the Company's GRAT.UNIC brand business segment has not been as successful in meeting the customers' needs, resulting in low volume of sales of its GRAT.UNIC products since 2012. The Company has ceased production of its GRAT.UNIC products in 2012 and the Company is in the process of selling the remaining inventory. The low volume of sales of the Group's GRAT.UNIC products had resulted in an impairment of inventory of RMB7.9 million, RMB0.4 million and RMB0.2 million in 2012, 2013 and 2014, respectively, and the subsidiary involved in the sales of the GRAT.UNIC products, Great Fashion Trading (Shanghai) Limited, had suffered accumulated loss of RMB22.8 million and RMB22.6 million as at 31 December 2013 and 31 December 2014.

The Group operates in a highly competitive industry

As the Group's manufacturing operations in Fujian Province, PRC are located amongst clusters of textile and garment industries, there are many undergarment and children's and infants' apparel manufacturers who may offer similar services and products. In particular, the three (3) main competitors of the Group in Quanzhou City, Fujian Province, PRC, include (i) 百佳(福建)内衣有限公司, a company producing cotton-knit undergarments; (ii) 晋江市达丽服装织造有限公司, a company producing men and women undergarments, lace, and undergarment sets and (iii) 福建著龙(华丽内衣专家)服装有限公司, a company producing men and women undergarments, men and women T-shirts, men and women pyjamas, children's clothing, and ribbons. As such, the Group faces keen competition from these manufacturers for its contract manufacturing business.

Some of these competitors may have significantly greater financial, technical and marketing resources, stronger brand name recognition and larger existing customer base than the Group. These competitors may have the ability to offer more competitive pricing, respond more quickly to new or emerging technologies, adapt more quickly to changes in customer requirements and devote greater resources to the development, promotion and sales of their products and services than the Group.

The Group also faces shrinking overseas demand particularly from America and Europe, rising labour cost pressure from the PRC and intense price competition from lower-cost manufacturing bases in Southeast Asia and Bangladesh.

Increased competition may also result in price reduction, reduced margin and loss of market share, any of which could materially and adversely affect the results of the Group's operations. In the event that the Group is not able to remain competitive and compete effectively with existing or new competitors in the future, the Group's profitability and operations will be adversely affected.

Funding requirements of new businesses to be undertaken by the Group may exceed the funding initially planned

In the event that the Group enters into a new business, whether by acquisition or by organic growth, funds will be required to establish and operate the business. The extent of funds required will depend on the nature and scale of the business, and the funding needs of the new business may exceed what was initially contemplated by the Group. If the eventual funding requirements of the new business exceed what was initially planned, the Group may not be able to fully develop the new business, or the new business may fail, adversely affecting the financial position of the Group.

The Group may be affected by the legal, social, economic and political conditions in the countries/territories where its customers are based

The Group's contract manufacturing merchandise are export-oriented. Accordingly, the sales of the Group's products may be affected by changes in the social, economic, political and regulatory conditions in the countries in which its customers are based.

Factors such as fluctuations in exchange rates, economic recession, inflation, changes in government or regulatory policies, changes in labour policies and environmental policies, implementation of trade and non-trade barriers can affect the Group's operations and financial results. The revenue and profits of the Group will be adversely affected if there is any change in policies and/or other economic and/or political developments and/or general consumer spending behaviour that may have a negative impact on its operations and business.

The Group's operations may be affected should it fail to comply with the conditions stipulated in its licenses, permits or approvals, or in the event that any of its licenses or approvals is not renewed or extended

The Group is required to obtain the relevant licenses, permits and approvals from the PRC authorities to carry on its business. As at the Latest Practicable Date, the Group has obtained all the necessary licenses and permits for its business operations in the PRC and have complied with all relevant laws and regulations of the PRC, and the Group is not aware of any other license that it is required to obtain. However, some of these permits and

business licenses are subject to periodic renewal and reassessment as well as fulfillment of conditions imposed by the relevant government authorities, and the standards of compliance required in relation thereto may from time to time be subject to changes.

Non-renewal or revocation of the licenses, permits and approvals will have a material adverse effect on the Group's operations as it may not be able to carry on its business without such licenses, permits and approvals being granted or renewed. In such an event, the Group's business and financial performance may be adversely affected. In addition, it may be costly for the Group to comply with any subsequent modifications of, additions or new restrictions to, these compliance standards. Should there be any subsequent modifications of, or additions or new restrictions to, the current compliance standards, the Group may incur additional costs to comply with the new or modified standards which may adversely affect its business and financial performance.

The Company is vulnerable to the uncertain economic outlook

The Group's business is, to a large extent, subject to the general economic conditions in the market that it operates in. Factors such as the demand of the end consumers of its products and the delivery schedule can affect its business operations. A more cautious consumer spending behaviour observed during periods of economic downturn will in turn affect the overall demand for the Group's products. In the event that the Group fails to react promptly to the changing economic conditions, its performance and profitability could be adversely affected.

The Group faces risks associated with economic, political, social and legal developments in the PRC

The suppliers and production facilities of the Group are located in the PRC, and the Group also distributes its products in the PRC. The business, financial conditions and/or results of operations of the Group has always been vulnerable to the economic, political, social and legal developments in the PRC. There can be no assurance that these factors will not adversely affect the Group's business, financial condition and/or results of operations.

Since 1978, the PRC government has undertaken various reforms of its economic systems. Such reforms have resulted in economic growth for the PRC in the last three (3) decades. However, many of the reforms are unprecedented or experimental, and are expected to be refined and modified from time to time. Other political, economic and social factors may also lead to further readjustment of the reform measures. This refinement and adjustment process may consequently have a material impact on the Group's operations in the PRC or a material adverse impact on its financial performance. A variety of policies and measures that could be taken by the PRC government to regulate the economy, including the introduction of measures to control inflation, deflation, or reduce growth, changes in the rates or methods of taxation, or the imposition of additional restrictions on currency conversions and remittances abroad, changes in foreign exchange regulations, taxation and import and export restrictions, could also materially and adversely affect the Group's business, financial condition and/or results of operations.

The PRC legal system has inherent uncertainties that could negatively impact the Group's business

The PRC legal system is based on the PRC constitution and is made up of written laws, regulations, circulars and directives. Since 1979, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate reorganisation and governance, commerce, taxation, trade, utility regulation and public health and safety, with a view to developing a comprehensive system of commercial law. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances.

Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still being developed and refined and are, therefore, subject to policy changes. There is no assurance that the introduction of new laws, changes to existing laws and the interpretation or application thereof or the delays in obtaining approvals from the relevant authorities will not have an adverse impact on the Group's business, financial performance and prospects.

Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and unlike common law countries such as Singapore, decisions of precedent cases are not binding on lower courts. Accordingly, any particular interpretation of PRC laws and regulations may not be definitive and the outcome of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions, and it may be difficult to obtain a swift or equitable enforcement of the laws in the PRC, or obtain enforcement of judgment by a court of another jurisdiction.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralized register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public.

15.2 Risks relating to ownership of Shares

The Company is placed on the Watch-list pursuant to Rule 1311 of the Listing Manual

The Company has recorded pre-tax losses for FY2012, FY2013 and FY2014, and had on 24 February 2015 announced its Notice of 3 Consecutive Years' Losses. The Company was placed on the Watch-list on 4 March 2015. Upon being placed on the Watch-list, should the Company be unable to meet the requirements of Rule 1314 of the Listing Manual to be removed from the Watch-list, the SGX-ST may either remove the Company from its Official List, or suspend trading of the Shares with a view to removing the Company from its Official List. In the event that the SGX-ST exercises its power to remove the Company from its Official List at such time, any exit alternative offered by the Company may or may not be acceptable to Shareholders and Shareholders may lose some or all of their investment in the Company.

The Monetary Authority of Singapore and the SGX-ST has introduced a new requirement of a minimum trading price of S$0.20 per share for issuers listed on the SGX-ST Mainboard as a continuous listing requirement (the "**MTP Requirement**") which took effect from 2 March 2015. Pursuant to the MTP Requirement, issuers will have a 12-month transition period ending 1 March 2016 to take steps to comply with the MTP Requirement, and issuers which are not able to record a six-month volume weighted average price of S$0.20 or above on 1 March 2016 and any of the subsequent quarterly review days will be placed on the Watch-list. The Company will be assessing its position and options with regards to the MTP Requirement subsequent to the completion of the Proposed Rights Issue and the completion of the strategic and operational review of the Group by the Investor. It will work towards compliance with the MTP Requirement in connection with its efforts to remove itself from the Watch-list. However, there is no assurance that the Company will be able to achieve the MTP Requirement on or before 1 March 2016 or at all, or be able to successfully remove itself from the Watch-list.

Investors may not be able to utilize their CPF Funds to purchase Shares in the event that the Company is not removed from the Watch-list before 1 March 2016

As announced by CPF on 10 February 2015, with effect from 1 March 2016, CPF savings under the CPFIS will not be allowed to purchase securities on the Watch-list. In the event that the Company is unable to meet the requirements to be removed from the Watch-list before 1 March 2016, individual investors will not be able to utilize their CPF Funds to purchase Shares of the Company, and CPFIS Shareholders may not be able to participate in the Company's subsequent corporate actions, such as rights issue.

The Company is unable to assure that its Share price will not be subject to significant fluctuation

The market price of the Shares may fluctuate significantly and rapidly as a result of, among others, the following factors, some of which are beyond the Group's control:

(a) variations in the Group's operating results;

(b) changes in securities analysts' recommendations, perceptions or estimates of its financial performance;

(c) changes in market valuations and share prices of companies with similar businesses to the Company that may be listed in Singapore or elsewhere;

(d) announcements by the Company of significant acquisitions, strategic alliances or joint ventures;

(e) additions or departures of key personnel;

(f) fluctuations in stock market prices and volume;

(g) success or failure of the Group's management in implementing business and growth strategies;

(h) the Group's involvement in litigation; and/or

(i) changes in conditions affecting the Group's industry, general economic and stock market conditions.

Shareholders may suffer potential dilution in the value of their Shares

Unless an Entitled Shareholder exercises all the Nil-paid Rights initially allotted to that Entitled Shareholder, the Proposed Rights Issue may dilute that Entitled Shareholder's investment and relative ownership interest in the Company.

Further, the Group's working capital requirements, financing plans and capital expenditure needs may vary from those presently expected. If the Group does not meet its goals with respect to revenues, or if costs are higher than anticipated or if there are changes to its current financing plans, additional funds may be required. To the extent that funds generated from operations have been exhausted, the Group may have to raise additional funds to meet new financial requirements. These additional funds may be raised by way of a placement or by further rights offering (which would be subject to Shareholders' approval if necessary) or through the issuance of new Shares.

If additional funds are raised through the issuance by the Company of new Shares other than on a pro rata basis to existing Shareholders, the percentage ownership of existing Shareholders may be reduced and existing Shareholders may experience dilution in the value of their Shares. Further, any future issue or sale of Shares can have a downward pressure on the price of the Shares. The sale of a significant amount of Shares on the SGX-ST after the Proposed Rights Issue, or the perception that such sales may occur, could materially affect the market price of the Shares. To the extent that further new Shares are issued, there may be dilution to existing Shareholders. These factors may also affect the Company's ability to undertake future equity fund-raising.

There is no assurance that an active trading market for the Shares will develop after the Proposed Rights Issue

Although the SGX-ST has granted approval in-principle for the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST, there is no assurance that an active trading market for the Company's Shares will develop, or if it develops, will be sustained after the Proposed Rights Issue. There is also no assurance that the market price for the Rights Shares will not decline below the Issue Price after the Proposed Rights Issue.

It should be noted that the Shares trade in board lots of 100 Shares. Following the Proposed Rights Issue, Shareholders who hold odd lots of the Rights Shares and who wish to trade in odd lots on the SGX-ST should note that there is no assurance that they can acquire such number of Rights Shares to make up one board lot of 100 Rights Shares or to dispose of their odd lots (whether in part or whole) on the SGX-ST. Further, Entitled Shareholders who hold odd lots of less than 100 Rights Shares may experience difficulty and/or have to bear disproportionate transaction costs in disposing of odd lots of their Rights Shares.

An active trading market may not develop for the Nil-paid Rights and, if a market does develop, the Nil-paid Rights may be subject to greater price volatility than the Shares.

A trading period has been set for the Nil-paid Rights from **27 July 2015** to **4 August 2015** (the "**Rights Trading Period**"). There can be no assurance that an active trading market for the Nil-paid Rights on the SGX-ST will develop during the Rights Trading Period or that any over-the-counter trading market in the Nil-paid Rights will develop. Even if active markets develop, the trading price of the Nil-paid Rights, which depends on the trading price of the Shares, may be volatile. In addition, Shareholders in certain jurisdictions are not allowed to participate in the Proposed Rights Issue. The Nil-paid Rights relating to the Shares held by such ineligible Shareholders may be sold by the Company, which could make the trading price of the Nil-paid Rights fall.

16. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to the Entitled Shareholders after approval from Shareholders has been obtained at the EGM. Acceptances and applications under the Proposed Rights 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 whose Shares are registered in their own names;

(b) the ARE, or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and/or

(c) the ARS, or through the ATMs of the Participating Banks, in the case of persons purchasing provisional allotment of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

The procedures for acceptance, excess application and payment by Entitled Shareholders will be set out in the Offer Information Statement.

17. DIRECTORS' RECOMMENDATION

17.1 The Proposed Rights Issue and Proposed Transfer of Controlling Interest

Save for Mr Weng Wenwei who has abstained from making any recommendation in respect of the Proposed Rights Issue and the Proposed Transfer of Controlling Interest, the Directors, having considered, *inter alia*, the rationale for the Proposed Rights Issue as set out in Section 6.1 of this Circular, are of the opinion that the Proposed Rights Issue and the Proposed Transfer of Controlling Interest are in the best interests of the Company. Accordingly, the Directors (save for Mr Weng Wenwei) recommend that Shareholders vote in favour of the Proposed Rights Issue and the Proposed Transfer of Controlling Interest at the EGM.

17.2 The Proposed Whitewash Resolution

The Independent Directors, having considered, *inter alia*, the rationale for the Proposed Rights Issue as set out in Section 6.1 of this Circular and the advice of the IFA as set out in the IFA Letter in Appendix 1 of this Circular, are of the opinion that the Proposed Whitewash Resolution is in the best interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, the Independent Directors recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution at the EGM.

17.3 The Proposed Adjustment Warrants Issue

The Directors, having considered, *inter alia*, the rationale for the Proposed Adjustment Warrants Issue as set out in Section 10 of this Circular, and considering that the Proposed Adjustment Warrants Issue is a requirement under the Subscription Agreement, are of the opinion that the Proposed Adjustment Warrants Issue is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Adjustment Warrants Issue at the EGM.

18. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N1 of this Circular, will be held on 14 July 2015, at 10.00 a.m. at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807, 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.

19. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon. The completed and signed proxy form should then be returned as soon as possible and in any event so as to arrive at the Company's registered office at 75 High Street, Singapore 179435, not later than 48 hours before the time fixed for the EGM. Shareholders who have completed and returned the proxy form may still attend and vote in person at the EGM, if they so wish, in place of their proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

20. 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 Proposed Rights Issue, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, the Proposed Adjustment Warrants Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

21. MANAGER'S RESPONSIBILITY STATEMENT

The Manager confirms that, having made all reasonable enquiries and to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts relating to the Proposed Rights Issue, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, the Proposed Adjustment Warrants Issue, the Company and its subsidiaries, and it is not aware of any facts the omission of which would make any

statement in this Circular misleading in any material respect. 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.

22. CONSENTS

The Manager has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they appear in this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name; and (ii) the IFA Letter, and all references thereto, in the form and context in which they appear in this Circular.

Nexia Public Accounting TS Corporation has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they appear in this Circular.

23. MATERIAL LITIGATION

Tax claims arising from the Share Transfer

On 7 October 2008, the Group entered into a share transfer agreement with Great Hong Kong for the acquisition of the entire equity interests in Fujian Great (the "**Share Transfer**"). The consideration for the Share Transfer was HK$15.0 million (the "**Acquisition Consideration**"). Great Hong Kong was 60% owned by Mr Weng Wenwei, and 40% owned by Ms Cai A'ne, the wife of Mr Weng Wenwei. The Company notes that the Share Transfer was an interested person transaction, and such interested person transaction has been previously announced in the section entitled "Restructuring Exercise" in the prospectus of the Company dated 16 September 2009. Great Hong Kong was deregistered as a Hong Kong incorporated company on 15 October 2010 and has been dissolved since then.

On 16 April 2012, Fujian Great received a letter from the Quanzhou Tax Bureau requesting Fujian Great to assist in the withholding tax arising from the Share Transfer (the "**Letter of Notification**"). No notification was issued to the Company. The Group had sought legal advice from its PRC legal counsel, which drafted for the Group a response to the Quanzhou Tax Bureau highlighting, *inter alia*, that the Share Transfer was completed in 2008 and the relevant regulations imposing the relevant obligations for reporting the share transfer agreement by Fujian Great were only implemented in 2009, and that the withholding tax matters related to Great Hong Kong and not Fujian Great. After the Company had sent its response to the Quanzhou Tax Bureau, no further response or notification was received from the Quanzhou Tax Bureau. As no notification was issued to the Company, and there was no affirmation of actual liabilities suffered by the Group then, the management and Board of Directors had deemed that the Letter of Notification is a matter of supposition or is insufficiently definite to warrant disclosure pursuant to Rule 703(3) of the Listing Manual, and no announcement was made in relation to the notification received by Fujian Great.

On 29 April 2014, the Quanzhou Tax Bureau further issued a letter to Fujian Great (the "**Notification of Assistance Required**"), requesting Fujian Great to assist in procuring Great Hong Kong to make the withholding tax payment which arose from the Share Transfer, being an aggregate of RMB5,718,075, to the Quanzhou Tax Bureau (the "**Withholding Tax Payable**") before 8 May 2014. The Group had sought legal advice and the PRC legal counsel had opined that Fujian Great was not responsible for the Withholding Tax Payable.

On 31 December 2014, the Quanzhou Tax Bureau issued a notification to the Company, requesting the Company to complete the administrative procedures at the Quanzhou Tax Bureau to act as the withholding agent for the Withholding Tax Payable (the "**Withholding Agent**"). This notification further states that as the Company is deemed to be the Withholding Agent, the Company is responsible for the payment for the Withholding Tax Payable (the "**Tax Treatment Notification**"). On 12 January 2015, the Quanzhou Tax Bureau notified the Company to make payment for the Withholding Tax Payable by 27 January 2015 (the "**Notification of Deadline**").

On 28 January 2015, the Quanzhou Tax Bureau had notified the Company of its intention to impose an administrative penalty of RMB5,718,075 (the "**Withholding Tax Penalty**") on the Company for its failure to withhold and make payment for the Withholding Tax Payable (the "**Penalty Notice**"). The Company was entitled to submit a written hearing application to Quanzhou Tax Bureau within three (3) days upon receiving the Penalty Notice.

On 13 February 2015, the Company had, through its PRC legal counsel, presented its defence to the Quanzhou Tax Bureau in a hearing (the "**Tax Hearing**") on why the Company should not be considered as the Withholding Agent and accordingly, should not be responsible for paying both the Withholding Tax Payable and the Withholding Tax Penalty. As at the Latest Practicable Date, the Company has not received any further communications from the Quanzhou Tax Bureau or any other relevant authorities in relation to the Tax Hearing, the Withholding Tax Payable or the Withholding Tax Penalty.

The relevant applicable tax laws and regulations to such withholding tax payment include *inter alia*, 《中华人民共和国企业所得税法》(the Law of the PRC on Enterprise Income Tax), 《中华人民共和国税收征收管理法》(the Law of the PRC on the Administration of Tax Collection),《非居民企业所得税源泉缴扣管理暂行办法的通知》国税发【2009】3号 (Circular 3),《国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知》国税函【2009】698号 (Circular 698) (collectively the "**PRC Tax Laws and Regulations**").

Under the applicable PRC Tax Laws and Regulations, a transfer of the equity interest in a PRC company by a foreign investor or enterprise will be subject to withholding tax on capital gains at the rate of 10% on the amount of gain, computed based on the difference between the transfer price at the time of the sale, and the cost of equity.

However, in respect of transactions entered into between a foreign enterprise and its affiliated parties, where the taxable income or capital gains of the enterprise or its affiliated parties decreases due to a non-conformity of the transaction with the arm's length principle, the applicable PRC Tax Laws and Regulations allow for the taxation authority to make an adjustment through a reasonable method. In making such adjustments, the relevant taxation authority may adjust the transfer price of the equity accordingly, resulting in a different income or capital gains being calculated.

The Group had sought legal advice on its position and its PRC legal counsel had opined that the Company has reasonable grounds to successfully defend itself against the claims by the Quanzhou Tax Bureau for the following reasons:

(i) Pursuant to the relevant and applicable PRC Tax Laws and Regulations, the party responsible for the payment of the Withholding Tax Payable should be Great Hong Kong, instead of the Company and/or any of its subsidiaries; and

(ii) Pursuant to the provisions of Law of the People's Republic of China on the Administration of Tax Collection, the time limit to impose any administrative penalties (the "**Statutory Limit**") shall be within five (5) years of such violations of the laws or administrative regulations on tax collection which deserves administrative penalties. As the Share Transfer took place on 10 October 2008, being more than five (5) years from the date of the Penalty Notice, pursuant to the relevant PRC Tax Laws and regulations, the Statutory Limit has expired.

The Company will make further announcement on SGX-ST should there be any material development in this matter.

Please refer to the risk factor "The Group is exposed to tax claims from the Share Transfer" in section 15 entitled "Risk Factors" for more information.

Save as disclosed herein, neither the Company nor its subsidiaries are engaged in any ongoing litigation as plaintiff or defendant in respect of any claims or amounts which are or may be material and the Directors have no knowledge of any proceedings which are pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of the Company or any of its subsidiaries during the last twelve (12) months.

24. OTHER MATTERS

24.1 License Agreement with SAPO

The Company had on 6 May 2013 entered into a license agreement ("**License Agreement**") with SAPO, pursuant to which the Company has been granted an exclusive license to perform one run of a show entitled the "*Mega Fashion Show Asia Tour*" (the "**Show**") in December 2013 in Singapore, at a license fee of S$2,000,000, of which S$300,000 has been paid. As at the date of the Subscription Agreement and the Latest Practicable Date, Mr Sim Hiang Teck is both the sole shareholder and director of SAPO.

The salient terms of the License Agreement are as follows:

License	The license, being the contractual right granted to the Company, is a limited exclusive license ("**License**") to perform publicly or cause to be performed publicly one (1) run of the Show, which shall be produced by Mr Sasaki Daisuke in the month of December 2013 in Singapore. Mr Sasaki Daisuke is the creative director and producer of many successful and influential fashion shows in Japan, such as the Sapporo Collection (http://www.sapporo-collection.jp/) and Kansai Collection (http://www.kansai-collection.net/index.html).

Option License	The Company is also granted an option for a limited exclusive license ("**Option License**") to perform publicly or cause to be performed publicly additional two (2) runs of the Show, which shall be produced by Mr Sasaki Daisuke, (a) in the month of May 2014 in Singapore (for the first additional run of the Show) and (b) in the month of July 2014 in Shanghai, PRC (for the second additional run of the Show).
Term of the License	Unless otherwise agreed in written by the parties to the License Agreement, the term of the License shall commence from 6 May 2013 and shall end on 31 December 2013 (and the Option License shall be for a term commencing from the date of exercise of the option and (a) ending on 31 May 2014 for the first additional run of the Show and (b) ending on 31 July 2014 for the second additional run of the Show.
License Fees	In consideration of the License granted, the License fee payable by the Company shall be S$2,000,000 (the "**License Fee**"). In addition, each exercise of the Option License in Singapore and in Shanghai, PRC shall for each additional run of the Show be on the same terms and conditions as the first run of the Show. Such License Fee is equal to the production budget of the Show and all the costs and expenses relating to the production of the Show will be borne by SAPO as the licensor.

The Company was confident that Mr Sasaki Daisuke will produce the Show for the Company even though Mr Sasaki Daisuke is not a shareholder or director of SAPO nor DSAFF Singapore (as defined below) for the following reasons:

(a) in the License Agreement between SAPO and the Company, SAPO represented that it "owns certain rights with respect to the production of the Show and copyrights in relation to the Show". The shareholder of SAPO, Mr Sim Hiang Teck has also represented to the Company that Mr Sim Hiang Teck and Mr Sasaki Daisuke are contractual partners and Executive Producers of the Show; and

(b) the Company's representatives and management met on several occasions with both Mr Sasaki Daisuke and Mr Sim Hiang Teck to discuss the License Agreement and the staging of the Show.

The Company had noted the direct and personal involvement of Mr Sasaki Daisuke in these meetings and his enthusiasm in bringing his shows beyond Japan. The Company had assessed through such meetings the co-operation and relationship between Mr Sim Hiang Teck/SAPO and Mr Sasaki Daisuke, as well as the ability and enthusiasm of Mr Sasaki Daisuke in staging the Show in Singapore.

The License Agreement further stipulated that Mr Sasaki Daisuke shall have the sole authority to produce and direct the creative aspects of the Show. Subsequent to the signing of the License Agreement, the Board and management of the Company met up with the entire production team, including Mr Sasaki Daisuke, to discuss and brainstorm production issues and concepts.

The limited exclusive rights granted by SAPO to the Company to perform the one run of the Show and the obligations under the License Agreement were novated to DSAFF (Singapore) Pte Ltd ("**DSAFF Singapore**") on 5 August 2013. Subsequent to such novation, DSAFF Singapore has the requisite rights with respect to the production of the Show and copyrights in relation to the Show. The Company is not aware of the reasons of the novation as the novation was undertaken pursuant to the request of SAPO. The novation of the License Agreement to DSAFF Singapore was not disclosed via SGXNet as the Company was of the view that this was not material information under Rule 703(1) of the Listing Manual.

The beneficial owners of DSAFF Singapore are ISR Capital Limited, Ms Quah Su Yin and Mr Sim Hiang Teck. While the Company is not aware of the track record of DSAFF Singapore, the Company is of the view that the key to the arrangement in respect of the License Agreement was the participation of Mr Sasaki Daisuke in the Show. Mr Sasaki Daisuke is the creative director and producer of many successful and influential fashion shows in Japan, such as the Sapporo Collection (http://www.sapporo-collection.jp/) and Kansai Collection (http://www.kansai-collection.net/index.html). As such, the Company had no objections to the novation of the License Agreement, considering that Mr Sasaki Daisuke will continue to participate in the Show.

Pursuant to the Amendment to License Agreement dated 31 December 2013, the first run of the Show was postponed, such that it was to be held in the month of May 2014 or in such other month as may be varied and agreed upon in writing between DSAFF Singapore and the Company, provided that the first run of the Show must be held no later than December 2014.

The Company has only paid S$300,000 out of the S$2,000,000 on 11 July 2013. Prior to the signing of the License Agreement and payment of the S$300,000, the Company was satisfied with its due diligence findings. Based on the payment terms of the License Agreement, and the Amendment to License Agreement, the balance amount of S$1,700,000 (the "**Balance Amount**") is payable according to the following milestones:

(a) S$700,000 payable 30 days before the performance date of the show; and

(b) S$1,000,000 payable 30 days after the performance date of the show.

As at the Latest Practicable Date, no payment has been made for the Balance Amount as the Show did not materialise.

The Show was not held in May 2014. The postponement of the Show was announced in the Company's announcement dated 16 May 2014 entitled *"**Updates on License Agreement entered into with SAPO Investment Pte Ltd**"*. Subsequently, disputes arose between the parties in respect of the DSAFF Agreements (as defined below).

The Company understands that production costs have been incurred by DSAFF Singapore during the preparation for the Show and is prepared to resolve the dispute expediently by paying a sum of S$200,000 to DSAFF Singapore. After considerable negotiations with DSAFF Singapore with a view to resolving the dispute expediently, the Company had on 3 June 2015 entered into a settlement agreement ("**Settlement Agreement**") with DSAFF Singapore, pursuant to which the Company and DSAFF Singapore agree that the Company shall pay DSAFF Singapore a total sum of S$200,000 ("**Settlement Sum**") within 90 days from the date of the Settlement Agreement, as full and final settlement of any and all claims whatsoever on the part of either Party in relation to, arising out of and/or in connection with the License Agreement, the Novation Agreement and/or the Amendment Agreement (collectively, the "**DSAFF Agreements**").

Upon payment of the Settlement Sum, each of the Company and DSAFF Singapore shall be released and discharged from any and all claims in relation to, arising out of or in connection with the DSAFF Agreements. Further, upon payment of the Settlement Sum, and in any event, before the expiry of the 90 days period during which the Settlement Sum is to be paid, neither party shall bring any further action, proceeding, demand, or other claim against the other party in respect of any and all matters in relation to, arising out of and/or connected with the DSAFF Agreements.

24.2 Proposed Sinex Acquisition

The Company had on 31 December 2013 entered into a sale and purchase agreement with Mr Christensen, Jens Fruelund to purchase 5,100 shares, representing 51% of the issued share capital of Sinex Solutions Limited ("**Proposed Sinex Acquisition**"), for an initial aggregate consideration amount of US$2,040,000 ("**Consideration**") based on the assumption that Sinex Solutions Limited audited net profit after tax for the 12 months period between 1 January 2014 and 31 December 2014 ("**FY2014 ANPAT**") is US$1,000,000.

The Consideration comprised of:

(a) an initial tranche of US$500,000 is payable in cash to Mr Christensen, Jens Fruelund on the date of completion of the Proposed Sinex Acquisition ("**First Tranche Payment**"); and

(b) the balance consideration ("**Second Tranche Payment**") of US$1,540,000 payable to Mr Christensen, Jens Fruelund within 21 days of the issue by the auditors of Sinex Solutions Limited of the audit report of Sinex Solutions Limited for the period from 1 January 2014 to 31 December 2014, in the following manner:

(A) S$700,000 by way of issuance of 10,000,000 new Shares in the Company ("**Consideration Shares**"), at an issue price of S$0.07 per Consideration Share; and

(B) The balance of the Second Tranche Payment, after deducting S$700,000 (being amount payable by way of Consideration Shares), to be paid in cash ("**Second Tranche Cash Payment**"),

In the event that the FY2014 ANPAT is higher or lower than US$1,000,000, the Second Tranche Cash Payment shall be adjusted in accordance with the terms and conditions of the sale and purchase agreement, provided always that notwithstanding that the Second Tranche Payment is less than S$700,000, the number of Consideration Shares shall be 10,000,000 and shall not be reduced.

Please refer to the Company's announcement dated 31 December 2013 entitled *"**Entry into of Sale and Purchase Agreement in relation to the Proposed Acquisition of 51% of the issued share capital in Sinex Solutions Limited**"* for more details on the Proposed Sinex Acquisition.

The Group was unable to access the financial information of Sinex Solutions Limited since July 2014 as the accounts personnel in-charge was on extended leave during that period. Subsequently, by August 2014, based on information received from Sinex Solutions Limited, it appeared to the management that Sinex Solutions Limited was not likely to be able to achieve the profitability target of US$1,000,000 for FY2014 that the Company had initially thought it would, thereby diminishing the value of the Proposed Sinex Acquisition. Coupled with cash flow constraints, the Company protracted on the payment on the First Tranche Payment. This caused a strain in the relationship between Mr Weng Wenwei and Mr Christensen, Jens Fruelund, leading to the resignation of Mr Weng Wenwei from the board of Sinex Solutions Limited in September 2014. Subsequently, on 23 October 2014, the Company entered into a termination agreement with Mr Christensen, Jens Fruelund to terminate the Proposed Sinex Acquisition. Accordingly, the Company had deconsolidated the results of Sinex Solutions Limited.

The First Tranche Payment was only payable on completion of the Proposed Sinex Acquisition. As completion of the Proposed Sinex Acquisition has not taken place, no consideration or payment has been made to date.

24.3 Sale and Purchase Agreement in respect of Basic World Resources

As announced on 4 April 2014, the Company's wholly-owned subsidiary, 3W Life Investment Pte. Ltd., had on 4 April 2014 entered into a sale and purchase agreement (the "**Basic World SPA**") with Kuoh Hai Siew ("**Mr Kuoh**") for the purchase of 900 shares of Basic World Resources Pte. Ltd. for a consideration of S$8.65 million. A condition precedent in the Basic World SPA stipulates that all the legal and beneficial rights, title and interests in the existing assets and businesses (save for title and interests in land) of Mr Kuoh's various companies in Malaysia and Basic World Enterprise, an enterprise set up in Singapore, will be transferred to Basic World Resources Pte Ltd.

As announced on 14 October 2014, 3W Life Investment Pte. Ltd. had on 14 October 2014 entered into a termination agreement with Mr Kuoh to terminate the Basic World SPA and to fully and unconditionally discharge and release 3W Life Investment Pte. Ltd. and Mr Kuoh of their respective obligations under the Basic World SPA. The Basic World SPA was terminated before any asset or business in Mr Kuoh's various companies in Malaysia and Basic World Enterprise was transferred to Basic World Resources Pte. Ltd., and Basic World Resources Pte. Ltd. remained dormant since its incorporation.

Subsequently, the Company had on 17 December 2014 announced that with a view to a proper and complete closure, the Company and Mr Kuoh have agreed for Basic World Resources Pte. Ltd. to be transferred to the Company at a nominal consideration of S$1.00.,The name of Basic World Resources Pte. Ltd. has been changed to Grandus Pte. Ltd. with effect from 13 January 2015.

As at the Latest Practicable Date, no acquisitions have yet been completed by the Company, and acquisitions, when undertaken and/or completed, will be announced in compliance with Chapter 10 of the Listing Manual.

25. MATERIAL CONTRACTS

Save for the following contracts disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years preceding the Latest Practicable Date:

(a) A Joint Venture Agreement dated 2 May 2013 amongst Yap Hwee Koon, Eileen, SAPO, and 3W Life Investments Pte. Ltd., a wholly-owned subsidiary of the Company, in relation to the incorporation of a joint venture company, Fashvacation Pte. Ltd.;

(b) A License Agreement dated 6 May 2013 entered into between SAPO and the Company, pursuant to which, the Company was granted a license to perform the Show entitled the "*Mega Fashion Show Asia Tour*";

(c) A Subscription Agreement dated 20 May 2013 entered into between SAPO and the Company, pursuant to which the Company issued the 30,000,000 Warrants to SAPO;

(d) A Consultancy Agreement dated 3 June 2013 entered into between SAPO and the Company;

(e) A Novation Agreement dated 5 August 2013 entered into between the Company, SAPO and DSAFF Singapore, novating the rights and obligations of SAPO under the License Agreement from SAPO to DSAFF Singapore;

(f) A Termination Agreement dated 14 October 2013 entered into between 3W Life Investment Pte. Ltd., Yap Hwee Koon, Eileen, SAPO and Fashvacation Pte. Ltd., terminating, *inter alia*, the Joint Venture Agreement dated 2 May 2013 and the Consultancy Agreement dated 3 June 2013;

(g) A Sale and Purchase Agreement dated 31 December 2013 entered into between Mr Christensen, Jens Fruelund and the Company, in respect of the purchase by the Company of 5,100 shares in the capital of Sinex Solutions Limited;

(h) An Amendment to License Agreement dated 31 December 2013 entered into between the Company and DSAFF Singapore, amending certain terms of the License Agreement;

(i) A Supplemental Agreement dated 21 February 2014 entered into between Mr Christensen, Jens Fruelund and the Company, supplementing the Sale and Purchase Agreement dated 31 December 2013;

(j) A Joint Venture Agreement dated 3 April 2014 entered into between 3W Life Investment Pte. Ltd. and Mr Xie Zhangcheng, pursuant to which a joint venture company, 183Art Media Pte. Ltd., was incorporated;

(k) A Sale and Purchase Agreement dated 4 April 2014 entered into between 3W Life Investment Pte. Ltd. and Mr Kuoh, in respect of the purchase by 3W Life Investment Pte. Ltd. of 900 shares of Basic World Resources Pte Ltd for a consideration of S$8.65 million;

(l) A Sale and Purchase Agreement dated 23 April 2014 entered into between the Company and G&W, in respect of the sale by the Company of some of its subsidiaries to G&W pursuant to a scheme of arrangement to be undertaken by the Company pursuant to section 210 of the Companies Act;

(m) An Implementation Agreement dated 23 April 2014 entered into between the Company and 3W Life Pte. Ltd., in relation to the proposed restructuring of the Company, to be effected by way of a scheme of arrangement to be undertaken by the Company pursuant to section 210 of the Companies Act;

(n) A Termination Agreement dated 14 October 2014 entered into between the Company and 3W Life Pte. Ltd., terminating the Implementation Agreement dated 23 April 2014;

(o) A Disposal Termination Agreement dated 14 October 2014 entered into between the Company and G&W, terminating the Sale and Purchase Agreement dated 23 April 2014 in respect of the sale by the Company of some of its subsidiaries to G&W pursuant to a scheme of arrangement;

(p) A Termination Agreement dated 14 October 2014 entered into between 3W Life Investment Pte. Ltd. and Mr Kuoh, terminating the Sale and Purchase Agreement dated 4 April 2014 in respect of the purchase by 3W Life Investment Pte. Ltd. of 900 shares in Basic World Resources Pte Ltd;

(q) A Termination Agreement dated 23 October 2014 entered into between Christensen, Jens Fruelund and the Company, terminating the Sale and Purchase Agreement dated 31 December 2013 in respect of the purchase by the Company of 5,100 shares in Sinex Solutions Limited;

(r) A Sale and Purchase Agreement dated 17 December 2014 entered into between the Company and Mr Kuoh, in respect of the transfer of Basic World Resources Pte Ltd to the Company at a nominal value; and

(s) A Settlement Agreement dated 3 June 2015 entered into between the Company and DSAFF Singapore.

26. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company 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 FY2012, FY2013 and FY2014;

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

(c) the letters of consent referred to in section 22 of this Circular;

(d) the IFA Letter dated 29 June 2015 as set out in Appendix 1 of this Circular;

(e) the letter from Nexia Public Accounting TS Corporation approving the adjustment to the Warrants;

(f) the material contracts set out in Section 25 of this Circular; and

(g) the Irrevocable Undertakings each dated 30 December 2014 and 19 March 2015 respectively.

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

Weng Wenwei
Executive Chairman and Chief Executive Officer
29 June 2015

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29 June 2015

The Independent Directors of
Great Group Holdings Limited
75 High Street
Singapore 179435

Dear Sirs

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM THE INVESTOR (AS DEFINED HEREIN) AND PERSONS ACTING IN CONCERT WITH IT (IF ANY), FOR ALL OF THE SHARES NOT ALREADY OWNED OR CONTROLLED BY THEM ("PROPOSED WHITEWASH RESOLUTION")

For the purpose of this letter, unless otherwise defined or the context otherwise requires, all terms defined in this letter shall have the same meaning as in the Circular dated 29 June 2015.

1. INTRODUCTION

On 31 December 2014, the Company announced a proposed renounceable non-underwritten rights issue (the "**Announcement**") of up to 2,065,000,000 Rights Shares at an issue price of S$0.005 for each Rights Shares (the "**Issue Price**") on the basis of seven (7) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements (if any) to be disregarded, subject to certain conditions, details of which are set out in Section 4 of the Circular.

As at the Latest Practicable Date defined herein, Mr Weng Wenwei holds an aggregate of 181,500,000 Shares (direct and deemed), representing approximately 68.49% of the Existing Share Capital. Mr Weng Wenwei has a direct interest in the 61,500,000 Shares (representing approximately 23.21% of the Existing Share Capital) and is deemed interested in the:

(i) 100,000,000 Shares (representing approximately 37.74% of the Existing Share Capital) held by G&W, by virtue of his 100.00% interest in G&W;

(ii) 10,000,000 Shares (representing approximately 3.77% of the Existing Share Capital) held by Orient Glory, by virtue of his 100.00% interest in Orient Glory; and

(iii) 10,000,000 Shares (representing approximately 3.77% of the Existing Share Capital) held by Oriental Charms, by virtue of his 100.00% interest in Oriental Charms.

Mr Weng and G&W had on 30 December 2014 respectively given an irrevocable undertaking to renounce an aggregate of 1,130,500,000 Rights Shares, being all or part of their provisional entitlements pursuant to the Proposed Rights Issue (collectively the "**Renounced Rights Shares**") in favour of Forise Capital Group Limited (the "Investor"). Please refer to Section 7 of the Circular for details of the Irrevocable Undertakings. Under the maximum or minimum scenario, the Investor upon subscribing for the Renounced Rights Shares will have a shareholding of between 47.09% and 81.01% in the Company. Please see Section 8 of the Circular for further details.

The Company had on 13 January 2015, on behalf of the Investor, made an application to the Securities Industry Council ("SIC") for, *inter alia*, a waiver of the obligations of the Investor and its concert parties (if any) to make a mandatory general offer for the Shares not already owned or controlled by the Investor and its concert parties (if any) under Rule 14 of the Code as a result of the subscription of the Renounced Rights Shares under the Proposed Rights Issue in accordance with the Investor's Undertaking (the "Whitewash Waiver").

On 2 April 2015, SIC granted the Whitewash Waiver subject to conditions in Section 9.4 of the Circular. Such Whitewash Waiver will be subject to the approval of the Shareholders who are deemed to be independent for the purpose of the resolution (the "**Independent Shareholders**") at the EGM, by way of a poll to waive their rights to receive the general offer from the Investor and its concert parties, if any (the "**Proposed Whitewash Resolution**").

On 12 June 2015, the SGX-ST granted approval in-principle to the Company for, *inter alia*, the dealing in, listing of and quotation for up to 2,065,000,000 Rights Shares on the Official List of the SGX-ST, subject to certain conditions, details of which are set out in Section 4.3 of the Circular.

Phillip Securities Pte Ltd ("**Phillip Securities**") has been appointed as the independent financial adviser to the Independent Directors, in respect of the Proposed Whitewash Resolution. This letter sets out, *inter alia*, our views and evaluation of the Proposed Whitewash Resolution and our recommendation thereon. It will form part of the Circular issued by the Company, containing, *inter alia*, details of the Proposed Rights Issue, the Proposed Whitewash Resolution and the recommendations of the Independent Directors in respect of the Proposed Whitewash Resolution.

This letter, which sets out our advice and evaluation, from a financial point of view, has been prepared for the use by the Independent Directors in connection with their consideration of the Whitewash Resolution and their recommendation to the Independent Shareholders arising thereof.

2. TERMS OF REFERENCE

Phillip Securities was neither a party to the negotiations or discussions in relation to the Proposed Rights Issue, nor were we involved in the deliberations leading to the decision on the part of the Directors to undertake the Proposed Rights Issue or to obtain the approval of the Independent Shareholders for the Proposed Rights Issue and the Proposed Whitewash Resolution. We do not, by this letter, warrant the merits of the Proposed Rights Issue and the Proposed Whitewash Resolution, other than to provide an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Proposed Rights Issue.

We do not express any opinion on the legal, commercial and financial risks or merits of the Proposed Rights Issue and the Proposed Whitewash Resolution and as such, we do not express an opinion thereon. We are also not addressing the relative merits of the Proposed Rights Issue as compared to any alternative transactions previously considered by the Group or that otherwise may be available to the Group in the future. Such evaluations or comments are and remain the sole responsibility of the Directors although we may draw upon their views or make comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In the course of our evaluation, we have held discussions with the Directors and management of the Company and have examined and relied on publicly available information collated by us as well as information provided and representations made, both written and oral, by the Directors and the management of the Company. We have not independently verified such information or representations, whether written or oral, and therefore 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. However, we have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of such information.

We have relied upon the assurances of the Directors (including those who have delegated detailed supervision of the Circular) that they have taken reasonable care to ensure that the information provided to us (whether written or verbal), as well as the facts stated and opinions expressed by them in the Circular are fair and accurate in all material respects and have been stated after due care and enquiry. The Directors have confirmed, that to the best of their knowledge and belief, the information provided to us (whether written or verbal), as well as the facts stated and opinions expressed by them in the Circular are fair and accurate in all material respects and there is no other information the omission of which would cause the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Group or to express, and we do not express, a view on the future growth prospects and earnings potential of the Group. In addition, we are not expressing any view herein as to the future financial performance of the Group after the completion of the Proposed Rights Issue. We have not made an independent evaluation or appraisal of the assets and liabilities of the Company or the Group and we have not been furnished with any such evaluation or appraisal.

Our opinion is delivered to the Independent Directors for their deliberation on the Proposed Whitewash Resolution, and the recommendations made by the Independent Directors shall remain the sole responsibility of the Independent Directors.

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

Our evaluation and opinion in this letter are based upon market, economic, industry, monetary, regulatory, socio-political, and other conditions prevailing on, and the information available to us as at 16 June 2015 ("**Latest Practicable Date**"). Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion in this letter do not take into account information, events or conditions arising after the Latest Practicable Date.

The Company has been separately advised by other advisers in the preparation of the Circular (other than this letter and information derived from this letter). We were not involved in the preparation and verification of the Circular (other than this letter and information derived from this letter). We take no responsibility for, and express no views, express or implied, on the contents of the Circular (other than this letter and information derived from this letter).

A copy of this letter may be reproduced in the Circular. However, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purposes, and in any manner without the prior written consent of Phillip Securities in each specific case. Notwithstanding the generality of the proceeding, for the avoidance of doubt, nothing in this letter prevents the Company, its Directors and shareholders from reproducing, disseminating, or quoting this letter for the purpose of any matter relating to the Proposed Whitewash Resolution. Our advice should be considered in the context of the entirety of this letter and the information set out in the Circular.

3. THE PROPOSED RIGHTS ISSUE

The proposed Rights Issue will be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of seven (7) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

The Issue Price is S$0.005 for each Rights Share.

Further details of the Proposed Rights Issue are set out in Sections 2, 3, 4, 5 and 6 of the Circular.

4. THE PROPOSED WHITEWASH RESOLUTION

Information on the Proposed Whitewash Resolution can be found in Section 9 of the Circular.

5. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

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

a) rationale of the Proposed Rights Issue and use of proceeds;

b) the Proposed Rights Shares are being offered to entitled shareholders on a *pro rata* basis and renounceable basis;

c) the Proposed Rights Issue and the Proposed Whitewash Resolution are inter-conditional;

d) historical financial performance and condition of the Group

e) net asset value and net tangible asset of the Group

f) adjusted net asset value of the Group

g) assessment of the Pricing of the Rights Share;

h) dilution impact of the Proposed Rights Issue on the Independent Shareholders;

i) transfer of controlling interest and information on the Investor

j) support for the Proposed Rights Issue by the Undertaking Shareholders

k) funding alternative

l) material litigation, potential tax liabilities and other matters

m) Sapo Warrants

5.1 Rationale of the Proposed Rights Issue and use of Proceeds

The full text of the purpose and rationale for the Proposed Rights Issue and the use of proceeds are set out in Sections 6.1 and 6.3 of the Circular respectively. It is not within our terms of reference to comment or express an opinion on the merits of the Rights Issue or the future prospects of the Group. Nevertheless, we have reviewed the rationale for the Proposed Rights Issue and reproduced the following for your reference.

"***Rationale***

The Group had reported net loss since FY2012. Net losses reported by the Group for FY2012 and FY2013 were approximately RMB123.5 million and RMB240.9 million respectively. For FY2014, the Group incurred audited net loss of approximately RMB21.6 million (for continued and discontinued operations) and audited net loss of RMB23.1 million (for continuing operations). The Group had, pursuant to Rule 1312 of the Listing Manual, given notice on 24 February 2015 that:

(a) it has recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on the latest announced full year consolidated accounts, excluding exceptional or non-recurrent income and extraordinary items); and

(b) its market capitalisation as at 24 February 2015, being the last market day on which trading was not suspended or halted, was S$7.7 million.

*(the "**Notice of 3 Consecutive Years' Losses**")*

Accordingly, pursuant to Rule 1311 of the Listing Manual, the SGX-ST has placed the Company on the Watch-list on 4 March 2015.

The Group has been dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. Based on the audited balance sheet of the Group as at 31 December 2014, its short-term bank borrowings amount to approximately RMB306.4 million, which is significantly higher than the Group's cash and cash equivalents of approximately RMB113.6 million. Furthermore, as at 31 December 2014, the Group's current liabilities exceeded current assets by approximately RMB49.4 million.

In view of the above financial circumstances of the Group, and taking into consideration the Investor Undertaking, the Directors are of the opinion that the Proposed Rights Issue is an important step to raise funds to strengthen the Group's financial position to meet its working capital requirements and to enhance its financial flexibility to capitalise on potential growth and acquisition opportunities. In addition, the Proposed Rights Issue will also provide Shareholders with an opportunity to maintain their equity participation in the Company, increase the Company's capital base and will allow the Company to be less reliant on external sources of funding.

"***Use of Proceeds***

Under the Maximum Scenario, where, based on the Existing Share Capital and assuming that:

(a) all 30,000,000 Warrants are exercised in full on or prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercise of such Warrants are allotted and issued on or prior to the Books Closure Date; and

(b) the Proposed Rights Issue is fully subscribed (including the Renounced Rights Shares),

up to 2,065,000,000 Rights Shares will be issued pursuant to the Proposed Rights Issue, and the Net Proceeds from the Proposed Rights Issue, after deducting estimated expenses of approximately S$0.7 million, is expected to be approximately S$9.6 million.

Under the Minimum Scenario, where, based on the Existing Share Capital and assuming that:

(a) none of the 30,000,000 Warrants are exercised on or prior to the Books Closure Date;

(b) none of the other Shareholders subscribes for their respective entitlements under the Proposed Rights Issue; and

(c) only the Investor subscribes for the Renounced Rights Shares pursuant to the Investor Undertaking,

up to 1,130,500,000 Rights Shares will be issued pursuant to the Proposed Rights Issue, and the Net Proceeds from the Proposed Rights Issue, after deducting estimated expenses of approximately S$0.7 million, is expected to be approximately S$4.9 million.

The Company expects that the expenses will mainly relate to the professional fees and other expenses incurred in connection with the Proposed Rights Issue.

The Group intends to utilize the Net Proceeds as follows:

	Maximum Scenario		***Minimum Scenario***	
Use of Proceeds	***(S$'000)***	***%***	***(S$'000)***	***%***
To fund new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses	*7,125*	*74.03*	*2,453*	*49.53*
For general working capital purposes	*2,500*	*25.97*	*2,500*	*50.47*
Total	*9,625*	*100.00*	*4,953*	*100.00*

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be used for investment in short-term deposits, money market instruments and/or debt instruments, or used for any other purposes, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Company will make the necessary announcements as and when the Net Proceeds are materially disbursed and subsequently provide a status report on the use of such Net Proceeds in its annual report and subsequent annual report, if applicable, until such time the Net Proceeds have been fully utilized. If the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the Company's announcements and annual reports.

5.2 The Proposed Rights Shares are being offered to entitled shareholders on a *pro rata* basis and renounceable basis

The Proposed Rights Issue is being offered on a *pro-rata* basis to Entitled Shareholders who will get the right of first refusal to subscribe to the Rights Shares based on their provisional allotment of the Rights Shares. We noted the following which is reproduced from section 5.1 of the Circular:

"Entitled Shareholders will be provisionally allotted the Rights Shares under the Proposed Rights Issue on the basis of their shareholdings as at the Books Closure Date, fractional entitlements, if any, being disregarded. Entitled Shareholders are at liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their Nil-paid Rights, and are eligible to apply for Excess Rights Shares. Provisional allotments of Rights Shares not taken up or allotted for any reason will be aggregated and allotted to satisfy application(s) for Excess Rights Shares (if any) or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. 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 Proposed Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odds lots and allotment of Excess Rights Shares."

Accordingly, we noted that the Independent Shareholders will not be disadvantaged or prejudiced in respect of their application of the Rights Shares and Excess Rights Shares pursuant to the Proposed Rights Issue. Shareholders who elect not to subscribe for the Rights Shares will still have the option to dispose of their nil-paid rights on the SGX.

5.3 The Proposed Rights Issue and the Proposed Whitewash Resolution are inter-conditional

Independent Shareholders should note that the Proposed Rights Issue is conditional upon them voting in favour of the Proposed Whitewash Resolution. In view of this, in the event that the Proposed Whitewash Resolution is not passed by the Independent Shareholders, the Rights Issue will not take place.

We noted the following from Section 1.3 of the Circular:

"Shareholders should note Ordinary Resolutions 1, 2, 3 and 4, in respect of the Proposed Rights Issue, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution and the Proposed Adjustment Warrants Issue, are inter-conditional on each other. This means that if any one of the Ordinary Resolutions is not approved, the other Ordinary Resolutions would not be passed."

5.4 Historical Financial Performance and Condition of the Group

The salient historical financial information of the Group for the financial years ended 31 December 2012 ("**FY2012**"), 31 December 2013 ("**FY2013**"), and 31 December 2014 ("**FY2014**") and the unaudited consolidated statement of comprehensive income of the Group for 1Q2014 and 1Q2015 are reproduced from Section 12 of the Circular below:

	Audited FY2012 RMB'000	**Audited FY2013** RMB'000	**Audited FY2014** RMB'000	**Unaudited 1Q2014** RMB'000	**Unaudited 1Q2015** RMB'000
Continuing operations					
Revenue	564,031	406,535	356,634	83,680	77,357
Cost of sales	(503,867)	(434,746)	(331,964)	(80,077)	(72,432)
Gross (loss)/profit	60,164	(28,211)	24,670	3,603	4,925
Other (losses)/gains, net	(104,157)	(18,501)	6,040	651	168
	(43,993)	(46,712)	30,710	4,254	5,093
Operating expenses					
Selling and distribution	(21,013)	(12,592)	(10,726)	(2,167)	(1,926)
Administrative	(41,829)	(164,070)	(27,510)	(5,553)	(5,976)
Finance	(11,859)	(9,917)	(10,092)	(2,565)	(2,342)
(Loss)/Profit before tax	(118,694)	(233,291)	(17,618)	(6,031)	(5,151)
Income tax expense	(4,802)	(8,219)	(5,454)	(879)	(747)
(Loss)/Profit from continuing operations	(123,496)	(241,510)	(23,072)	(6,910)	(5,898)
Discontinued operation					
Gain from discontinued operation, net of tax	–	595	1,425	663	–
Total (loss)/profit	(123,496)	(240,915)	(21,647)	(6,247)	(5,898)
Other comprehensive income/(loss), net of tax:					
Currency translation gains/(losses) arising from consolidation	(15)	172	21	178	13
Total comprehensive income(loss)	(123,511)	(240,743)	(21,626)	(6,069)	(5,885)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company	(123,511)	(241,034)	(22,316)	(6,394)	(5,885)
Non-controlling interests	–	291	690	325	–
	(123,511)	(240,743)	(21,626)	(6,069)	(5,885)

We noted the following from Section 12 of the Circular:

"***FY2013 versus FY2012***

Revenue

The Group's revenue decreased by RMB157.5 million, or 27.9%, from RMB564.0 million in FY2012 to RMB406.5 million in FY2013. The decrease was mainly due to lower revenue recorded by the contract manufacturing segment.

The demand for the Group's products has declined mainly due to weaker customer demand in Europe and America, where demand from such areas has dipped by 27.5% and 31.5% respectively in FY2013 compared to FY2012.

Gross profit/(loss) and gross profit margin

The gross profit of the Group has decreased by RMB88.4 million, or 146.9%, from a gross profit of RMB60.2 million in FY2012 to a gross loss of RMB28.2 million in FY2013 and gross loss margin was 6.9% compared to a gross profit margin of 10.7% in FY2012.

The decrease in gross profit was due mainly to lower demand for the Group's products and lower average selling price combined with the increase in cost of labour, additional allowances for impairment and write-off of advances to suppliers included in cost of sales.

FY2014 versus FY2013

Revenue

The Group's revenue decreased by RMB49.9 million, or 12.3% from RMB406.5 million in FY2013 to RMB356.6 million in FY2014. This was mainly due to the weak market conditions in the textile manufacturing sector which resulted in the reduction in sales volume of the contract manufacturing segment.

Demand for the Group's products has declined mainly due to lower sales in the American and European markets, where demand from such areas has dipped by 32.3% and 10.2% respectively in FY2014, as compared to FY2013.

Gross profit/(loss) and gross profit margin

The gross profit of the Group has increased by RMB52.9 million, from a gross loss of RMB28.2 million in FY2013 to a gross profit of RMB24.7 million in FY2014 and gross profit margin was 6.9% in FY2014 compared to a gross loss margin of 6.9% in FY2013.

The increase in gross profit is mainly due to an improvement in gross margin arising mainly from lower raw materials cost, and allowances for impairment and write-off of advances to suppliers (included in cost of sales) of RMB19.1 million provided for the contract manufacturing segment in FY2013.

Please refer to Section 12 of the Circular for details of the Group's historical financial performance. We noted the following from the above:

1. Revenue from Continuing Operations has been declining, and consequently gross profit has also been affected.

2. In FY2013, the Group reported gross loss from operations. When the Group was able to lower its raw material cost in FY2014, it reported gross profit for FY2014.

3. For the last three (3) financial years, the Group had not reported any profit.

Summary of Balance Sheet reproduced from Section 12 of the Circular

The audited consolidated statement of financial position of the Group as at 31 December 2012, 31 December 2013 and 31 December 2014 and the unaudited consolidated statement of financial position of the Group as at 31 March 2015 are reproduced below.

	Audited	**Audited**	**Audited**	**Unaudited**
	As at 31 December 2012	**As at 31 December 2013**	**As at 31 December 2014**	**As at 31 March 2015**
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	81,312	118,584	113,569	100,081
Trade and other receivables	332,639	159,420	168,252	178,955
Inventories	40,314	58,695	52,828	39,025
Other current assets	1,840	1,998	404	1,546
Derivatives financial assets	1,002	817	2,293	1,288
	457,107	339,514	337,346	320,895
Non-current assets				
Property, plant and equipment	61,447	49,670	47,915	46,351
Intangible assets	17,024	28,941	15,990	15,861
Deposit for machinery and equipment	1,568	1,575	1,463	1,542
	80,039	80,186	65,368	63,754
Total assets	537,146	419,700	402,714	384,649
LIABILITIES				
Current liabilities				
Trade and other payables	41,012	102,244	77,838	72,364
Borrowings	217,417	266,979	306,387	299,675
Current income tax liabilities	1,000	2,161	2,517	2,536
Provision for restructuring	–	6,376	–	–
Total Liabilities	259,429	377,760	386,742	374,575
NET ASSETS	277,717	41,940	15,972	10,074

	Audited As at 31 December 2012	Audited As at 31 December 2013	Audited As at 31 December 2014	Unaudited As at 31 March 2015
	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY				
Capital and reserve attributable to equity holders of the Company				
Share capital	104,766	104,766	104,766	104,766
Restructuring reserve	114,040	114,040	114,040	114,040
Currency translation reserve	(15)	157	178	165
Warrant reserve	–	727	727	727
Performance shares	–	886	–	–
Shares to be issued	–	3,349	–	–
Retained profits/(accumulated losses)	58,926	(182,280)	(203,731)	(209,616)
	277,717	41,645	15,980	10,082
Non-controlling interests	–	295	(8)	(8)
Total equity	277,717	41,940	15,972	10,074

We noted the following from the above:

1) In the last two financial years, the Group was in a negative working capital position, and the net asset value of the Group has also been declining.

2) In relation to the net asset value of the Group as at 31 March 2015, if the Group's "Intangible Assets" of RMB16 million was excluded, the Net Tangible Asset of the Group would be approximately negative RMB5.8 million. We understand from the Company that intangible assets comprised mainly "Land-use rights" which is secured against the Group's borrowings.

3) In the Annual Report 2014 of the Group, we noted that the Group's Independent Auditor has included a "Basis for Qualified Opinion" before and an "Emphasis of Matter" following their audit opinion which are reproduced as follows:

Basis for Qualified Opinion

As disclosed in Note 11 to the financial statements, the Group was unable to access to the financial information of its subsidiary, Sinex Solutions Limited ("Sinex") since July 2014 and the Group's representative on the board of Sinex has resigned with effective from 25 September 2014. In view of these, the Group is deemed to have lost control over Sinex and has formally terminated the acquisition of Sinex on 23 October 2014. Consequently, we were unable to obtain sufficient appropriate audit evidence over the carrying amounts of assets and liabilities of Sinex as at 25 September 2014 as well as the results of its operations for the financial period then ended as we were unable to gain access to the documentation supporting the financial information as disclosed in the unaudited management accounts of Sinex. During the financial year ended 31 December 2014, the Group recognised profit from Sinex's operations and loss from deconsolidation of Sinex of RMB1,425,000 and RMB1,030,000 (2013: RMB595,000 and Nil) respectively. Accordingly, we were not able to determine whether adjustments to these amounts, if any, might have been necessary.

"*Emphasis of Matter*

We draw attention to Note 4 to the financial statements. The Group incurred total loss of RMB21,647,000 (2013: RMB240,915,000) for the financial year ended 31 December 2014 mainly due to reduction in sales volume and impairment losses recognised for certain assets. Furthermore, the Group's and the Company's current liabilities exceeded current assets by RMB49,396,000 and RMB16,031,000 (2013: RMB38,246,000 and RMB5,949,000) respectively as at 31 December 2014. The Group is dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. As at 31 December 2014, short-term bank borrowings amount to RMB306,387,000 (2013: RMB266,979,000). These bank borrowings are significantly higher than the Group's cash and cash equivalents of RMB113,569,000 (2013: RMB118,584,000) as at 31 December 2014 and are due for repayment within twelve months from the balance sheet date.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and of the Company's abilities to continue as going concerns and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2014 is appropriate after taking into consideration the following factors:

(i) The Group continues to tighten the controls over credit sales, advances to suppliers, inventories management and reduction of various operating expenses. With these measures, the Group has projected that it would be able to generate positive cash flows from its operations for the next twelve months.

(ii) The Group continues to maintain its credit facilities with the relevant financial institutions and has been able to refinance the short-term bank borrowings when they fall due. Management is not aware of any adverse circumstances that might cause the financial institutions not to renew the short-term bank borrowings.

(iii) On 31 December 2014, the Company announced to raise funds of up to $9,665,000 (net of share issue expenses) or approximately RMB44,842,000 from proposed Rights Issue of up to 2,065,000,000 new ordinary shares at an issue price of $0.005 each. In relation to the proposed Rights Issue, the investor, Forise Capital Group Limited has provided irrevocable undertaking to procure the subscription and payment, in full for the aggregate of 1,130,500,000 Rights Shares to be provisionally allotted to Weng Wenwei and G&W Investment Management Co., Ltd. and the investor has deposited $5,653,000 (equivalent to approximately RMB26,228,000) with the Issue Manager on 30 January 2015.

If the Group and the Company are unable to continue their operational existences and/or unable to maintain their credit facilities, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets as current assets. The financial statements do not include any adjustment which may arise from these uncertainties. In forming our opinion, we have considered the adequacy of the disclosure of these matters in the financial statements. Our opinion is not qualified with respect to this matter.

4) From the above, we noted that the Independent Auditor has highlighted that the Group's negative working capital position as at 31 December 2014 and its dependence on short term borrowings to meet its working capital and operating cashflow requirements. We noted that Group has further increased its borrowings (under Current Liabilities) from RMB266.98 million to RMB306.39 million from FY2013 to FY2014. As at 31 March 2015, the Group remained in negative working capital position.

5) We noted that the Shareholders' Equity of the Group decreased from approximately RMB42 million as at 31 December 2013 to approximately RMB10 million as at 31 March 2015 due to continuing losses incurred by the Group.

6) We noted that the Group reports a loss for FY2014 and has been included in SGX's Watch-list on 4 March 2015. The risk factor for the above, which is disclosed in section 15.2 of the Circular, is reproduced as follow:

The Company is placed on the Watch-list pursuant to Rule 1311 of the Listing Manual

The Company has recorded pre-tax losses for FY2012, FY2013 and FY2014, and had on 24 February 2015 announced its Notice of 3 Consecutive Years' Losses. The Company was placed on the Watch-list on 4 March 2015. Upon being placed on the Watch-list, should the Company be unable to meet the requirements of Rule 1314 of the Listing Manual to be removed from the Watch-list, the SGX-ST may either remove the Company from its Official List, or suspend trading of the Shares with a view to removing the Company from its Official List. In the event that the SGX-ST exercises its power to remove the Company from its Official List at such time, any exit alternative offered by the Company may or may not be acceptable to Shareholders and Shareholders may lose some or all of their investment in the Company.

Investors may not be able to utilize their CPF Funds to purchase Shares in the event that the Company is not removed from the Watch-list before 1 March 2016.

As announced by CPF on 10 February 2015, with effect from 1 March 2016, CPF savings under the CPFIS will not be allowed to purchase securities on the SGX-ST Watch-list. In the event that the Company is unable to meet the requirements to be removed from the Watch-list before 1 March 2016, individual investors will not be able to utilize their CPF Funds to purchase Shares of the Company, and CPFIS Shareholders may not be able to participate in the Company's subsequent corporate actions, such as rights issue.

We further noted that in the event the Company fails to remove itself from the Watch-List, SGX may remove the Company from its Official List or suspend the trading of the Shares.

7) New requirement of a minimum trading price

We also noted this new requirement was disclosed in Section 15.2 as a risk factor which is reproduced below:

*The Monetary Authority of Singapore and the SGX-ST has introduced a new requirement of a minimum trading price of S$0.20 per share for issuers listed on the SGX-ST Mainboard as a continuous listing requirement (the "**MTP Requirement**") which took effect from 2 March 2015. Pursuant to the MTP Requirement, issuers will have a 12-month transition period ending 1 March 2016 to take steps to comply with the MTP Requirement, and issuers which are not able to record a six-month volume*

weighted average price of S$0.20 or above on 1 March 2016 and any of the subsequent quarterly review days will be placed on the Watch-list. The Company will be assessing its position and options with regards to the MTP Requirement subsequent to the completion of the Proposed Rights Issue and the completion of the strategic and operational review of the Group by the Investor. It will work towards compliance with the MTP Requirement in connection with its efforts to remove itself from the Watch-list. However, there is no assurance that the Company will be able to achieve the MTP Requirement on or before 1 March 2016 or at all, or be able to successfully remove itself from the Watch-list.

We further noted that in the event the Company is unable to meet the MTP Requirement, SGX will place the Company on the Watch-List. If the Company fails to remove itself from the Watch-list, SGX may remove the Company from its Official List or suspend the trading of the Shares.

8) Outlook of the Group

We noted the following disclosure from the Group's unaudited result for the period ended 31 March 2015:

With continuing uncertainties and volatility in the business environment that the Group operates in, the Group expects conditions to remain challenging. In particular, China's labour cost is losing its competitiveness against relatively lower cost manufacturing countries in Southeast Asia and the Bangladesh. The Group will continue to intensify its efforts to contain costs and increase efficiency for the contract manufacturing business segment.

5.5 Net Asset Value and Net Tangible Asset of the Group

Based on the unaudited financial statements of the Group as at 31 March 2015, the unaudited NAV of the Group was RMB0.038 per Share (or S$0.008 based on an exchange rate of RMB1.00:S$0.21598). The Issue Price of S$0.005 represents a discount of 37.5% to the NAV of the Group.

We noted that the Group's non-current assets included "Intangible Assets" amounting to RMB16.0 million and RMB0.060 per Share (or S$0.013 per Share). Based on the above, had "Intangible Assets" been excluded, the net tangible assets per share of the Group would be negative RMB0.0218 (or -S$0.0047). Accordingly, the Rights Price of S$0.005 per Rights Share represents a premium to the unaudited net tangible asset per Share as at 31 March 2015. We further noted that the Group's Intangible Assets comprised mainly Land-use rights, which is integral to the Group's operations.

5.6 Adjusted Net Asset Value

Adjustments to NAV of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which is recorded in the Group's unaudited result for the period ended 31 March 2015.

Based on our discussion with the management of the Company ("Management"), the Management represented that the Group's intangible assets, which comprised mainly Land-use rights, may be adjusted to more accurately reflect its current value. As the carrying value of the Group's intangible assets is not material vis-a-vis the total assets of the Group, the above land-use rights (held by subsidiary companies) have not been revalued by an independent valuer in accordance with Rule 26.1 of the Code. Notwithstanding the above, we understand that the Management has exercised reasonable care in arriving at the amount to be adjusted, based on desktop valuation or other information available to them. Please see below for further details:

Entity	**Shareholding Interest**	**Carrying Value of Land-Use Rights (RMB'000)**	**Increase in Carrying Value after potential tax liabilities (RMB'000)**	**Basis for the increase in carrying value**
Fujian Great Fashion Industry Co., Ltd	100%	14,559	3,552	Desktop Valuation
Quanzhou Great Garments Co, Ltd	100%	1,151	1,189	Management's best estimate
		Total	4,741	

The Directors have confirmed that, to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that as at 31 March 2015 and (b) save for potential tax liabilities and material litigation (Please refer to Section 5.12 of this letter.), there are no contingent liabilities or impairment losses which are likely to have a material impact on the unaudited NAV of the Group as at 31 March 2015.

The NAV of the Group as at 31 March 2015, adjusted for the change in carrying value of land-use rights and potential tax liabilities:

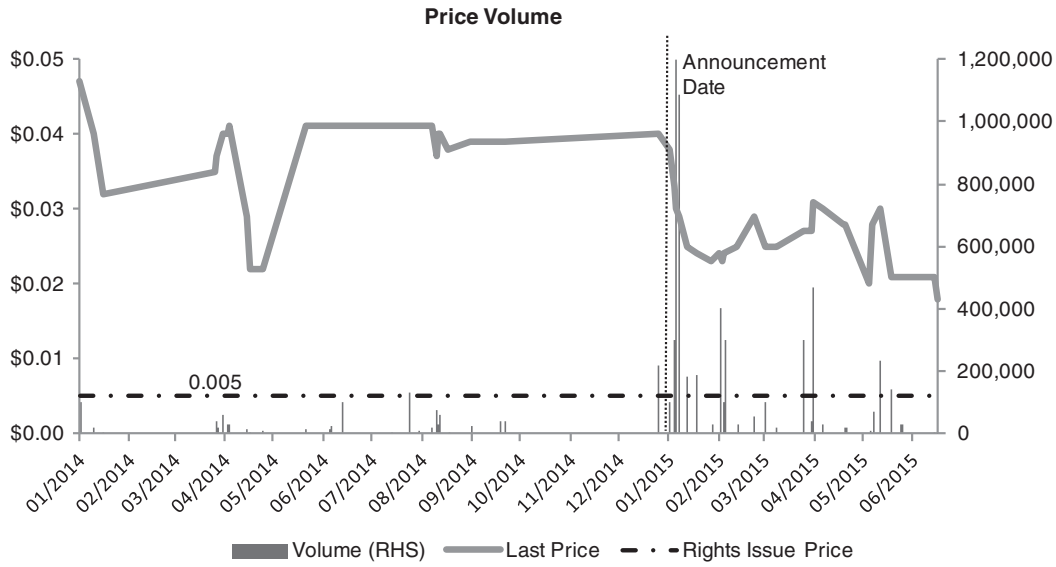
	Adjusted NAV (RMB'000)
NAV of the Group as at 31 March 2015	10,074
Add: Adjustment to land-use Rights	4,741
Adjusted NAV of the Group (land-use rights)/ Adjusted NAV per Share (S$')	**14,815 0.012**
Rights Price/Adjusted NAV per Share (times)	**0.417**

5.7 Assessment of the pricing of the Rights Shares

In evaluating whether the Issue Price of S$0.005 for each Rights Share is reasonable, we have considered the following factors:

(a) Share price performance and volume

We set out below the Company's Share price and volume chart based on the daily last transacted price of the Shares and daily volume traded for the 1 year prior to the Announcement Date and ending on the Latest Practicable Date.



Source: Bloomberg

Based on the above, we noted that the Issue Price is below the last traded price of the Shares Price for one (1) year prior to the Announcement Date.

(b) Volume-weighted average price per Share

The trading statistics of the Shares during the 1-year period prior to the Announcement Date are set our below:

	Price per Share (S$')	**Discount of Issue Price to price per Share (%)**
Periods prior to Announcement Date		
Highest Closing Price	0.048	90.0
Last 1 year volume weighted average price ("**VWAP**")	0.040	87.5
Last 6 months VWAP	0.040	87.5
Last 3 months VWAP	0.040	87.5
Closing price prior to Announcement	0.040	87.5
Lowest Closing Price	0.022	77.3

	Price per Share (S$')	Discount of Issue Price to price per Share (%)
Between Announcement Date and Latest Practicable Date		
Highest Closing Price	0.038	86.8
Lowest Closing Price	0.018	72.2
As at the Latest Practicable Date	0.018	72.2

Source: Bloomberg

Based on the above, we noted that the Issue Price is at a significant discount to the VWAP of the respective periods.

(c) Market Statistics of Selected Rights Issue

In assessing the reasonableness of the Issue Price, we have also reviewed the salient terms of recent selected precedent rights issue (excluding rights issue with free warrants) undertaken by companies listed on the SGX-ST (the "**Comparable Transactions**") where the rights issue are renounceable, non-Underwritten and includes whitewash resolution. The table below summarises the salient statistics of the Comparable Transactions.

Company Name	Announcement Date	Rights Issue Ratio	Financial Position prior to Announcement Date	Discount to Last Price prior to Announcement Date	Discount to Theoretical Ex-Rights Price ("TERP")	Issue Price to TERP NAV
GSH Corporation Limited	6-Mar-13	1 rights share at S$0.05 for every existing share	Profit	59.70%	42.50%	1.56
CCM Group Limited (now known as Singapore eDevelopment Limited)	8-Apr-14	12 rights share at S$0.003 for every existing share. 1 Bonus share for every rights share subscribed	Loss	78.60%	12.80%[1]	0.9[1]
EMS Energy Limited	5-May-14	1 rights share at S$0.02 for every existing share	Profit	66.10%	48.72%	0.69[2]
Sitra Holdings (International) Limited	23-May-14	7 rights shares at S$0.01 for every 5 existing shares	Loss	68.75%	47.80%	1.35[2]
Yoma Strategic Holdings Limited	3-Sep-14	1 rights share at S$0.38 for every 3 existing shares	Profit	46.48%	39.63%	1.07

Company Name	Announcement Date	Rights Issue Ratio	Financial Position prior to Announcement Date	Discount to Last Price prior to Announcement Date	Discount to Theoretical Ex-Rights Price ("TERP")	Issue Price to TERP NAV
		High		79.00%	48.72%	1.56
		Low		46.48%	12.80%	0.69
		Mean		63.93%	38.29%	1.11
		Median		66.10%	42.50%	1.07
Company	31-Dec-14	7 rights shares at S$0.005 for every existing share	Loss	87.50%	24.53%	0.93[3]

Source: Bloomberg, Circular & Announcements of the respective companies

Note:

1. Based on effective issue price of approximately S$0.0015 after factoring in the issue of bonus shares to shareholders who had subscribed for the rights shares.
2. TERP NAV of the respective companies is based on the assumption that the rights shares are fully subscribed for.
3. Assuming maximum scenario, based on NAV per Share of RMB0.038 or S$0.00817 per Share as at 31 March 2015 and an exchange rate of RMB1=S$0.21598.

Based on the above, we noted the following:

1) The discount of the Issue Price to the last price prior to the Announcement Date is above the range of Comparable Transactions.

2) The discount to the theoretical ex-Rights Price and to TERP NAV is within the range of Comparable Transactions.

Notwithstanding the above observations, the Proposed Rights Issue will allow all Shareholders the opportunity to participate in the Company's funding exercise and to further invest in the Company at the same terms as the Investor. The significant discount of the Issue Price to TERP is likely to encourage Entitled Shareholders to subscribe for their entitlements.

Shareholders should note that the terms of the Comparable Transactions are unique and that these companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. Further, the list of Comparable Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the terms of the Rights Issue and the Comparable Transactions serves as an illustrative guide only.

(d) Financial Effects of the Proposed Rights Issue

The financial effects of the Proposed Rights Issue have been set out in section 13 of the Circular.

On the bases of the assumptions set out in section 13 of the Circular, we noted that:

- the number of issued Shares and issue share capital of the Company would increase significantly after the Proposed Rights Issue, due mainly to the number of Rights Shares subscribed and the gross proceeds raised from the Right Shares subscribed, respectively;
- the NTA (as at 31 March 2015) per Share increases, loss per share would decrease, and the gearing of the Group will improve. We noted that the same conclusion would be applicable for both the maximum or minimum subscription scenario.

5.8 Dilution impact of the Proposed Rights Issue on the Independent Shareholders

We noted that the Proposed Rights Issue will not result in any dilution impact on the shareholders in the Company in the event that all Shareholders subscribe to their full entitlement of Rights Shares under the Proposed Rights Issue. In this regard, a dilution impact will only occur for the Independent Shareholders who do not subscribe for their full entitlements of the Rights Shares under the Proposed Rights Issue.

Based on the scenario as outlined in Section 8 of the Circular, assuming none of the other Entitled Shareholders (other than the Investor) subscribes for the Rights Shares, none of the warrants are exercised, and the Investor subscribes for the Renounced Rights Shares under the Proposed Rights Issue, pursuant to the Undertaking, the Investor's interest would have increased to 81.0%.

5.9 Transfer of Controlling Interest and Information on the Investor

We noted in Section 8 of the Circular, there will be a transfer of Controlling Interest as a result of the Investor's subscription of the Rights Shares:

"Assuming the Minimum Scenario, the Investor's subscription of Renounced Rights Shares will result in having a shareholding interest of 81.0% in the enlarged share capital of the Company upon completion of the Proposed Rights Issue. Assuming the Maximum Scenario, the Investor's subscription of the Renounced Rights Shares will result in having a shareholding interest of 47.9% in the enlarged share capital of the Company upon completion of the Proposed Rights Issue."

We further noted the following information on the Investor reproduced from Section 7.6 of the Circular:

*"The Investor, Forise Capital Group Limited (Company Registration No. 1819781) is an investment holding company incorporated in the British Virgin Islands on 10 April 2014, with an issued and paid up share capital of US$1.00, comprising 1 ordinary share. The ultimate shareholder and sole director of the Investor is Mr Wang Xin ("**Mr Wang**"), a citizen of the PRC,. The Investor has not commenced any business since its incorporation. As at the date of this Circular, the Investor does not have any direct and/or indirect interest in the Shares of the Company.*

The ultimate shareholder and sole director of the Investor, Mr Wang, graduated with a Master of Business Administration from TsingHua University of the PRC in 2011, and is an established entrepreneur with business interests in asset management and investment business for over 20 years.

*Mr Wang is serving as the chairman of Fu Hua Holdings Ltd (复华控股有限公司) ("**Fu Hua Holdings**") (Company Registration No. 110000016216623), a company incorporated in the PRC, since August 2013. Fu Hua Holdings is principally engaging in the businesses of, inter alia, core asset operation, asset management, investment, and merger and acquisition. Fu Hua Holdings' business covers sectors such as environmental protection, real estate and retail as well as private equity, banking, wealth management, micro credit and investment banking. As at the date hereof, Fu Hua Holdings has established its presence and network in countries other than PRC, such as Hong Kong, Australia, Singapore and etc. Mr Wang is also the chairman of few other companies incorporated in the PRC and overseas, including Dongyan Hi-tech (Beijing) Environment Protection Technology Co., Ltd (北京东研二十一世纪环境科技有限公司) ("**Dongyan**") (Company Registration No. 110105012080843). Mr Wang has served as the chairman of Dongyan since May 2010, which is principally engaged in the business of water purifying, air purification, smart bathroom facilities as well as the development of other household electronic devices."*

We further noted the following reproduced from section 6.2 of the Circular:

> *The Investor notes that the Company has on 24 February 2015 announced its Notice of 3 Consecutive Years' Losses, and has been placed on the Watch-list on 4 March 2015. Pursuant to Rule 1314 of the Listing Manual, the Company may apply for its removal from the Watch-list if it records consolidated pre-tax profit for the most recently completed financial year and has an average daily market capitalisation of S$40 million or more over the last 120 Market Days on which trading was not suspended or halted, or if the Company satisfies the quantitative criteria in Rules 210(2)(a) or 210(2)(b) of the Listing Manual for listing of equity securities on the Main Board of the SGX-ST. Should the Company be unable to meet the requirements of Rule 1314 of the Listing Manual by 3 March 2017 (being two (2) years from the date it is placed on the Watch-list, the SGX-ST may either remove the Company from its Official List, or suspend trading of the Shares with a view to removing the Company from its Official List.*
>
> *In view of the above, the Investor intends to undertake regular strategic and operational review of the organisation, business and operations of the Group with the objective of streamlining the existing business operations immediately after becoming the Controlling Shareholder of the Company. The objective of the review is to first gain a better understanding into the Group's existing business operations before determining the appropriate actions to be taken. These actions may include hiving off all or part of its non-performing operations and where possible, tapping on the Investor's established business network in the PRC to introduce new profitable business for acquisition by the Group. Although the Investor currently has no direct dealing in the garment business, its shareholder, Mr Wang, believes he can nevertheless tap on his extensive business experience and connectivity established over the past 20 years to value add to the Group.*

In addition, the Investor also intends to procure the Company to actively search for a new business to revitalise the Group and to steer the Group to profitability. In this regard, the Investor may consider other options or opportunities which may present themselves, including the divestment of the existing loss-making business or the acquisition of new business or investment to bring in more revenue and income streams. Currently, the Investor has not identified any specific business and/or opportunities. Where any of the divestment of existing businesses or acquisition of new businesses constitutes a major transaction, Shareholders' approval will be obtained at a separate extraordinary general meeting of the Company.

We also noted that the Proposed Rights Issue and the Proposed Transfer of Controlling Interest are inter-conditional. Please refer to Section 1.3 of the Circular for further details.

5.10 Support for the Rights Issue by the Undertaking Shareholders

Mr Weng, who holds an aggregate of 181,500,000 Shares (direct and deemed) representing approximately 68.49% of the Existing Share Capital, and G&W, has each given irrevocable undertakings to renounce an aggregate of 1,130,500,000 Rights Shares ("**Renounced Rights Shares**"), being all part or part of their provisional entitlements pursuant to the Proposed Rights Issue in favour of Forise Capital Group Limited. Each of the above has also given an irrevocable undertaking to the Company to vote in favour of the Proposed Rights Issue in the EGM.

The Investor had given an irrevocable undertaking to subscribe for and pay in full the Renounced Rights Shares. We believe that this underscores the Undertaking Shareholders and the Investor's support for the Proposed Rights Issue and demonstrate their commitment to and confidence in the prospects of the Group.

Please refer to Section 7 of the Circular for more information on the Irrevocable Undertakings.

5.11 Funding Alternative

We understand from the Directors that they had considered other funding alternatives before eventually deciding to proceeds with the Rights Issue.

The management of the Company noted the Group's weak financial performance and position (in particular, the losses incurred in the past two financial years, the matters highlighted in the Auditors' Report in the Annual Report 2014 relating to the Group's going concern issue. In view of the above, the management was of the view that the Group has very limited funding options.

In considering a Rights Issue, we understand from the management that Mr Weng and G&W having considered their options had decided to invite the Investor to subscribe for their Rights entitlements. By inviting the Investor to subscribe for their Rights entitlements, the Company would have saved on placement commission had the Company decided to undertake a placement exercise to the Investor.

In addition, a rights issue will also present an opportunity for minority shareholders to participate in the fund raising exercise at the same terms as the Investors, should they choose to and maintain their level of shareholding in the Company.

5.12 Material Litigation, Potential Tax Liabilities and other matters

We noted that in Sections 23 and 24 of the Circular, the Group had made the following disclosure on Material Litigation:

*The Company had on 6 May 2013 entered into a licence agreement ("**Licence Agreement**") with SAPO, pursuant to which the Company has been granted an exclusive licence to perform one run of a show entitled the "Mega Fashion Show Asia Tour" (the "**Show**") in December 2013 in Singapore, at a licence fee of S$2,000,000, of which S$300,000 has been paid. Mr Sim Hiang Teck is both the sole shareholder and director of SAPO.*

*SAPO's limited exclusive rights to perform the one run of the Show and the obligations under the Licence Agreement were novated to DSAFF (Singapore) Pte Ltd ("**DSAFF Singapore**") on 5 August 2013.*

As at the Latest Practicable Date, no payment has been made for the Balance Amount as the show did not materialise.

*The Company understands that production costs have been incurred by DSAFF Singapore during the preparation for the Show and is prepared to resolve the dispute expediently by paying a sum of S$200,000 to DSAFF Singapore. After considerable negotiations with DSAFF Singapore with a view to resolving the dispute expediently, the Company had on 3 June 2015 entered into a settlement agreement ("**Settlement Agreement**") with DSAFF Singapore, pursuant to which the Company and DSAFF Singapore agree that the Company shall pay DSAFF Singapore a total sum of S$200,000 ("**Settlement Sum**") within 90 days from the date of the Settlement Agreement, as full and final settlement of any and all claims whatsoever on the part of either Party in relation to, arising out of and/or in connection with the Licence Agreement, the Novation Agreement and/or the Amendment Agreement (collectively, the "**DSAFF Agreements**").*

Upon payment of the Settlement Sum, each of the Company and DSAFF Singapore shall be released and discharged from any and all claims in relation to, arising out of or in connection with the DSAFF Agreements. Further, upon payment of the Settlement Sum, and in any event, before the expiry of the 90 days period during which the Settlement Sum is to be paid, neither Party shall bring any further action, proceeding, demand, or other claim against the other Party in respect of any and all matters in relation to, arising out of and/or connected with the DSAFF Agreements.

Potential Tax Liabilities

We further noted the following potential tax claim, which is reproduced from Section 23 of the Circular:

Tax claims arising from the Share Transfer

*On 7 October 2008, the Group entered into a share transfer agreement with Great Hong Kong for the acquisition of the entire equity interests in Fujian Great (the "**Share Transfer**"). The consideration for the Share Transfer was HK$15 million (the "**Acquisition Consideration**"). Great Hong Kong was 60% owned by Mr Weng Wenwei, and 40% owned by Ms Cai A'ne, the wife of Mr Weng Wenwei. The Company notes that the Share Transfer was an interested person transaction, and such interested person transaction has been previously announced in the section entitled "Restructuring Exercise in the prospectus of the Company dated 16 September 2009. Great Hong Kong was deregistered as a Hong Kong incorporated company on 15 October 2010 and has been dissolved since then.*

*On 16 April 2012, Fujian Great received a letter from the Quanzhou Tax Bureau requesting Fujian Great to assist in the withholding tax arising from the Share Transfer (the "**Letter of Notification**"). No notification was issued to the Company. The Group had sought legal advice from its PRC legal counsel, which drafted for the Group a response to the Quanzhou Tax Bureau highlighting, inter alia, that the Share Transfer was completed in 2008 and the relevant regulations imposing the relevant obligations for reporting the share transfer agreement by Fujian Great were only implemented in 2009, and that the withholding tax matters related to Great Hong Kong and not Fujian Great. After the Company had sent its response to the Quanzhou Tax Bureau, no further response or notification was received from the Quanzhou Tax Bureau. As no notification was issued to the Company, and there was no affirmation of actual liabilities suffered by the Group then, the management and Board of Directors had deemed that the Letter of Notification is a matter of supposition or is insufficiently definite to warrant disclosure pursuant to Rule 703(3) of the Listing Manual, and no announcement was made in relation to the notification received by Fujian Great.*

On 29 April 2014, the Quanzhou Tax Bureau further issued a letter to Fujian Great (the "Notification of Assistance Required"), requesting Fujian Great to assist in procuring Great Hong Kong to make the withholding tax payment which arose from the Share Transfer, being an aggregate of RMB5,718,075, to the Quanzhou Tax Bureau (the "Withholding Tax Payable") before 8 May 2014. The Group had sought legal advice and the PRC legal counsel had opined that Fujian Great was not responsible for the Withholding Tax Payable.

On 31 December 2014, the Quanzhou Tax Bureau issued a notification to the Company, requesting the Company to complete the administrative procedures at the Quanzhou Tax Bureau to act as the withholding agent for the Withholding Tax Payable (the "Withholding Agent"). This notification further states that as the Company is deemed to be the Withholding Agent, the Company is responsible for the payment for the Withholding Tax Payable (the "Tax Treatment Notification"). On 12 January 2015, the Quanzhou Tax Bureau notified the Company to make payment for the Withholding Tax Payable by 27 January 2015 (the "Notification of Deadline").

On 28 January 2015, the Quanzhou Tax Bureau had notified the Company of its intention to impose an administrative penalty of RMB5,718,075 (the "Withholding Tax Penalty") on the Company for its failure to withhold and make payment for the Withholding Tax Payable (the "Penalty Notice"). The Company was entitled to submit a written hearing application to Quanzhou Tax Bureau within three (3) days upon receiving the Penalty Notice.

On 13 February 2015, the Company had through its PRC legal counsel, presented its defence to the Quanzhou Tax Bureau in a hearing (the "Tax Hearing") on why the Company should not be considered as the Withholding Agent and accordingly, should not be responsible for paying both the Withholding Tax Payable and the Withholding Tax Penalty. As at the Latest Practicable Date, the Company has not received any further communications from the Quanzhou Tax Bureau or any other relevant authorities in relation to the Tax Hearing, the Withholding Tax Payable or the Withholding Tax Penalty.

The relevant applicable tax laws and regulations to such withholding tax payment include inter alia,《中华人民共和国企业所得税法》(the Law of the PRC on Enterprise Income Tax),《中华人民共和国税收征收管理法》(the Law of the PRC on the Administration of Tax Collection),《非居民企业所得税源泉缴扣管理暂行办法的通知》国税发【2009】3号 (Circular 3),《国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知》国税函【2009】698号 (Circular 698) (collectively the "PRC Tax Laws and Regulations").

Under the applicable PRC Tax Laws and Regulations, a transfer of the equity interest in a PRC company by a foreign investor or enterprise will be subject to withholding tax on capital gains at the rate of 10% on the amount of gain, computed based on the difference between the transfer price at the time of the sale, and the cost of equity.

However, in respect of transactions entered into between a foreign enterprise and its affiliated parties, where the taxable income or capital gains of the enterprise or its affiliated parties decreases due to a non-conformity of the transaction with the arm's length principle, the applicable PRC Tax Laws and Regulations allow for the taxation authority to make an adjustment through a reasonable method. In making such adjustments, the relevant taxation authority may adjust the transfer price of the equity accordingly, resulting in a different income or capital gains being calculated.

The Group had sought legal advice on its position and its PRC legal counsel had opined that the Company has reasonable grounds to successfully defend itself against the claims by the Quanzhou Tax Bureau for the following reasons:–

(i) Pursuant to the relevant and applicable PRC Tax Laws and Regulations, the party responsible for the payment of the Withholding Tax Payable should be Great Hong Kong, instead of the Company and/or any of its subsidiaries; and

(ii) Pursuant to the provisions of Law of the People's Republic of China on the Administration of Tax Collection, the time limit to impose any administrative penalties (the "Statutory Limit") shall be within five (5) years of such violations of the laws or administrative regulations on tax collection which deserves administrative penalties. As the Share Transfer took place on 10 October 2008, being more than five (5) years from the date of the Penalty Notice, pursuant to the relevant PRC Tax Laws and regulations, the Statutory Limit has expired.

Please refer to the risk factor "The Group is exposed to tax claims arising from the Share Transfer" in Section 15 entitled "Risk Factors" of the Circular for more information.

We noted that in the event liabilities arising from Material Litigation and Potential Tax liabilities materialise, there will be material adverse impact on the net asset of the Group.

5.13 SAPO Warrants

We noted that the Company had on 20 May 2013 issued 30,000,000 unlisted and non-transferable warrants to SAPO Investment Pte Ltd, with each warrant carrying the right to subscribe for one (1) new Share of the Company at the exercise price of S$0.075.

In view of the above development, it is uncertain if SAPO will exercise its warrants and support the Proposed Rights Issue.

6. CONCLUSION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have taken into account the following key considerations:

a) rationale of the Proposed Rights Issue and use of proceeds

b) the Rights Shares are being offered to entitled shareholders on a *pro rata* basis and renounceable basis

c) the Proposed Rights Issue and the Proposed Whitewash Resolution are inter-conditional;

d) historical financial performance and condition of the Group

– Revenue from Continuing Operations has been declining, and consequently gross profit has also been affected.

– In FY2013, the Group reported gross loss from operations, and after the Group was able to lower its raw material cost, then it reported an improvement and reported gross profit for FY2014.

– For the last three (3) financial years, the Group had not reported any profit.

– In the last two financial years, the Group was in a negative working capital position, and the net asset value of the Group has also been declining.

– In relation to the net asset value of the Group as at 31 March 2015, if the Group's "Intangible Assets" of RMB16 million was excluded, the Net Tangible Asset of the Group would be approximately negative RMB5.8 million. We understand from the Company that intangible assets comprised mainly "Land-use rights" which is secured against the Group's borrowings.

– In the Annual Report 2014 of the Group, we noted that the Group's Independent Auditor has included an "Emphasis of Matter" following their audit opinion.

– We noted that the Shareholders' Equity of the Group decreased from approximately RMB42 million as at 31 December 2013 to approximately RMB10 million as at 31 March 2015 due to continuing losses incurred by the Group.

– We noted that the Group reported losses for FY2012, FY2013 and FY2014, and has been placed on SGX's Watch-list on 4 March 2015.

e) net asset value and net tangible asset of the Group

We noted that the Issue Price represents a discount to the NAV of the Group and a premium to the NTA of the Group.

f) Adjusted net asset value of the Group

We noted that the Rights Price to adjusted net asset value of the Group is 0.417 times after adjusting for value of land-use rights.

g) assessment of the Pricing of the Rights Share

– We noted that the Issue price is at a discount to the traded price of the Shares for the one (1) year period prior to the Announcement Date and the VWAP of the Shares for the various period;

– We noted that the discount of the Issue Price to last done price prior to announcement date is above Comparable Transactions. The discount to the theoretical ex-Rights Price and to TERP NAV is within the range of Comparable Transactions;

– the Proposed Rights Issue will allow all Shareholders the opportunity to participate in the Company's funding exercise and to further invest in the Company at the same terms as the Investor. The significant discount of the Issue Price to TERP is likely to encourage Entitled Shareholders to subscribe for their entitlements;

– We noted that the Proposed Rights Issue will increase the NTA and reduce the gearing of the Group, while decreasing loss per Share.

(h) dilution impact of the Rights Issue on the Independent Shareholders

We noted that the Proposed Rights Issue will not result in any dilution impact on the shareholders in the Company in the event that all Shareholders subscribe to their full entitlement of Rights Shares under the Proposed Rights Issue.

(i) transfer of controlling interest and information on the Investor

We noted in Section 8 of the Circular, there will be a transfer of Controlling Interest as a result of the Investor's subscription of the Rights Shares. We further noted the Investor's future plans for the Company discussed in 5.9 of this letter.

(j) support for the Rights Issue by the Undertaking Shareholders

(k) Funding alternative

(l) Material litigation, potential tax liabilities and other matters

We noted that in the event liabilities arising from material litigation and potential tax liabilities materialise, there will be material adverse impact on the net asset value of the Group.

Please refer to the Section 5 of this letter for more information on our evaluation.

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, we are of the view that the financial terms of the Rights Issue, being the transaction that is the subject of the Whitewash Resolution, is, on balance **fair and reasonable** from a financial point of view, and the Whitewash Resolution **is not prejudicial** to the interest of the Independent Shareholders. Accordingly, we advise the Independent Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution to be proposed at the EGM.

In rendering the above opinion, we have not taken into consideration the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. Accordingly, any individual Shareholder who may require specific advice in relation to their investment portfolio including their investment in the Company should consult their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

We have prepared this letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Whitewash Resolution. Our opinion should not be relied on as an indication of the merits of the Proposed Whitewash Resolution, the Group or the Shares to any potential investor of the Company nor a recommendation to any future Shareholder as to how such Shareholder should vote on the Proposed Whitewash Resolution, if any.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Phillip Securities in each specific case, other than for the purposes of the Independent Directors' consideration of the Proposed Whitewash Resolution. Notwithstanding the generality of the proceeding, for the avoidance of doubt, nothing in this letter prevents the Company, its Directors and shareholders from reproducing, disseminating, or quoting this letter for the purpose of any matter relating to the Proposed Whitewash Resolution. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PHILLIP SECURITIES PTE LTD

Jeffrey Goh Yong Seng
Director,
Capital Markets

Sim Yong Nam
Director,
Corporate Finance

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NOTICE OF EXTRAORDINARY GENERAL MEETING

GREAT GROUP HOLDINGS LIMITED

(Company Registration No. 200804077W)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "**EGM**") of Great Group Holdings Limited (the "**Company**") will be held on 14 July 2015 at 10.00 a.m. at 4 Shenton Way SGX Centre 2 #17-01 Singapore 068807 for the purpose of considering and, if thought fit, passing (with or without modification) the following ordinary resolutions:

All capitalised terms herein shall have the same meanings as ascribed to them in the circular dated 29 June 2015 to the shareholders of the Company, unless otherwise defined herein.

RESOLUTION 1: ORDINARY RESOLUTION

THE PROPOSED RIGHTS ISSUE

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

(a) the renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 2,065,000,000 Rights Shares, at an Issue Price of S$0.005 for each Rights Share on the basis of seven (7) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements (if any) to be disregarded, be and is hereby approved; and

(b) authority be and is hereby given to the Directors (or any of them) to:

(i) allot and issue up to 2,065,000,000 Rights Shares at the Issue Price for each Rights Share; and

(ii) provisionally allot and issue up to 2,065,000,000 Rights Shares at the Issue Price for each Rights Share on the basis of seven (7) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded,

on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may deem fit:

(aa) the provisional allotment of the Rights Shares pursuant to the Proposed Rights Issue shall be made on a renounceable basis to Entitled Shareholders whose names appear in the Register of Members of the Company or the records of CDP as at the Books Closure Date and whose registered addresses with the Company or CDP (as the case may be) are in Singapore as at the Books Closure Date or who have, at least three (3) days Market Days prior to the Books Closure Date, provided to the CDP or the Share Registrar (as the case may be) addresses in Singapore for the service of notices and documents;

(bb) no provisional allotment of the Rights Shares shall be made in favour of 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 ("**Foreign Shareholders**");

(cc) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders may 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 to purchasers thereof, including without limitation to be sold "nil-paid" on SGX-ST, and to pool and thereafter distribute the net proceeds (if any) thereof (after deducting all expenses) proportionately to and among such Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, provided that if the amount to be distributed to any single Foreign Shareholder is less than S$10.00, such amount shall instead be retained or dealt with as the Directors may deem fit;

(dd) the provisional allotment of the Rights Shares not taken up or allotted for any reason or which represent fractional entitlements disregarded in accordance with the term of the Proposed Rights Issue shall be used to satisfy applications for Excess Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit; and

(ee) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing Shares and with each other, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares; and

(c) the Directors (or any of them) be and are hereby authorised to take such steps, do all such acts and things (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Proposed Rights Issue and making amendments to the terms and conditions of the Proposed Rights Issue) and to exercise such discretion as the Directors (or any of them) may consider necessary, expedient or desirable to give full effect to this Ordinary Resolution and the Proposed Rights Issue.

RESOLUTION 2: ORDINARY RESOLUTION

THE PROPOSED TRANSFER OF CONTROLLING INTEREST

That subject to and contingent upon the passing of Resolutions 1 3 and 4:

(a) approval be and is hereby given for the allotment and issuance by the Company of 1,135,000,000 Rights Shares to Forise Capital Group Limited, at the issue price of S$0.005 for each Rights Share, on and subject to the terms of the Proposed Rights Issue and the Investor Undertaking provided by Forise Capital Group Limited, the issuance of such Rights Shares constituting a transfer of the Controlling Interest in the Company to Forise Capital Group Limited pursuant to Rule 803 of the Listing Manual; and

(b) any of the Directors of the Company be and is hereby authorised to complete and do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matter referred to in sub-paragraph (a) of this resolution as he shall think fit and in the interests of the Company.

RESOLUTION 3: ORDINARY RESOLUTION

THE PROPOSED WHITEWASH RESOLUTION

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

the Shareholders do hereby (on a poll taken) unconditionally and irrevocably waive their rights to receive a mandatory general offer from Forise Capital Group Limited and parties acting in concert with it (if any) for all the Shares not already owned or controlled by them pursuant to Rule 14 of the Code, in the event that Forise Capital Group Limited, as a result of the subscription of Rights Shares under the Proposed Rights Issue, in accordance with the Investor Undertaking, incurs an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

RESOLUTION 4: ORDINARY RESOLUTION

THE PROPOSED ADJUSTMENT WARRANTS ISSUE

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

(a) the issue of up to 98,000,000 free Adjustment Warrants, each carrying the right to subscribe for one (1) new Share in the capital of the Company at an exercise price of S$0.0176 for each new Share, on the basis of 98 Adjustment Warrants for every 30 outstanding, unexercised Warrant as at the Books Closure Date, fractional entitlements to be disregarded (the "**Proposed Adjustment Warrants Issue**"), be and is hereby approved;

(b) authority be and is hereby given to the Directors (or any of them) to create and issue such number of Adjustment Warrants as the Directors may determine, up to 98,000,000 Adjustment Warrants, each Adjustment Warrant to entitle the holders thereof to subscribe for one (1) new Share at an exercise price of S$0.0176 for each new Share at any time during the period commencing on 1 January 2014 and expiring at 5.00 p.m. on the earlier of (a) the date immediately preceding 36 months from the date of issue of the Warrants; and (b) the date ending 30 days upon the announcement by the Company of any agreement (including a conditional agreement) that constitutes a very substantial acquisition or reverse takeover under Rule 1016 of the Listing Manual;

(c) authority be and is hereby given to the Directors (or any of them) to 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, up to 98,000,000 new Shares on the exercise of the Adjustment Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Warrants Conditions, such new Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares of the Company save for any dividends, rights, allotments or other distributions the Record Date for which falls before the date of issue of such new Shares; and

(d) the Directors (or any of them) be and are hereby authorised to take such steps, do all such acts and things (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Proposed Adjustment Warrants Issue and making amendments to the terms and conditions of the Proposed Adjustment Warrants Issue) and to exercise such discretion as the Directors (or any of them) may consider necessary, expedient or desirable to give full effect to this Ordinary Resolution and the Proposed Adjustment Warrants Issue.

BY ORDER OF THE BOARD

Mr. Weng Wenwei
Executive Chairman and Chief Executive Officer

29 June 2015

Notes:

(i) A member entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead.

(ii) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company

(iii) The instrument appointing a proxy must be deposited at the Company's registered office at 75 High Street Singapore 179435, at least 48 hours before the time of the EGM.

(iv) Where a member appoints two (2) proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(v) PERSONAL DATA PRIVACY By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents 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.

GREAT GROUP HOLDINGS LIMITED

(Company Registration No. 200804077W)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, the Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of the Company not less than 48 hours before the time appointed for holding the EGM.

I/We _____ *(Name)* NRIC/Passport No. _____

Of _____ *(Address)*

being a member/members of the above-mentioned Company, hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her/them, the Chairman of the Extraordinary General Meeting of the Company (the "EGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Meeting to be held at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 on 14 July 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed as the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a "X" within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1.	The Proposed Rights Issue		
2.	The Proposed Transfer of Controlling Interest		
3.	The Proposed Whitewash Resolution		
4.	The Proposed Adjustment Warrants Issue		

Dated this _____ day of _____ 2015

Total Number of Shares held in:	
CDP Register	
Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the EGM, provided that if a member shall nominate two (2) proxies, then the member shall specify the proportion of his/her shares to be represented by each such proxy, failing which the second nomination shall be deemed to be alternative.

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

4. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the Company's registered office at 75 High Street Singapore 179435, not later than 48 hours before the time appointed for the holding of the EGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.

6. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such a person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

9. Terms and expressions not defined herein shall have the same meanings ascribed to them in the Circular.

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