

CIRCULAR DATED 24 JUNE 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action that 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 Xpress Holdings Ltd (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for any statement made, opinion expressed or report contained in this Circular.

Approval in-principle granted by the SGX-ST for the listing of and quotation for the Placement Shares (as defined herein) and the New Shares (as defined herein) on the Main Board of the SGX-ST is not to be taken as an indication of the merits of any of the Proposed Subscription (as defined herein), the Placement Shares, the Proposed Warrants Issue (as defined herein), the Warrants (as defined herein), the New Shares, the Company and/or its Subsidiaries (as defined herein).



XPRESS HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number 199902058Z)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO**

- (1) **THE PROPOSED ALLOTMENT AND ISSUE OF 1,100,000,000 NEW ORDINARY SHARES (THE “PLACEMENT SHARES”) IN THE CAPITAL OF THE COMPANY TO MR MA WEI DONG (THE “INVESTOR”) AT THE SUBSCRIPTION PRICE OF S\$0.007 PER PLACEMENT SHARE (THE “PROPOSED SUBSCRIPTION”);**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 2,200,000,000 UNLISTED AND DETACHABLE FREE WARRANTS (THE “WARRANTS”), EACH CARRYING THE RIGHT TO SUBSCRIBE FOR ONE NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE “NEW SHARES”) AT THE EXERCISE PRICE OF S\$0.007 PER NEW SHARE, ON THE BASIS OF TWO WARRANTS FOR EVERY PLACEMENT SHARE SUBSCRIBED BY THE INVESTOR (THE “PROPOSED WARRANTS ISSUE”); AND**
- (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE INVESTOR AND PARTIES ACTING IN CONCERT WITH HIM FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE ALLOTMENT AND ISSUE OF THE PLACEMENT SHARES AND THE NEW SHARES (THE “PROPOSED WHITEWASH RESOLUTION”).**

Independent Financial Adviser in connection with the Proposed Whitewash Resolution

ASIAN CORPORATE ADVISORS PTE. LTD.

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

IMPORTANT DATES AND TIMES

Latest date and time for lodgement of Proxy Form : 7 July 2015 at 9.00 a.m.
Date and time of Extraordinary General Meeting : 9 July 2015 at 9.00 a.m.
Place of Extraordinary General Meeting : 25 Tai Seng Avenue
#01-01
Scorpio East Building
Singapore 534104

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“Board”	:	The board of Directors as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 24 June 2015 in relation to the Proposed Subscription, the Proposed Warrants Issue and the Proposed Whitewash Resolution
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Xpress Holdings Ltd
“Completion”	:	The completion of the Proposed Subscription and the Proposed Warrants Issue pursuant to the Placement Agreement
“Completion Date”	:	The date on which Completion occurs
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly fifteen per cent. or more of the total number of issued Shares. The SGX-ST may determine that a person who satisfies this is not a Controlling Shareholder; or (b) in fact exercises Control over the Company
“Cut-Off Date”	:	Has the meaning ascribed to it in Section 2.6
“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 9 July 2015, notice of which is set out on pages C-1 and C-2 of this Circular
“Exercise Notice”	:	A notice for the exercise of the Warrants, copies of which may be obtained from the Company
“Exercise Period”	:	The period during which the Warrants may be exercised, commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the Expiration Date, unless such date is a date on which the Register of Warranholders is closed or is not a Market Day, in which event the period shall end on the Market Day prior to the closure of the Register of Warranholders or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warranholders may be closed pursuant to the terms and conditions of the Warrants to be set out in the Instrument

“Exercise Price”	:	Means, in respect of each Warrant, S\$0.007, subject to adjustment(s) in accordance with the terms and conditions of the Warrants to be set out in the Instrument
“Expiration Date”	:	The date falling five years from the date of issue of the Warrants
“Founder”	:	Mr Fong Kah Kuen @ Foong Kah Kuen
“FY”	:	Financial year ended or ending 31 July
“FY2014”	:	Financial year ended 31 July 2014
“Group”	:	The Company and its Subsidiaries
“IFA”	:	Asian Corporate Advisors Pte. Ltd., being the independent financial adviser in connection with the Proposed Whitewash Resolution
“IFA Letter”	:	The advice from the IFA to the Independent Directors dated 24 June 2015, as set out in Appendix A to this Circular
“Independent Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to the Independent Shareholders in respect of the Proposed Whitewash Resolution, being Mr Fong Kah Kuen @ Foong Kah Kuen, Mr Darlington Tseng Te-Lin, Mr Sam Chong Keen and Mr Yip Kean Mun
“Independent Shareholders”	:	For the purpose of the Proposed Whitewash Resolution, the Shareholders who are not associated with or connected to and are independent of the Investor and his concert parties
“Instrument”	:	The instrument by way of a deed poll to be executed by the Company constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrantholders
“Investor”	:	Mr Ma Wei Dong
“JLY”	:	Madam Jin Li Yan, the spouse of the Investor
“Latest Practicable Date”	:	12 June 2015, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended or modified from time to time
“Loan Agreement”	:	The loan deed dated 5 January 2015 entered into between the Company and the Investor
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MOU”	:	The memorandum of understanding dated 5 December 2014 entered into between the Company, the Investor and the Founder

“New Shares”	:	Up to 2,200,000,000 new Shares to be allotted and issued by the Company upon the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants to be set out in the Instrument
“NTA”	:	Net tangible assets
“Placement Agreement”	:	The placement agreement dated 5 January 2015 entered into between the Company and the Investor
“Placement Shares”	:	The 1,100,000,000 new Shares to be issued by the Company to the Investor pursuant to the Placement Agreement
“Proposed Subscription”	:	The proposed allotment and issue of the Placement Shares to the Investor at the Subscription Price pursuant to the Placement Agreement
“Proposed Warrants Issue”	:	The proposed allotment and issue of 2,200,000,000 Warrants to the Investor, each carrying the right to subscribe for one New Share at the Exercise Price, on the basis of two Warrants for every Placement Share subscribed by the Investor pursuant to the Placement Agreement
“Proposed Whitewash Resolution”	:	The proposed whitewash resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer from the Investor and parties acting in concert with him for all the Shares not already owned or controlled by them as a result of the allotment and issue of the Placement Shares and the New Shares
“Relevant Shares”	:	The 12,600,000 Shares and 1,520,000 Shares acquired on market by JLY on 15 January 2015 and 16 January 2015 respectively at S\$0.008 per Share
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“Shareholders”	:	Registered holders of Shares except that where CDP is the registered holder, the term “Shareholders” shall in relation to such Shares, mean Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“Subscription Price”	:	Means, in respect of each Placement Share, S\$0.007
“Subsidiary”	:	Companies which are for the time being subsidiaries of the Company as defined by Section 5 of the Companies Act
“Substantial Shareholder”	:	A Shareholder who has an interest in five per cent. or more of the total issued share capital of the Company

- “Warrants”** : The 2,200,000,000 unlisted and detachable free warrants in registered form to be issued by the Company together with the Placement Shares to the Investor pursuant to the Placement Agreement and (where the context admits) such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Instrument (any such additional warrants to rank *pari passu* with the warrants issued with the Placement Shares pursuant to the Proposed Subscription and for all purposes to form part of the same series of Warrants constituted by the Instrument), each warrant entitling the holder thereof to subscribe for one New Share at the Exercise Price within the Exercise Period, subject to the terms and conditions of the Warrants to be set out in the Instrument
- “Warrantholders”** : The registered holders of the Warrants and **“Warrantholder”** shall be construed accordingly
- “Whitewash Waiver”** : The whitewash waiver by the SIC of the requirement for the Investor and his concert parties to make a mandatory general offer for the Shares not already owned by the Investor or his concert parties arising from or in connection with his subscription of the Placement Shares and/or the New Shares
- “%” or “per cent.”** : Percentage or per centum
- “S\$” and “cents”** : Singapore dollar and cents respectively, unless otherwise stated

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

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

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

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

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

XPRESS HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number 199902058Z)

Directors

Mr Fong Kah Kuen @ Foong Kah Kuen (*Non-Executive Director*)
Mr Darlington Tseng Te-Lin (*Non-Executive Director*)
Mr Sam Chong Keen (*Non-Executive Chairman and Lead Independent Director*)
Mr Yip Kean Mun (*Independent Director*)

Registered Office

61 Tai Seng Avenue
#03-03
Singapore 534167

24 June 2015

To: The Shareholders of Xpress Holdings Ltd

Dear Sir/Madam

- (1) **THE PROPOSED ALLOTMENT AND ISSUE OF 1,100,000,000 PLACEMENT SHARES IN THE CAPITAL OF THE COMPANY TO THE INVESTOR AT THE SUBSCRIPTION PRICE OF S\$0.007 PER PLACEMENT SHARE (THE “PROPOSED SUBSCRIPTION”);**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF 2,200,000,000 WARRANTS, EACH CARRYING THE RIGHT TO SUBSCRIBE FOR ONE NEW SHARE AT THE EXERCISE PRICE OF S\$0.007 PER NEW SHARE, ON THE BASIS OF TWO WARRANTS FOR EVERY PLACEMENT SHARE SUBSCRIBED BY THE INVESTOR (THE “PROPOSED WARRANTS ISSUE”); AND**
- (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE INVESTOR AND PARTIES ACTING IN CONCERT WITH HIM FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE ALLOTMENT AND ISSUE OF THE PLACEMENT SHARES AND THE NEW SHARES (THE “PROPOSED WHITEWASH RESOLUTION”).**

1. INTRODUCTION

- 1.1 Proposed Subscription and Proposed Warrants Issue.** On 5 December 2014, the Company announced that it had entered into the MOU in relation to, *inter alia*, a proposed subscription of new Shares together with free warrants by the Investor. Further to the entry by the Company into the MOU, the Company announced on 6 January 2015 that it had entered into the Placement Agreement, pursuant to which the Company agreed to allot and issue to the Investor (a) the Placement Shares at the Subscription Price and (b) the Warrants, each Warrant carrying the right to subscribe for one New Share at the Exercise Price, on the basis of two Warrants for every Placement Share subscribed by the Investor.
- 1.2 Transfer of Controlling Interest.** Upon Completion, the Investor will become the Controlling Shareholder of the Company.
- 1.3 Shareholders’ Approval.** The approval of Shareholders is required for:
 - 1.3.1** the Proposed Subscription, the Proposed Warrants Issue and the allotment and issue of the New Shares to the Investor upon exercise of the Warrants, in accordance with Rule 803 of the Listing Manual; and
 - 1.3.2** the waiver by Independent Shareholders of their right to receive a mandatory general offer by the Investor and/or parties acting in concert with the Investor in accordance with Rule 14 of the Code, as a result of the allotment and issue of the Placement Shares and the New Shares to the Investor.

- 1.4 IFA Advice.** The Independent Directors have appointed the IFA to advise them on whether the Proposed Whitewash Resolution is on normal commercial terms and prejudicial to the interest of the Independent Shareholders. The IFA Letter is set out in Appendix A to this Circular and the advice of the IFA is set out in Section 6.8 of this Circular.
- 1.5 SGX-ST.** On 11 June 2015, the SGX-ST granted its approval in-principle for the listing of and quotation for the Placement Shares and the New Shares on the Main Board of the SGX-ST, subject to certain conditions as set out in Section 2.8 of this Circular. Admission of the Placement Shares and the New Shares to, and the listing of and quotation for the Placement Shares and the New Shares on, the Main Board of the SGX-ST are in no way reflective of the merits of any of the Proposed Subscription, the Placement Shares, the Proposed Warrants Issue, the Warrants, the New Shares, the Company and/or its Subsidiaries. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.
- 1.6 Circular.** The purpose of this Circular is to provide Shareholders with information relating to the ordinary resolutions relating to the Proposed Subscription, the Proposed Warrants Issue and the Proposed Whitewash Resolution to be tabled at the EGM to be held on 9 July 2015, notice of which is set out on pages C-1 and C-2 of this Circular.

Shareholders should note that the passing of the resolutions set out in this Circular are inter-conditional. This means that if any of the resolutions is not approved, the other resolutions would not be carried. In particular, Independent Shareholders should note that the Proposed Subscription and Proposed Warrants Issue are conditional upon Independent Shareholders voting in favour of the Proposed Whitewash Resolution. Therefore, if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Subscription and the Proposed Warrants Issue will not take place.

2. PROPOSED SUBSCRIPTION AND PROPOSED WARRANTS ISSUE

- 2.1 Proposed Subscription and Proposed Warrants Issue.** On 5 December 2014, the Company announced that it had entered into the MOU in relation to, *inter alia*, a proposed subscription of new Shares together with free warrants by the Investor. Further to the entry by the Company into the MOU, the Company announced on 6 January 2015 that it had entered into the Placement Agreement, pursuant to which, *inter alia*, the Company agreed to issue to the Investor (a) 1,100,000,000 Placement Shares at the Subscription Price and (b) 2,200,000,000 Warrants, each Warrant carrying the right to subscribe for one New Share at the Exercise Price, on the basis of two Warrants for every Placement Share subscribed by the Investor.
- 2.2 Warrants.** The principal terms of the Warrants are as follows:

Number of Warrants	: 2,200,000,000.
Exercise Price	: The Exercise Price for each Warrant shall be S\$0.007 per New Share.
Exercise Period	: The Warrants may be exercised at any time during the Exercise Period, being the five year period commencing on the date of issue of the Warrants, subject to the terms and conditions of the Warrants to be set out in the Instrument.

At the expiry of the Exercise Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose. The expiry of the Warrants will be announced through an SGXNET announcement to be posted on the internet at the SGX-ST's website <http://www.sgx.com> and the notice of expiry will be sent to all Warrant holders at least one month before the Expiration Date.

Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Instrument. Subject to the terms and conditions of the Warrants to be set out in the Instrument, each Warrant shall entitle the Warranholder, at any time during the Exercise Period, to subscribe for one New Share at the Exercise Price.

Status of New Shares : The New Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of allotment and issue of the New Shares.

Transfer and Transmission: In order to transfer the Warrants, the Warranholder and/or the transferee must fulfil the following conditions:

- (a) prior approval by the Directors for the transfer of the Warrants to the transferee;
- (b) lodgement during normal business hours of the relevant Warrant Certificate(s) (as defined in the Instrument) in the name of the Warranholder at the registered office of the Company together with an instrument of transfer in respect thereof, duly completed and signed by or on behalf of the Warranholder and the transferee and, if required, duly stamped in accordance with any law for the time being in force relating to stamp duty; and
- (c) the payment of the registration fee of S\$2.00 (or such other amount as may be determined by the Directors) by the transferee for each Warrant Certificate to be issued in the name of the transferee in respect of the Warrants so transferred.

The Warranholder specified in the Register of Warranholders shall remain the registered holder of the Warrants until the name of the transferee is entered in the Register of Warranholders.

Adjustments : The Exercise Price and/or the number of Warrants to be held by a Warranholder will be subject to adjustment(s) under certain circumstances as set out in the Instrument, including where the Company undertakes a rights, bonus or other capitalisation issue (whether of a capital or income nature or not and including any capital redemption reserve fund). Please refer to Appendix B of this Circular for further details. Any such adjustment will also be announced through an SGXNET announcement to be posted on the internet at the SGX-ST's website <http://www.sgx.com>.

Any additional warrants which may be issued by the Company pursuant to such adjustment shall rank *pari passu* with the Warrants and will, for all purposes, form part of the series of Warrants constituted by the Instrument, and shall be issued subject to and with the benefit of the Instrument and on such terms and conditions as the Directors may from time to time think fit, including but not limited to, the terms and conditions of the Warrants to be set out in the Instrument.

The terms and conditions of the Warrants do not specifically provide for the extension of the Exercise Period and the issue of new Warrants to replace the existing Warrants.

Modification of rights of Warrantheolders : The Company may, without the consent of the Warrantheolders but in accordance with the terms of the Instrument, effect any modification to the Warrants or the Instrument, which in their opinion, is to correct a manifest error or to comply with the mandatory provisions of Singapore law.

Any such modification shall be binding on the Warrantheolders and shall be notified to them in accordance with the terms and conditions of the Warrants to be set out in the Instrument, immediately thereafter.

Notwithstanding anything in the terms and conditions of the Warrants to be set out in the Instrument, any material alteration to such terms and conditions to the advantage of the Warrantheolders shall be approved by the Shareholders in general meeting (and if necessary, SGX-ST), except where the alterations are made pursuant to the terms of the issue of the Warrants.

Winding-up : Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), the Warrantheolders may elect, in accordance with the terms and conditions of the Warrants to be set out in the Instrument, to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the New Shares to which they would have become entitled pursuant to such exercise.

Subject to the foregoing, if the Company is wound-up for any reason other than a members' voluntary winding-up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

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

Listing : The Warrants will not be listed on the SGX-ST.

Governing law : Laws of Singapore.

2.3 Subscription Price. The Subscription Price is at a discount of 12.5 per cent. to the volume weighted average trading price of S\$0.008 per Share for trades done on the SGX-ST for the full market day on 5 January 2015, being the full market day on which the Placement Agreement was signed, and is at a discount of 22.2 per cent. to the volume weighted average trading price of S\$0.009 per Share for trades done on the SGX-ST for the full market day on 5 December 2014, being the full market day on which the Company announced that it had entered into the MOU.

The Subscription Price was agreed upon based on arm's length negotiations between the Investor and the Company and was based on commercial considerations made by the Company.

2.4 Exercise Price. The Exercise Price is at a discount of 12.5 per cent. to the volume weighted average trading price of S\$0.008 per Share for trades done on the SGX-ST for the full market day on 5 January 2015, being the full market day on which the Placement Agreement was signed,

and is at a discount of 22.2 per cent. to the volume weighted average trading price of S\$0.009 per Share for trades done on the SGX-ST for the full market day on 5 December 2014, being the full market day on which the Company announced that it had entered into the MOU.

The Exercise Price was agreed upon based on arm's length negotiations between the Investor and the Company and was based on commercial considerations made by the Company.

2.5 Ranking. The Placement Shares and the New Shares will be issued free from all encumbrances and will rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares of the Company, except that they will not rank for any dividends, rights, allotments or other distributions, accruing on a record date for determining such entitlements, which shall be the date which falls on or before the date of issue of the Placement Shares and the New Shares (as the case may be).

2.6 Conditions Precedent. Completion is conditional on the following:

2.6.1 to the extent permitted by law and the Listing Manual, the Investor having undertaken and completed its due diligence investigations (including both financial and legal due diligence investigations) in respect of each of the Company and its Subsidiaries, the results of such due diligence investigations being to the reasonable satisfaction of the Investor;

2.6.2 the Investor obtaining the Whitewash Waiver and if granted subject to conditions, such conditions being acceptable to the Investor;

2.6.3 a resolution passed by way of a poll by Independent Shareholders to waive their rights to receive a general offer from the Investor and parties acting in concert with the Investor arising from and in connection with its subscription of the Placement Shares and/or New Shares, and fulfilment of other relevant terms and conditions (if any) of the Whitewash Waiver;

2.6.4 the receipt by the Company of an approval in-principle for the listing of and quotation for the Placement Shares and the New Shares on the SGX-ST (on conditions, if any, acceptable to the Investor in his absolute discretion) having been obtained and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before Completion Date, such conditions fulfilled;

2.6.5 the Company having obtained all corporate and Shareholders' approvals on terms acceptable to the Company and the Investor in respect of the allotment, issue and subscription of the Placement Shares, the issue of the Warrants and the New Shares, and all the transactions ancillary to or contemplated thereto and such approvals remaining in full force and effect on Completion and, if such approvals are subject to any conditions which are required to be fulfilled on or prior to Completion, such conditions are being fulfilled;

2.6.6 the Company having obtained all consents, approvals and authorisations from third parties (including financial institutions) and governmental body or authority (including but not limited to the SGX-ST and the SIC) required for or in connection with the execution of the Placement Agreement and if such consents, approvals and authorisations are subject to any conditions, such conditions being acceptable to the Investor in his absolute discretion;

2.6.7 the fulfilment of all conditions precedent in the Loan Agreement;

2.6.8 receipt by the Investor of a deed of indemnity executed by the Founder to indemnify the Investor for all indebtedness and liabilities (including contingent, potential and/or ancillary claims and liabilities) of the Group incurred before the Completion Date, and which are not reflected in the unaudited financial statements of the Company for the fourth quarter and full year ended 31 July 2014;

2.6.9 there being no suspension for more than three days by the SGX-ST of the trading of the Shares (other than a trading halt on a temporary basis as requested by the Company) or a delisting of the Shares;

2.6.10 the allotment, issue and subscription of the Placement Shares and the allotment and issue of the Warrants and the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore (including the SGX-ST and the SIC) which is applicable to the Company or the Investor;

2.6.11 the Company has complied with or will comply (before Completion) with all legal and other requirements necessary for the issue of the Placement Shares and performance of its obligations under the Placement Agreement; and

2.6.12 on the Completion Date, the representations and warranties of the Company and the Investor under the Placement Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company and the Investor having performed in all material respects all of their obligations under the Placement Agreement to be performed on or before the Completion Date.

If any of the conditions precedent set forth above is not satisfied (or waived) within four months from the date of the Placement Agreement or such other date as the Company and Investor may agree in writing (the “**Cut-Off Date**”), the Placement Agreement will cease. The Company and the Investor have agreed in writing that the Cut-Off Date will be extended to 31 July 2015.

2.7 SGX-ST Conditions. On 11 June 2015, the SGX-ST granted its approval in-principle for the listing of and quotation for the Placement Shares and the New Shares on the Main Board of the SGX-ST, subject to, *inter alia*, the following conditions:

2.7.1 compliance with the SGX-ST’s listing requirements;

2.7.2 Shareholders’ approval for the Proposed Subscription, the Proposed Warrants Issue and the New Shares to be issued pursuant to the Proposed Warrants Issue;

2.7.3 submission of the following documents:

- (i) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of Shares 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;
- (ii) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
- (iii) a written confirmation from the Company that the terms of the Proposed Warrants Issue comply with Rule 829(1) of the Listing Manual;
- (iv) a written undertaking from the Company to announce any adjustments made pursuant to Rule 829(1) of the Listing Manual;
- (v) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual; and
- (vi) a written confirmation from the Company that it will not issue the Placement Shares or New Shares to persons prohibited under Rule 812(1) of the Listing Manual; and

2.7.4 the Placement Shares having to be placed out within seven Market Days from the date of the EGM to be convened.

Approval in-principle granted by the SGX-ST for the listing of and quotation for the Placement Shares and the New Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of any of the Proposed Subscription, the Placement Shares, the Proposed Warrants Issue, the Warrants, the New Shares, the Company and/or its Subsidiaries. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

2.8 Loan. On 5 December 2014, the Company announced that the Investor will grant a loan of RMB10,000,000 to the Company, subject to the terms and conditions of a loan agreement to be entered into between the Investor and the Company. Following the signing of the MOU, the Investor disbursed RMB5,000,000 to the Company. On 6 January 2015, the Company announced that the parties have agreed to reduce the loan amount to RMB5,000,000 (the “**Loan**”) and have executed a Loan Agreement dated 5 January 2015 to set out the terms and conditions of the Loan. In connection with the Loan, a Deed of Guarantee and Indemnity dated 5 January 2015 was provided by Mr Fong Kah Kuen to the Investor pursuant to which Mr Fong Kah Kuen agreed to, *inter alia*, guarantee the payment and discharge of all liabilities and obligations of the Company owed or expressed to be owed to the Investor (the “**Guarantee**”).

No interest is payable on the Loan if the Loan is repaid in full on the Repayment Date (as defined below). However, if the Company fails to pay any amount payable by it under, among others, the Loan Agreement and the Guarantee, on its due date, then interest shall accrue on such unpaid sum from the due date up to the date of actual payment at a rate which is 10% per annum. Such default interest (if unpaid) arising on an unpaid sum shall be compounded with the unpaid sum at the end of each month but will remain immediately due and payable.

Under the Loan Agreement, the Company has agreed to repay the Loan in full in the currency in which the Loan is denominated on the Repayment Date. In the event that the Proposed Subscription proceeds to completion and the Investor, in its absolute discretion, elects in writing to set-off the Loan due to the Investor against the aggregate subscription consideration payable by the Investor or its nominee under the Placement Agreement, the Loan will be treated to have been repaid by the Company on completion of the Proposed Subscription.

“**Repayment Date**” means the earliest of the following dates:

- (i) the date of completion under the Placement Agreement;
- (ii) the date falling three business days after the termination of the Placement Agreement for any reason; and
- (iii) the date of demand by the Investor if the Placement Agreement is not executed by the parties thereto for any reason within three months after the date of the Loan Agreement or such longer period as agreed between the Investor and the Company. The Placement Agreement was signed on 5 January 2015.

As at the date of this Circular, the Loan has already been disbursed by the Investor to the Company.

2.9 Rights of the Investor. Pursuant to the Placement Agreement, upon the execution of the Placement Agreement, the Investor shall be entitled to nominate a person and the Company shall appoint such nominated person as a Director of the Company at such time to be elected by the Investor. As at the Latest Practicable Date, the Investor has not made such a nomination. Upon Completion, the Investor shall be entitled to appoint such number of additional Directors, including the appointment of a Director to be the chairman of the Board, to form the majority of the Board.

2.10 Transfer of Controlling Interest. As at the Latest Practicable Date, save for the 14,120,000 Shares, being the Relevant Shares, held by JLY who is the spouse of the Investor, the Investor does not hold any Shares. **The Placement Shares when issued will represent approximately 44.94 per cent. of the issued share capital of the Company comprising 2,447,927,123 Shares as at the Latest Practicable Date, and 31.00 per cent. of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings**

Executives' Share Option Scheme 2001), upon allotment and issue of the Placement Shares. When completed, the Proposed Subscription will result in the Investor holding 31.00 per cent. of the issued share capital of the Company. **If all the Warrants are fully exercised by the Investor, the Company will issue 2,200,000,000 New Shares to the Investor, which when aggregated with the Placement Shares, will represent approximately 57.41 per cent. of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001).** Accordingly, this will result in the Investor obtaining a controlling interest in the Company and pursuant to Rule 803 of the Listing Manual, prior approval of Shareholders is required for the Proposed Subscription, the Proposed Warrants Issue and the allotment and issue of the New Shares to the Investor upon exercise of the Warrants. Such approval will be sought at the EGM to be held on 9 July 2015, notice of which is set out on pages C-1 and C-2 of this Circular.

- 2.11 Dilution Effect.** The issuance of the Placement Shares and the issuance of the New Shares upon the exercise of the Warrants will have a dilution effect on Shareholders as described in Section 9.1 of this Circular.
- 2.12 Private Placement.** The Proposed Subscription and the Proposed Warrants Issue are being undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act.

3. INFORMATION ON THE INVESTOR

On 3 June 2014, the Company appointed a financial adviser, Teranova Group Limited ("**Teranova**"), to introduce potential investors to the Company for a fund raising exercise. On 1 November 2014, the Investor was introduced by Teranova to the Company. After discussions with the Investor, the Company was of the view that it would be in the interest of the Company to have the Investor as a Shareholder, as the Investor was supportive of the Company's business model and plans, and was prepared to enter into the Placement Agreement on terms mutually acceptable to the parties. The Investor is the Chairman of the Board of Directors of Kunming LuChen Group Co., Ltd. and has entered into the Proposed Subscription and the Proposed Warrants Issue in his individual capacity.

The Investor has no connection (including business dealings) with the Company or its Directors. The Investor is subscribing for the Placement Shares and the Warrants, and will subscribe for the New Shares upon exercise of the Warrants, as principal and will not hold the Placement Shares, the Warrants and New Shares on trust or as nominee for other persons.

Teranova is an investment company incorporated in the British Virgin Islands on 28 July 2008, with Mr Phoon Wui Nyen as its sole director and shareholder. The fees payable to Teranova for introducing the Investor to the Company is 5 per cent. of the S\$7.7 million proceeds from the Proposed Subscription and Proposed Warrants Issue. The fees were agreed between the Company and Teranova after arm's length negotiations, and the Board is of the opinion that the fees payable to Teranova are in line with market practice.

4. RATIONALE

- 4.1** As previously disclosed in the annual report of the Company for FY2014, the Company has recognised, *inter alia*, an impairment of goodwill, an impairment of project and trade receivables and an impairment of plant and equipment, resulting in the Company incurring massive write-offs. As such, in the short term, the Proposed Subscription and the Proposed Warrants Issue will provide the Company with sufficient working capital to ensure business continuity. In the longer term, the Proposed Subscription and the Proposed Warrants Issue are being carried out to enable the Company to augment its cash flow and improve working capital for expansion purposes.
- 4.2** On 30 January 2015, the Company announced that the independent auditors of the Company, Foo Kon Tan LLP, have, in their report dated 28 January 2015, included a disclaimer of opinion in relation to the financial statements of the Group for the financial year ended 31 July 2014. Further to the announcement regarding the disclaimer of opinion, the Company announced on

2 February 2015, following queries from the SGX-ST, that the Board believes that the Company will be able to continue to operate as a going concern assuming that the proceeds from the Proposed Subscription and the Proposed Warrants Issue are received by the Company.

5. USE OF PROCEEDS

5.1 Consideration. The total consideration payable for all the Placement Shares and the Warrants is S\$7.7 million. Following Completion, if the Warrants are fully exercised by the Investor (in his sole discretion) into 2,200,000,000 New Shares, the Company will receive S\$23.1 million in aggregate from the Investor.

5.2 Use of Proceeds.

5.2.1 Assuming that none of the Warrants are exercised, the proceeds from the Proposed Subscription and the Proposed Warrants Issue will be S\$7.7 million, of which:

- (i) S\$7,000,000 (i.e., 91 per cent.) is intended to be used as follows:
 - (a) to settle the outstanding payables of the Company amounting to approximately S\$4.45 million comprising (i) claims from the landlord of approximately S\$0.9 million, (ii) retirement of loans from financial institutions of approximately S\$2.0 million and (iii) other outstanding sums payable to the Company's creditors as detailed at paragraph 5.2.4 of the IFA Letter, of approximately S\$1.55 million;
 - (b) to repay the total indebtedness (principal and interest) due and owing by the Company to the Investor under the Loan Agreement. The applicable exchange rate will be the mid-rate for the exchange of Renminbi into Singapore dollars as published by the People's Bank of China in the People's Republic of China on the Completion Date. As at the Latest Practicable Date, the aggregate amount of principal and interest outstanding under the Loan is RMB5,000,000 (approximately S\$1.08 million based on an exchange rate of S\$1: RMB4.65 as at the Latest Practicable Date). For the avoidance of doubt, the Investor has the right to set off this amount against the total consideration payable for all the Placement Shares and the Warrants as described in Sections 5.2.2 and 5.2.3 of this Circular; and
 - (c) the balance for working capital requirements; and
- (ii) S\$700,000 (i.e., 9 per cent.) will be set aside to pay professional and administrative fees which are incurred in connection with the Proposed Subscription and the Proposed Warrants Issue.

5.2.2 Under the Placement Agreement, the Investor is entitled to set off the total consideration payable for all the Placement Shares and the Warrants against the total indebtedness (principal and interest) due and owing by the Company to the Investor under the Loan Agreement.

5.2.3 If the Investor exercises his right to set off this amount against the total consideration payable for all the Placement Shares and the Warrants, and assuming that none of the Warrants are exercised, the proceeds from the Proposed Subscription and the Proposed Warrants Issue will be S\$6.62 million. In such event, the proceeds from the Proposed Subscription and the Proposed Warrants Issue of S\$7.7 million will be used as follows:

- (i) S\$1.08 million (i.e., 14 per cent.) will be set off against the principal and interest outstanding under the Loan as described above;
- (ii) S\$5.92 million (i.e., 77 per cent.) is intended to be used as follows:
 - (a) to settle the outstanding payables of the Company amounting to approximately \$4.45 million comprising (i) claims from the landlord of approximately S\$0.9 million, (ii) retirement of loans from financial institutions of approximately S\$2.0

million and (iii) other outstanding sums payable to the Company's creditors as detailed at paragraph 5.2.4 of the IFA Letter, of approximately S\$1.55 million; and

(b) the balance for working capital requirements; and

(iii) S\$700,000 (i.e., 9 per cent.) will be set aside to pay professional and administrative fees which are incurred in connection with the Proposed Subscription and the Proposed Warrants Issue.

5.2.4 If the Investor exercises the Warrants in full, the Company will raise S\$23.1 million. For the avoidance of doubt, the exercise of the Warrants is optional and at the Investor's sole discretion. If the Warrants are exercised by the Investor in full, the additional proceeds of S\$15.4 million will be used by the Company as working capital for expansion purposes including (i) investing in suitable companies to further enhance the Company's production capabilities and better serve its clients' print-related requirements, and (ii) expanding the Company's "8 to 8 Biz Butler" retail concept, which provides clients with a full package of business-related services beyond print management services, to include planning and marketing consultancy, print media, corporate gifts, premium and events management, electronic printing and new media, business resource bridging, and delivery and logistics.

5.3 Announcements. The Company will make periodic announcements as to the use of the proceeds from the Proposed Subscription and the Proposed Warrants Issue as and when such proceeds are materially disbursed and whether such proceeds are used in accordance with the stated use and in accordance with the percentage allocated.

5.4 Status Report. The Company will also provide a status report on the use of the proceeds raised from the Proposed Subscription and the Proposed Warrants Issue in the Company's interim and full-year financial statements and the Company's annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. PROPOSED WHITEWASH RESOLUTION

6.1 Rule 14 of the Code. Under Rule 14 of the Code, except with the SIC's consent, where:

6.1.1 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 30.00 per cent. or more of the voting rights in a company; or

6.1.2 any person who, together with persons acting in concert with him, holds not less than 30.00 per cent. but not more than 50.00 per cent. of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1.00 per cent. of the voting rights,

such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

6.2 Investor's Interest. As at the Latest Practicable Date, save for JLY, the Investor and parties acting in concert with him do not hold any Shares. Upon Completion, the Proposed Subscription will result in the Investor holding 31.00 per cent. of the issued share capital of the Company and JLY will hold, through the Relevant Shares, 0.40 per cent. of the issued share capital of the Company. Further, if the Warrants are fully exercised by the Investor, the Investor will acquire the New Shares resulting in him owning approximately 57.41 per cent. of the voting rights in the Company and JLY will hold, through the Relevant Shares, 0.25 per cent. of the voting rights in the Company.

- 6.3 Mandatory General Offer.** As the Investor will acquire Shares carrying more than 30 per cent. of the voting rights of the Company and as a result of the exercise of the Warrants may acquire Shares carrying more than one per cent. of the voting rights of the Company in a period of six months, the Investor and his concert parties may be obliged to make a mandatory general offer for the Company under Rule 14 of the Code unless otherwise exempt.
- 6.4 Whitewash Waiver from the SIC.** The SIC had on 8 April 2015 granted the Investor a waiver of the requirement of the Investor to make a mandatory general offer for the Company under Rule 14 of the Code as a result of his subscription of the Placement Shares together with the Warrants and the New Shares upon the exercise of the Warrants, subject to the following conditions:
- 6.4.1** a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Subscription and the Proposed Warrants Issue, the Proposed Whitewash Resolution;
- 6.4.2** the Proposed Whitewash Resolution is separate from other resolutions;
- 6.4.3** the Investor, parties acting in concert with him and parties not independent of him abstain from voting on the Proposed Whitewash Resolution;
- 6.4.4** the Investor and his concert parties did not acquire or 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 announcement of the Proposed Subscription and the Proposed Warrants Issue and the date approval of Shareholders is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six months prior to the announcement of the Proposed Subscription and the Proposed Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Subscription and the Proposed Warrants Issue;
- 6.4.5** the Company appoints the IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution;
- 6.4.6** the Company sets out clearly in this Circular:
- (i) details of the Proposed Subscription and the Proposed Warrants Issue;
 - (ii) the dilution effect to existing Shareholders of the issue of the Placement Shares and the issue of the New Shares upon the exercise of the Warrants;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Investor and his concert parties as at the Latest Practicable Date (including the Relevant Shares);
 - (iv) details on the acquisition of the Relevant Shares by JLY;
 - (v) the number and percentage of voting rights to be acquired by the Investor upon the acquisition of the Placement Shares and the exercise of the Warrants;
 - (vi) specific and prominent reference to the fact that the acquisition of the Placement Shares and the exercise of the Warrants would result in the Investor and his concert parties holding Shares carrying over 49 per cent. of the voting rights of the Company, and the fact that the Investor and his concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer;

(vii) that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a mandatory general offer from the Investor at the highest price paid by the Investor and his concert parties for the Shares in the past six months preceding the commencement of the said offer; and

(viii) that Shareholders, by voting for the Proposed Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;

6.4.7 this Circular states that the waiver granted by the SIC to the Investor and parties acting in concert with him from the requirement to make a mandatory general offer under Rule 14 of the Code is subject to the conditions stated in Sections 6.4.1 to 6.4.6 above;

6.4.8 the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and

6.4.9 to rely on the Proposed Whitewash Resolution, the acquisition of the Placement Shares and the Warrants by the Investor must be completed within three months of approval of the Proposed Whitewash Resolution, and the acquisition of the New Shares by the Investor upon the exercise of the Warrants must be completed within five years of the date of issue of the Warrants.

As at the Latest Practicable Date, save for the conditions set out in Sections 6.4.1 and 6.4.9 of this Circular, all the other conditions imposed by the SIC set out above have been satisfied.

6.5 Acquisition of Relevant Shares

6.5.1 In relation to the condition set out in Section 6.4.6(iv) of this Circular, on 15 January 2015, Mdm Jin Li Yan ("**JLY**") purchased 12,600,000 Shares at S\$0.008 per Share on the SGX-ST. On 16 January 2015, she purchased a further 1,520,000 Shares at S\$0.008 per Share on the SGX-ST. These 14,120,000 Shares, being the Relevant Shares, represent in aggregate approximately 0.58 per cent. of the issued share capital of the Company as at 31 January 2015. JLY is the spouse of the Investor and is presumed to be acting in concert with the Investor for the purposes of the Code.

6.5.2 Save for the acquisition of the Relevant Shares by JLY, no other acquisitions have been made by the Investor, JLY and the Investor's concert parties: (i) during the period between the announcement of the Proposed Subscription and the Proposed Warrants Issue and the date approval of Shareholders is obtained for the Proposed Whitewash Resolution and (ii) in the six months prior to the announcement of the Proposed Subscription and the Proposed Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Subscription and the Proposed Warrants Issue. The acquisitions of the Relevant Shares were made inadvertently. There is no arrangement, agreement or understanding (whether formal or informal) between the Investor and JLY to co-operate, through the acquisitions by JLY to obtain or consolidate effective control of the Company.

6.5.3 Notwithstanding the condition described in Section 6.4.4 of this Circular (the "**Relevant Condition**"), the SIC had on 8 April 2015 ruled that the acquisition of the Relevant Shares by JLY may be disregarded for the purposes of the Relevant Condition.

6.6 Proposed Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Proposed Whitewash Resolution set out in the notice of EGM on pages C-1 and C-2 of this Circular, waiving their rights to receive the mandatory general offer from the Investor and parties acting in concert with him.

6.7 Independent Shareholders should note that:

- 6.7.1 by voting in favour of the Proposed Whitewash Resolution, you are waiving your rights to receive a mandatory general offer from the Investor and parties acting in concert with him to purchase your Shares at the highest price per Share paid or agreed to be paid by the Investor and parties acting in concert with him in the six months preceding the commencement of the Proposed Subscription;
- 6.7.2 by voting in favour of the Proposed Whitewash Resolution, you could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants; and
- 6.7.3 the allotment and issue of the Placement Shares to the Investor, and if all the Warrants are fully exercised by the Investor, the allotment and issue of New Shares to the Investor will result in the Investor and his concert parties holding more than 49 per cent. of the total voting rights of the Company based on the enlarged issued share capital of the Company (as described in Section 2.10 of this Circular), and the Investor and his concert parties will, thereafter, be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

6.8 Advice of the IFA

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

A copy of the IFA Letter, setting out its advice in full, is reproduced in Appendix A to this Circular. Shareholders are advised to read and consider the IFA Letter in full and in its entirety.

The IFA's opinion can be found in paragraph 7 of the IFA Letter and has been extracted and reproduced below in italic. Unless otherwise defined or the context otherwise requires, all terms defined in the IFA Letter shall have the same meaning therein.

"In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, as well as the confirmation from the Directors that notwithstanding the basis for which Auditors have issued a disclaimer of opinion on inter alia, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair we are of the view that the financial terms of the Proposed Transactions, being the transactions that are subject of the Proposed Whitewash Resolution, is, on balance NOT FAIR BUT REASONABLE from a financial point of view.

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

- (i) Whether a placement cum free warrant(s) is "fair" relates to an opinion on the value of the subscription price or the exercise price or the value of the subscription price after taking into account the fair value of free warrant(s). This is based strictly on a fundamental analysis and evaluation of the subscription price, exercise price and the fair value or theoretical value for the free warrant(s) as set out in this Letter, based on information known to us and which is publicly available;*
- (ii) Whether a placement cum free warrant(s) is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the placement cum free warrant(s) as well as the Company or the Group inter alia the Group's imminent need for cash to settle outstanding etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).*

We consider the financial terms for the Proposed Placement and the Proposed Warrants Issue to be NOT FAIR, from a financial point of view after factoring, inter alia, the following:

- (i) In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 for two (2) Warrants (as two Warrants are issued "free" for every Placement Share) is deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful. Thus, taking into account the negative Adjusted Subscription Price, the Proposed Transactions appear to be less favourable as compared to the valuation (in terms of the P/NTA ratios) of the Selected Comparable Companies, the Selected Comparable Transactions, and the past fund raising conducted or intended by the Company (being the 2012 Subscription, the Rights Issue and the 2014 Subscription).
- (ii) The Subscription Price or the Exercise Price does not accord any premiums which are normally expected from a possible acquisition of control as the Proposed Transactions may result in the Investor obtaining control of the Company. The Subscription Price or the Exercise Price is at discount to the historical market prices for the Shares for the period prior to the MOU Announcement Date.
- (iii) The disclaimer of opinion, which we note, with regards to, inter alia, going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, creates uncertainties on use or reliance of P/NTA (including revalued P/NTA) or use of any fundamental analysis of the audited financial statements for FY2014 or unaudited financial statements thereafter.

However, we also consider the Proposed Placement and the Proposed Warrant Issue to be REASONABLE, from a financial point of view after factoring, inter alia, the following:

- (i) The current weak financial position and performance of the Group with substantial losses of approximately S\$145.6 million in FY2014 (mainly due to significant impairment losses and write-off of the Group's assets arising inter alia, from deterioration of its core printing business in China and in the region), erosion of the Group's shareholders' equity (declined from approximately S\$138.1 million as at 31 July 2013 to only approximately S\$1.1 million as at 30 April 2015), negative net working capital of approximately S\$5.8 million as at 30 April 2015, its significantly higher gearing ratio (as compared to the Selected Comparable Companies), as well as the disclaimer of opinion issued by the Independent Auditor in its Auditor Report 2014 pertaining to, inter alia, going concern assumptions. Furthermore, the Group is experiencing cash flow constraints with negative net cash flow from operating activities of approximately S\$0.6 million and S\$9.3 million for 9M2015 and FY2014 respectively. As at the Latest Practicable Date, total Claims from trade and other creditors amounted to approximately S\$4.5 million exceeds its cash and cash equivalents of approximately S\$0.6 million as at 30 April 2015, and we understand that some of these creditors had applied for winding-up applications against the Company and/or its subsidiaries.
- (ii) Representation and confirmation from Directors on, inter alia, that as at the Latest Practicable Date, after taking into account:
 - (a) The Group's internal resources, operating cash flow, and in the event that the Proposed Transactions lapse, the Directors confirm that the working capital available to the Group is insufficient to meet its present requirements (including the Claims and the Loan).
 - (b) The Group's internal resources, operating cash flow, net proceeds from the Proposed Subscription of approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions) and without considering proceeds from potential conversion of the Warrants, the Directors confirm that the working capital available to the Group is sufficient to meet its present requirements (including the Claims and the Loan).

- (c) *The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the Proposed Subscription and the Proposed Warrants Issue.*
- (iii) *The potential favourable financial impact of the Proposed Transactions as outlined in Section 7 of the Circular on the Group's NTA per Share, loss per Share and gearing.*

The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer with better pricing or terms, as at the Latest Practicable Date, they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription and the Proposed Warrants Issue. The injection of cash proceeds into the Group would allow the Group to settle the outstanding payables of the Company and working capital requirements (including claims from landlords, retirement of loans from financial institutions and other outstanding sums payable to the Company's creditors) which would, to certain extent, alleviate uncertainties with regard to going concern and mitigate the possibility of winding up and thereby allowing the Group and the Company to continue operating on a going concern basis

- (iv) *The Company had considered other fund raising alternatives, including but not limited to search for other strategic investors/partners, undertaking of rights issue, and obtaining external borrowings from financial institutions, before eventually deciding to proceed with the Proposed Transactions. The Directors note that the Group's currently weak financial performance and position (in particular, the significant losses incurred for FY2014 and the negative net working capital) with the disclaimer of opinion from the Independent Auditors pertaining to, inter alia, going concern assumption makes it difficult to seek any meaningful amount of external borrowing from financial institutions or funds from a rights issue without a significant discount to the Share price. The Directors have also represented that there was no support from the substantial Shareholders for a rights issue. Further, Directors are of the opinion that it may not be feasible for the rights issue to be underwritten and hence there is no certainty that any meaningful amounts of funds can be raised via a right issue.*

In addition, having considered all of the above, subject to the confirmation from Directors that notwithstanding the basis for which Auditors have issued a disclaimer of opinion on inter alia, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair, the qualifications and assumptions set out in this Letter including but not limited to the uncertainties surrounding the Group's ability to continue operating as a going concern and its ability to fulfil its obligations when due, the disclaimer of opinion relating to, inter alia, going concern statement in the Independent Auditors' report and in the context of the Company's present circumstances including the inability of the Group to seek alternative forms of financing or equity contribution given their specific context and confirmations or representations as well as the outstanding Claims which exceeded the Group's cash and cash equivalents and the winding up application submitted by the creditors and the Landlord, we are of the opinion that the Proposed Whitewash Resolution is NOT PREJUDICIAL to the interests of Independent Shareholders, when considered in the context of the fact that the Proposed Whitewash Resolution may facilitate the immediate injection of funds from the Investor in ensuring that there is sufficient working capital or funds to settle outstanding payables for the Company (including the Claims) and to alleviate business continuity concerns in the immediate short term.

Recommendation

Based on our assessment of the Proposed Whitewash Resolution as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote in favour of the Proposed Whitewash Resolution to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter alia, our limitation in analysis, evaluation, comments and opinion in this Letter is limited and subject to the disclaimer of opinion expressed by the Independent Auditor and the

Group's ability to continue as going concern and repay obligation as and when they fall due. We advise the Independent Director to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Whitewash Resolution.

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

Shareholders are advised to read the IFA Letter as set out in Appendix A to this Circular in full. Shareholders should note the IFA's limitations in analysis, evaluation, comments and opinion in the IFA Letter is limited and subject to the disclaimer of opinion expressed by the Independent Auditor and the Group's ability to continue as going concern and repay obligations as and when they fall due. Shareholders should carefully consider whether to vote in favour of or against the Proposed Whitewash Resolution.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription and the Proposed Warrants Issue as presented herein:

7.1.1 are purely for illustrative purposes only and are not projections of the actual future financial performance or financial position of the Group after the Proposed Subscription and Proposed Warrants Issue; and

7.1.2 are based on the audited financial statements of the Group for FY2014;

(i) Share Capital

The effect of the Proposed Subscription and Proposed Warrants Issue on the issued share capital of the Company is as follows:

	Number of Shares
Issued share capital as at the Latest Practicable Date (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001)	2,447,928,000
Issue of Placement Shares	1,100,000,000
Issue of New Shares (assuming full exercise of the Warrants)	2,200,000,000
Issued share capital after the issue of Placement Shares (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001) ⁽¹⁾	3,547,928,000
Issued share capital after the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001) ⁽¹⁾	5,747,928,000

Note:

(1) As at the Latest Practicable Date, the Company has no treasury shares and 8,500,000 outstanding options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001.

(ii) Losses

The financial effects of the Proposed Subscription and Proposed Warrants Issue on the losses of the Company are as follows:

	FY2014
Losses attributable to Shareholders (S\$)	145,646,000
Total number of Shares in the Company's issued share capital	2,447,928,000
Losses per Share (S\$)	0.064
Total number of Shares in the Company's issued share capital after the issue of Placement Shares	3,547,928,000
Losses per Share as adjusted for the issue of Placement Shares (S\$)	0.043
Total number of Shares in the Company's issued share capital after the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001) ⁽¹⁾	5,747,928,000
Losses per Share as adjusted for the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001) ⁽¹⁾ (S\$)	0.026

Note:

(1) As at the Latest Practicable Date, the Company has no treasury shares and 8,500,000 outstanding options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001.

(iii) Net Tangible Assets

The financial effects of the Proposed Subscription and Proposed Warrants Issue on the NTA of the Group are as follows:

	As at 31 July 2014
NTA (S\$)	239,000
Estimated increase in NTA as a result of the issue of Placement Shares (S\$)	7,000,000
Estimated NTA after the issue of Placement Shares (S\$)	7,239,000
NTA per Share before the issue of Placement Shares (S\$)	0.0001
Estimated NTA per Share after the issue of Placement Shares (S\$)	0.00204
Estimated increase in NTA as a result of the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (S\$)	22,400,000
Estimated NTA after the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (S\$)	22,639,000
NTA per Share before the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (S\$)	0.0001
Estimated NTA per Share after the issue of Placement Shares and New Shares (assuming full exercise of the Warrants) (S\$)	0.0039

(iv) Gearing

The financial effects of the Proposed Subscription and Proposed Warrants Issue on the gearing of the Group are as follows:

	Before the issue of Placement Shares and New Shares (assuming full exercise of the Warrants)	After the issue of Placement Shares	After the issue of Placement Shares and New Shares (assuming full exercise of the Warrants)
Total Debt (S\$'000)	4,936	4,936	4,936
Shareholder's Equity (S\$'000)	56	7,056	22,456
Gearing	88.14	0.70	0.22

8. FUND-RAISING EXERCISES IN THE LAST TWO YEARS

8.1 Fund Raising Exercise. In the last two years, the Company had engaged in the fund-raising exercise set out in the table below, and raised an aggregate of S\$12.8 million.

Date of completion of fund-raising exercise	Description of fund-raising exercise	Amount raised
6 November 2013	Rights Issue	S\$12.8 million

8.2 Use of Proceeds. The table below sets out a breakdown of the use of the proceeds raised by the fund-raising exercise:

Fund-raising exercise	Total amount of net proceeds	Amount of proceeds / Use of proceeds	Date of announcement of utilisation of proceeds	Balance
Rights Issue	S\$12.8 million	(i) S\$3.98 million Repayment of existing debts (ii) S\$3.134 million Business development and expansion (iii) S\$5.704 million General Working Capital	30 April 2014	(i) S\$0 (ii) S\$0 (iii) S\$0.51 million

8.3 Confirmation. The Company confirms that the proceeds from the fund-raising exercise carried out in the last two years have been utilised in accordance with their intended purposes.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9.1 Directors' and Substantial Shareholders' Interests. The interests of the Directors and the Substantial Shareholders in the Company as at the Latest Practicable Date and the effects of the Proposed Subscription and Proposed Warrants Issue on the shareholding structure of the Company are set out below:

	As at Latest Practicable Date			After the issue of Placement Shares			After the issue of Placement Shares and New Shares		
	Direct interest	Deemed interest	% ⁽¹⁾	Direct interest	Deemed interest	% ⁽¹⁾	Direct interest	Deemed interest	% ⁽¹⁾
Fong Kah Kuen @ Foong Kah Kuen	75,761,000	9,800,400	3.50	75,761,000	9,800,400	2.41	75,761,000	9,800,400	1.49
Darlington Tseng Te Lin	11,153,000	nil	0.46	11,153,000	nil	0.31	11,153,000	nil	0.19
Substantial Shareholders									
Ma Wei Dong ⁽²⁾	nil	14,120,000	0.58	1,100,000,000	14,120,000	31.40	3,300,000,000	14,120,000	57.66
Dai Dai Development International Holdings Limited	160,481,313	nil	6.56	160,481,313	nil	4.52	160,481,313	nil	2.79
Wellspring Investment Ltd	152,913,714	nil	6.25	152,913,714	nil	4.31	152,913,714	nil	2.66
Tseng An Hsiung Andy	nil	315,187,027	12.88	nil	315,187,027	8.88	nil	315,187,027	5.48
Public Shareholders	2,036,025,696		83.17	2,036,025,696		57.39	2,036,025,696		35.42

Notes:

- (1) Percentage interests have been calculated based on an issued share capital of 2,447,927,123 Shares (excluding treasury shares) and assuming that the 8,500,000 outstanding options under the Xpress Holdings Executives' Share Option Scheme 2001 have not been exercised.
- (2) Ma Wei Dong is deemed interested in the Shares held by his spouse, Madam Jin Li Yan.

9.2 No Interest. None of the Directors or Substantial Shareholders or their respective associates has any interest, whether direct or indirect, in the Proposed Subscription and/or the Proposed Warrants Issue other than through their respective directorships and shareholdings in the Company.

9.3 No Relationship. None of the Directors or Substantial Shareholders has any connection (including business relationship) with the Investor. The Placement Shares will not be issued to any person who is a Director or a Substantial Shareholder of the Company or any person who falls within Rule 812 of the Listing Manual of the SGX-ST. The Investor has represented to the Company that he is not a person who falls within Rule 812 of the Listing Manual of the SGX-ST. Further, the Investor has confirmed to the Company that he does not have any connection (including business relationship) with the Company and each of its Directors and Shareholders.

10. DIRECTORS' RECOMMENDATIONS

10.1 Proposed Subscription and Proposed Warrants Issue

The Directors, having considered, *inter alia*, the rationale for the Proposed Subscription and the Proposed Warrants Issue as set out in Section 4 of this Circular, are of the opinion that the Proposed Subscription and the Proposed Warrants Issue are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolutions in relation to the Proposed Subscription and the Proposed Warrants Issue to be proposed at the EGM.

10.2 Proposed Whitewash Resolution

The Independent Directors, having considered, *inter alia*, the rationale for the Proposed Subscription and the Proposed Warrants Issue as set out in Section 4 of this Circular and the advice of the IFA as set out in the IFA Letter set out in Appendix A to this Circular, are of the opinion that the Proposed Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution at the EGM.

10.3 Note to Shareholders

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale, information on the Investor, use of proceeds from the Proposed Subscription and the Proposed Warrants Issue, financial effects of the Proposed Subscription and the Proposed Warrants Issue and effects of the Proposed Whitewash Resolution and consider carefully the advice of the IFA (including the IFA Letter in its entirety as set out in Appendix A to this Circular). In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages C-1 and C-2 of this Circular, will be held at 9.00 a.m. on 9 July 2015 at 25 Tai Seng Avenue, #01-01 Scorpio East Building, Singapore 534104 for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

12. ABSTENTION FROM VOTING

The Investor and parties acting in concert with him as well as parties not independent of them, will abstain from voting in respect of their holding of Shares on the Proposed Whitewash Resolution at the EGM and shall not accept nomination as proxies or otherwise for voting on the Proposed Whitewash Resolution, unless they are given specific instructions as to voting.

As at the Latest Practicable Date, save for JLY who holds only the Relevant Shares, the Investor and parties acting in concert with him as well as parties not independent of them do not hold any Shares.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and 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 as soon as possible and, in any event, so as to reach the registered office of the Company at 61 Tai Seng Avenue, Crescendas Print Media Hub, #03-03, Singapore 534167 not later than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 48 hours before the EGM.

14. CONSENTS

Asian Corporate Advisors Pte. Ltd., the IFA, has given, and has not withdrawn, its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter dated 24 June 2015 and all references thereto, in the form and context in which it appears in this Circular.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save for Section 6.8 of this Circular and Appendix A to this Circular) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular (save for Section 6.8 of this Circular and Appendix A to this Circular) constitutes full and true disclosure of all material facts about the Proposed Subscription and the Proposed 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 the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 61 Tai Seng Avenue, Crescendas Print Media Hub, #03-03, Singapore 534167 during normal business hours from the date of this Circular up to the date of the EGM:

- (i) the annual report of the Company for FY2014;
- (ii) the audited financial statements of the Group for FY2014 announced on 2 February 2015;
- (iii) the Placement Agreement;
- (iv) the IFA Letter as set out in Appendix A to this Circular; and
- (v) the letter of consent referred to in Section 14 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
XPRESS HOLDINGS LTD

Fong Kah Kuen @ Foong Kah Kuen
Non-Executive Director

IFA LETTER

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE INDEPENDENT DIRECTORS OF XPRESS HOLDINGS LTD

ASIAN CORPORATE ADVISORS PTE. LTD.

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

112 Robinson Road #03-02
Singapore 068902

To:

The Independent Directors (as defined herein)
Xpress Holdings Ltd
61 Tai Seng Avenue #03-03
Crescendas Print Media Hub
Singapore 534167

24 June 2015

THE PROPOSED WHITEWASH RESOLUTION IN CONNECTION WITH THE PROPOSED ALLOTMENT AND ISSUE OF 1,100,000,000 NEW ORDINARY SHARES (THE “PLACEMENT SHARES”) IN THE CAPITAL OF XPRESS HOLDINGS LTD TO MR MA WEI DONG (THE “INVESTOR”) AT THE SUBSCRIPTION PRICE OF S\$0.007 PER PLACEMENT SHARE (THE “PROPOSED SUBSCRIPTION”) AND THE PROPOSED ALLOTMENT AND ISSUE OF 2,200,000,000 UNLISTED AND DETACHABLE FREE WARRANTS (THE “WARRANTS”), EACH CARRYING THE RIGHT TO SUBSCRIBE FOR ONE NEW ORDINARY SHARE (THE “NEW SHARES”) IN THE CAPITAL OF THE COMPANY AT THE EXERCISE PRICE OF S\$0.007 PER NEW SHARE, ON THE BASIS OF TWO WARRANTS FOR EVERY PLACEMENT SHARE SUBSCRIBED BY THE INVESTOR (THE “PROPOSED WARRANTS ISSUE”)

1. INTRODUCTION

Asian Corporate Advisors Pte. Ltd. (“**ACA**”) has been appointed as an independent financial adviser (“**IFA**”) to the directors of Xpress Holdings Ltd (“**Xpress**” or the “**Company**”), who as at 12 June 2015 (the “**Latest Practicable Date**”) are considered independent (the “**Independent Directors**”) for the purposes of making the recommendation to the Independent Shareholders (defined later) in respect of the Proposed Whitewash Resolution (defined below). We note that, as at the Latest Practicable Date, the Independent Directors comprise Mr Fong Kah Kuen@Foong Kah Kuen, Mr Darlington Tseng Te-Lin, Mr Sam Chong Keen and Mr Yip Kean Mun.

This letter (“**IFA Letter**” or “**Letter**”) sets out, *inter alia*, our views and evaluation of the whitewash resolution (the “**Proposed Whitewash Resolution**”) proposed as Ordinary Resolution 3 in the notice of the extraordinary general meeting (“**EGM**”) of the Company as set out on pages C-1 and C-2 of the circular (“**Circular**”) dated 24 June 2015 to be issued to the registered holders (“**Shareholders**”) of the issued ordinary shares (“**Shares**”) in the capital of the Company, which if passed by the Shareholders other than (i) the Investor (or his nominees); (ii) Mdm Jin Li Yan (“**JLY**”) (or her nominees) (iii) parties acting in concert with the Investor; and (iv) parties not independent of the persons mentioned in (i), (ii) and (iii) above (“**Independent Shareholders**”), would result in a waiver by the Independent Shareholders of their rights to receive a mandatory general offer (“**Mandatory Offer**”) from the Investor and parties acting in concert with him in connection with the issue of the Placement Shares and the Warrants pursuant to the Proposed Subscription and the Proposed Warrants Issue, respectively. Likewise, it contains our recommendations to the Independent Directors in relation to the Proposed Whitewash Resolution. It is prepared for inclusion in the Circular in connection with, *inter alia*, the Proposed Subscription, the Proposed Warrants Issue and the Proposed Whitewash Resolution.

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

1.1 Background

The Proposed Subscription

On 5 December 2014 (the “**MOU Announcement Date**”), the Company announced that it had entered into a memorandum of understanding (the “**MOU**”) on the same date in relation to, *inter alia*, a proposed subscription of new Shares together with free warrants by the Investor (the “**MOU Announcement**”). Further to the entry by the Company into the MOU, the Company announced on 6 January 2015 (the “**Announcement Date**”) that it had entered into a placement agreement dated 5 January 2015 (the “**Placement Agreement**”), pursuant to which, *inter alia*, (i) the Company shall issue and the Investor shall subscribe for 1,100,000,000 Placement Shares at an issue price of S\$0.007 per Placement Share (the “**Subscription Price**”) and (ii) the Company shall issue to the Investor 2,200,000,000 Warrants, each Warrant carrying the right to subscribe for one new Share (“**New Share**”) at the exercise price of S\$0.007 per New Share (“**Exercise Price**”), on the basis of two Warrants for every Placement Share subscribed by the Investor.

Upon the completion of the Proposed Subscription, the Placement Shares will represent approximately 31.00% of the enlarged issued and paid-up Share capital (excluding treasury shares) of the Company. In the event all the Warrants are fully exercised by the Investor, the Company will issue 2,200,000,000 new Shares to the Investor, which when aggregated with the Placement Shares, will represent approximately 57.41% of the enlarged issued and paid-up Share capital (excluding treasury shares) of the Company.

The Subscription Price and the Exercise Price represent:

- (i) a discount of approximately 22.2% from the volume-weighted average market price (“**VWAP**”) of S\$0.009 for each Share based on the trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the full market day on the MOU Announcement Date; and
- (ii) a discount of approximately 12.5% from the VWAP of S\$0.008 for each Share based on the trades done on the SGX-ST for the full market day on 5 January 2015, being the full market day on which the Placement Agreement was executed.

The Placement Shares and the New Shares will be issued free from all encumbrances and will rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares of the Company, except that they will not rank for any dividends, rights, allotments or other distributions, accruing on a record date for determining such entitlements on or before the date of issue of the Placement Shares and the New Shares (as the case may be).

The Loan

On 5 December 2014, the Company also announced that the Investor will grant a loan of RMB10,000,000 to the Company, subject to the terms and conditions of a loan agreement to be entered into between the Investor and the Company. Following the signing of the MOU, the Investor disbursed RMB5,000,000 to the Company. On 6 January 2015, the Company announced that the parties have agreed to reduce the loan amount to RMB5,000,000 (the “**Loan**”) and have executed a loan deed dated 5 January 2015 (the “**Loan Agreement**”) to set out the terms and conditions of the Loan. In connection with the Loan, a deed of guarantee and indemnity dated 5 January 2015 was provided by Mr Fong Kah Kuen to the Investor pursuant to which Mr Fong Kah Kuen agreed to, *inter alia*, guarantee the payment and discharge of all liabilities and obligations of the Company owed or expressed to be owed to the Investor (the “**Guarantee**”).

- (i) No interest is payable on the Loan if the Loan is repaid in full on the Repayment Date (as defined below). However, if the Company fails to pay any amount payable by it under, among others, the Loan Agreement and the Guarantee, on its due date, then interest shall accrue on such unpaid sum from the due date up to the date of actual payment at a rate which is 10% per annum. Such default interest (if unpaid) arising on an unpaid sum shall be compounded with the unpaid sum at the end of each month but will remain immediately due and payable.

- (ii) Under the Loan Agreement, the Company has agreed to repay the Loan in full in the currency in which the Loan is denominated on the Repayment Date. In the event that the Proposed Subscription proceeds to completion and the Investor, in its absolute discretion, elects in writing to set-off the Loan due to the Investor against the aggregate subscription consideration payable by the Investor or its nominee under the Placement Agreement, the Loan will be treated to have been repaid by the Company on completion of the Proposed Subscription.

“Repayment Date” means the earliest of the following dates:

- (a) the date of completion under the Placement Agreement;
- (b) the date falling three business days after the termination of the Placement Agreement for any reason; and
- (c) the date of demand by the Investor if the Placement Agreement is not executed by the parties thereto for any reason within three months after the date of the Loan Agreement or such longer period as agreed between the Investor and the Company. The Placement Agreement was signed on 5 January 2015.

As at the date of the Circular, the Loan has already been disbursed by the Investor to the Company.

1.2 The Whitewash Resolution

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (“**Takeover Code**” or “**Code**”), except with the consent from the Securities Industry Council (“**SIC**”), where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

As at the Latest Practicable Date, the Company has 2,447,927,123 Shares (excluding treasury shares). Save for 8,500,000 share options outstanding, there are no convertible securities or other instruments convertible into Shares under which the Company has an obligation to issue additional Shares, as at the Latest Practicable Date.

We note from the Circular that as at the Latest Practicable Date, save for JLY, the Investor and parties acting in concert with him do not hold any Shares. Upon the allotment and issue of the Placement Shares, the Investor and parties acting in concert with him will hold approximately 31.00% of the enlarged issued and paid-up Share capital (excluding treasury shares) of the Company and JLY will hold, through the Relevant Shares (as defined in the Circular), 0.40% of the enlarged issued Share capital (excluding treasury shares) of the Company. In the event all the Warrants are fully exercised by the Investor, the Investor will acquire the New Shares resulting in him owning approximately 57.41% of the voting rights in the Company and JLY will hold, through the Relevant Shares, 0.25% of the voting rights in the Company. Pursuant to Rule 14 of the Takeover Code and Section 139 of the SFA, the Investor and/or its concert parties will be required to make a general offer for all the remaining issued Shares not owned, controlled or agreed to be acquired by Investor and/or its concert parties at the highest price paid or agreed to be paid by Investor and/or its concert parties for the Shares in the past six (6) months from the date the Placement Shares are issued to the Investors and/or his concert parties, unless such obligation is waived by SIC.

The SIC had on 8 April 2015 granted the Investor a waiver of the requirement of the Investor to make a mandatory general offer for the Company under Rule 14 of the Code as a result of his subscription of the Placement Shares together with the Warrants and the New Shares upon the exercise of the Warrants, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Subscription and the Proposed Warrants Issue, the Proposed Whitewash Resolution;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) the Investor, parties acting in concert with him and parties not independent of him abstain from voting on the Proposed Whitewash Resolution;
- (d) the Investor and his concert parties did not acquire or 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 the Circular):
 - (i) during the period between the announcement of the Proposed Subscription and the Proposed Warrants Issue and the date approval of Shareholders is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six months prior to the announcement of the Proposed Subscription and the Proposed Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Subscription and the Proposed Warrants Issue;
- (e) the Company appoints the IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
 - (i) details of the Proposed Subscription and the Proposed Warrants Issue;
 - (ii) the dilution effect to existing Shareholders of the issue of the Placement Shares and the issue of the New Shares upon the exercise of the Warrants;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Investor and his concert parties as at the Latest Practicable Date (including the Relevant Shares);
 - (iv) details on the acquisition of the Relevant Shares by JLY;
 - (v) the number and percentage of voting rights to be acquired by the Investor upon the acquisition of the Placement Shares and the exercise of the Warrants;
 - (vi) specific and prominent reference to the fact that the acquisition of the Placement Shares and the exercise of the Warrants would result in the Investor and his concert parties holding Shares carrying over 49 per cent. of the voting rights of the Company, and the fact that the Investor and his concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer;
 - (vii) that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a mandatory general offer from the Investor at the highest price paid by the Investor and his concert parties for the Shares in the past six months preceding the commencement of the said offer; and
 - (viii) that Shareholders, by voting for the Proposed Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;
- (g) the Circular states that the waiver granted by the SIC to the Investor and parties acting in concert with him from the requirement to make a mandatory general offer under Rule 14 of the Code is subject to the conditions stated in section (a) to (f) above;

- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the acquisition of the Placement Shares and the Warrants by the Investor must be completed within three months of approval of the Proposed Whitewash Resolution, and the acquisition of the New Shares by the Investor upon the exercise of the Warrants must be completed within five years of the date of issue of the Warrants.

We note from the Circular that as at the Latest Practicable Date, save for the conditions set out in Sections 6.4.1 and 6.4.9 of the Circular, all the other conditions imposed by the SIC set out above have been satisfied.

In relation to the condition set out in Section 6.4.6 (iv) of the Circular, on 15 January 2015, JLY purchased 12,600,000 Shares at S\$0.008 per Share on the SGX-ST. On 16 January 2015, she purchased a further 1,520,000 Shares at S\$0.008 per Share on the SGX-ST. These 14,120,000 Shares, being the Relevant Shares, represent in aggregate approximately 0.58 per cent. of the issued share capital of the Company as at 31 January 2015. JLY is the spouse of the Investor and is presumed to be acting in concert with the Investor for the purposes of the Code.

Save for the acquisition of the Relevant Shares by JLY, no other acquisitions have been made by the Investor, JLY and the Investor's concert parties: (i) during the period between the announcement of the Proposed Subscription and the Proposed Warrants Issue and the date approval of Shareholders is obtained for the Proposed Whitewash Resolution and (ii) in the six months prior to the announcement of the Proposed Subscription and the Proposed Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Subscription and the Proposed Warrants Issue. The acquisitions of the Relevant Shares were made inadvertently. There is no arrangement, agreement or understanding (whether formal or informal) between the Investor and JLY to co-operate, through the acquisitions by JLY to obtain or consolidate effective control of the Company.

Notwithstanding the condition described in Section 6.4.4 of the Circular (the "**Relevant Condition**"), the SIC had on 8 April 2015 ruled that the acquisition of the Relevant Shares by JLY may be disregarded for the purposes of the Relevant Condition.

Independent Shareholders are requested to vote by way of a poll, on the Proposed Whitewash Resolution set out in the notice of EGM on pages C-1 and C-2 of the Circular, waiving their rights to receive the Mandatory Offer from the Investor and parties acting in concert with him.

We recommend the Independent Directors to highlight to the Independent Shareholders that:

- (i) **by voting in favour of the Proposed Whitewash Resolution, the Independent Shareholders are waiving their rights to receive a mandatory general offer from the Investor and parties acting in concert with him to purchase their Shares at the highest price per Share paid or agreed to be paid by the Investor and parties acting in concert with him in the six months preceding the commencement of the Proposed Subscription;**
- (ii) **by voting in favour of the Proposed Whitewash Resolution, the Independent Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants; and**
- (iii) **the allotment and issue of the Placement Shares to the Investor, and if all the Warrants are fully exercised by the Investor, the allotment and issue of New Shares to the Investor will result in the Investor and his concert parties holding more than 49 per cent. of the total voting rights of the Company based on the enlarged issued Share capital of the Company (as described in Section 2.10 of the Circular), and the Investor and his concert parties will, thereafter, be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.**

Shareholders should note that the passing of the resolutions set out in the Circular are inter-conditional. This means that if any of the resolutions is not approved, the other resolutions would not be carried. In particular, Independent Shareholders should note that the Proposed Subscription

and Proposed Warrants Issue are conditional upon Independent Shareholders voting in favour of the Proposed Whitewash Resolution. Therefore, if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Subscription and the Proposed Warrants Issue will not take place.

2. TERMS OF REFERENCE

ACA has been appointed to advise the Independent Directors with respect to the Proposed Whitewash Resolution in relation to the Proposed Subscription, the Proposed Warrants Issue and the allotment and issuance of the Placement Shares and the New Shares. We were neither a party to the negotiations entered into by the Company in relation to the Proposed Subscription, the Proposed Warrants Issue and the allotment and issuance of the Placement Shares and the New Shares (collectively, the “**Proposed Transactions**”), nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Transactions, and we do not, by this Letter or otherwise, advise or form any judgement on the merits of the Proposed Transactions contemplated in the Circular or the possibilities or feasibilities of the completion of the Proposed Transactions other than to form an opinion, strictly and solely on the bases set out herein on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the issuance of the Placement Shares and the New Shares under the Proposed Transactions. Our scope does not include determining the independence of the Directors for the purpose of making recommendation in respect of the Proposed Whitewash Resolution. We note from the Circular that none of the Directors are interested in the Proposed Transactions.

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

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

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry.

Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the financial period for the nine months ended 30 April 2015 (“**9M2015**”) for the Group. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of the Proposed Transactions stipulated in the Circular. We are not required under our scope and terms of reference nor are we able to discuss, comment, opine, or advise on the Group’s financial performance, position and conditions after 30 April 2015. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after 30 April 2015 or the completion of the transactions stipulated in the Circular. Our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group, and neither are we responsible for it. Accordingly, estimates or analysis or evaluation of the merits of the Company or the Group or the Proposed Transactions or the Proposed Whitewash Resolution, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety. Neither are we required to provide opinions on the going concern assumption or the adequacy of the working capital or the sufficiency of the Proposed Subscription to address the concerns of the Company or the Group.

In the course of our evaluation, we also note that there is a disclaimer of opinion expressed by the independent auditors (the “**Independent Auditor**”) named in the annual report of the Group for the financial year ended 31 July 2014 (“**FY2014**”) (“**AR2014**” or “**Annual Report 2014**”) in their report to the Shareholders dated 28 January 2015 pertaining to, *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties. The details of the disclaimer of opinion expressed by the Independent Auditor are set out in Section 5.2.5 of this Letter and can be found in pages F 08 – F 10 of AR2014 and such other statements in its audited financial statements. Our analysis, comments and opinion in this Letter are subject to confirmation from the Directors that notwithstanding the basis for which Independent Auditor have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair; and all material information including but not limited to plans or prospects or proposals or rationale involving the Proposed Whitewash Resolution or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading.

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

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided by the Directors contained therein. The Directors have confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Proposed Whitewash Resolution or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, plant and equipment) or contracts entered or to be entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group, save for valuation report dated 22 May 2015 issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “**Independent Valuer**”) in respect of fair value of certain designated assets of the Group comprising mainly of certain designated equipment such as printing machine, collating machine, paper folding machine, and laminating machine (the “**Appraised Asset**”). With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in the full year audited financial statements for the Company and the Group as at 31 July 2014 and the unaudited financial statements for the Company and the Group for 9M2015 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the audited financial statements for FY2014 and the unaudited financial statements for 9M2015 to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact *inter alia* the recording of assets and liabilities in the financial statements of the Group is appropriate and consistent with applicable accounting standards and policies or valuation or appraisal of assets and liabilities including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon or litigation or potential litigation or claims from any parties, the omission of which would render those statements or information or our analysis or information presented in this Letter to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the audited financial statements for the Group for FY2014 and the unaudited financial statements for the Group for 9M2015, there has been no material changes to the assets and liabilities, financial position, condition and performance.

The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the Proposed Whitewash Resolution as well as the legality or the effects on the Rules, laws and regulations on the purchases made by the Investor and parties acting in concert with him. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Whitewash Resolution or the Proposed Transactions or resolutions stipulated in the Circular or the returns that the Independent Shareholders may have owning the Shares or voting for or voting against the Proposed Whitewash Resolution or the Proposed Transactions or resolutions stipulated in the Circular or on the future financial performance of the Company or the Group or the plans (if any) for each of them.

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

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

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

3. THE PROPOSED SUBSCRIPTION AND THE PROPOSED WARRANTS ISSUE

Details on the Proposed Subscription and the Proposed Warrants Issue are set out in Section 2 of the Circular and have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“2. PROPOSED SUBSCRIPTION AND PROPOSED WARRANTS ISSUE

2.1. ***Proposed Subscription and Proposed Warrants Issue.*** *On 5 December 2014, the Company announced that it had entered into the MOU in relation to, inter alia, a proposed subscription of new Shares together with free warrants by the Investor. Further to the entry by the Company into the MOU, the Company announced on 6 January 2015 that it had entered into the Placement Agreement, pursuant to which, inter alia, the Company agreed to issue to the Investor (a) 1,100,000,000 Placement Shares at the Subscription Price and (b) 2,200,000,000 Warrants, each Warrant carrying the right to subscribe for one New Share at the Exercise Price, on the basis of two Warrants for every Placement Share subscribed by the Investor.*

2.2. ***Warrants.*** *The principal terms of the Warrants are as follows:*

Number of Warrants : *2,200,000,000.*

Exercise Price : *The Exercise Price for each Warrant shall be S\$0.007 per New Share.*

Exercise Period : *The Warrants may be exercised at any time during the Exercise Period, being the five year period commencing on the date of issue of the Warrants, subject to the terms and conditions of the Warrants to be set out in the Instrument.*

At the expiry of the Exercise Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose. The expiry of the Warrants will be announced through an SGXNET announcement to be posted on the internet at the SGX-ST's website <http://www.sgx.com> and the notice of expiry will be sent to all Warranholders at least one month before the Expiration Date.

Form and subscription rights : *The Warrants will be issued in registered form and will be constituted by the Instrument. Subject to the terms and conditions of the Warrants to be set out in the Instrument, each Warrant shall entitle the Warranholder, at any time during the Exercise Period, to subscribe for one New Share at the Exercise Price.*

Status of New Shares : *The New Shares will, upon allotment and issue, rank pari passu in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of allotment and issue of the New Shares.*

Transfer and Transmission: *In order to transfer the Warrants, the Warranholder and/or the transferee must fulfil the following conditions:*

- (a) prior approval by the Directors for the transfer of the Warrants to the transferee;*
- (b) lodgement during normal business hours of the relevant Warrant Certificate(s) (as defined in the Instrument) in the name of the Warranholder at the registered office of the Company together with an instrument of transfer in respect thereof, duly completed and signed by or on behalf of the Warranholder and the transferee and, if required, duly stamped in accordance with any law for the time being in force relating to stamp duty; and*
- (c) the payment of the registration fee of S\$2.00 (or such other amount as may be determined by the Directors) by the transferee for each Warrant Certificate to be issued in the name of the transferee in respect of the Warrants so transferred.*

The Warranholder specified in the Register of Warranholders shall remain the registered holder of the Warrants until the name of the transferee is entered in the Register of Warranholders.

Adjustments : *The Exercise Price and/or the number of Warrants to be held by a Warranholder will be subject to adjustment(s) under certain circumstances as set out in the instrument, including where the Company undertakes a rights, bonus or other capitalisation issue (whether of a capital or income nature or not and including any capital redemption reserve fund). Please refer to Appendix B of this Circular for further details. Any such adjustment will also be announced through an SGXNET announcement to be posted on the internet at the SGX-ST's website <http://www.sgx.com>.*

Any additional warrants which may be issued by the Company pursuant to such adjustment shall rank pari passu with the Warrants and will, for all purposes, form part of the series of Warrants constituted by the Instrument, and shall be issued subject to and with the benefit of the Instrument and on such terms and conditions as the Directors may from time to time think fit, including but not limited to, the terms and conditions of the Warrants to be set out in the Instrument.

The terms and conditions of the Warrants do not specifically provide for the extension of the Exercise Period and the issue of new Warrants to replace the existing Warrants.

Modification of rights of Warrantholders : *The Company may, without the consent of the Warrantholders but in accordance with the terms of the Instrument, effect any modification to the Warrants or the Instrument, which in their opinion, is to correct a manifest error or to comply with the mandatory provisions of Singapore law.*

Any such modification shall be binding on the Warrantholders and shall be notified to them in accordance with the terms and conditions of the Warrants to be set out in the Instrument, immediately thereafter.

Notwithstanding anything in the terms and conditions of the Warrants to be set out in the Instrument, any material alteration to such terms and conditions to the advantage of the Warrantholders shall be approved by the Shareholders in general meeting (and if necessary, SGX-ST), except where the alterations are made pursuant to the terms of the issue of the Warrants.

Winding-up : *Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), the Warrantholders may elect, in accordance with the terms and conditions of the Warrants to be set out in the Instrument, to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the New Shares to which they would have become entitled pursuant to such exercise.*

Subject to the foregoing, if the Company is wound-up for any reason other than a members' voluntary winding-up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

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

Listing : *The Warrants will not be listed on the SGX-ST.*

Governing law : *Laws of Singapore.*

- 2.3. **Subscription Price.** *The Subscription Price is at a discount of 12.5 per cent. to the volume weighted average trading price of S\$0.008 per Share for trades done on the SGX-ST for the full market day on 5 January 2015, being the full market day on which the Placement Agreement was signed, and is at a discount of 22.2 per cent. to the volume weighted average trading price of S\$0.009 per Share for trades done on the SGX-ST for the full market day on 5 December 2014, being the full market day on which the Company announced that it had entered into the MOU.*

The Subscription Price was agreed upon based on arm's length negotiations between the Investor and the Company and was based on commercial considerations made by the Company.

- 2.4. **Exercise Price.** *The Exercise Price is at a discount of 12.5 per cent. to the volume weighted average trading price of S\$0.008 per Share for trades done on the SGX-ST for the full market day on 5 January 2015, being the full market day on which the Placement Agreement was signed, and is at a discount of 22.2 per cent. to the volume weighted average trading price of S\$0.009 per Share for trades done on the SGX-ST for the full market day on 5 December 2014, being the full market day on which the Company announced that it had entered into the MOU.*

The Exercise Price was agreed upon based on arm's length negotiations between the Investor and the Company and was based on commercial considerations made by the Company.

- 2.5. **Ranking.** *The Placement Shares and the New Shares will be issued free from all encumbrances and will rank pari passu in all respects with and carry all rights similar to the existing issued Shares of the Company, except that they will not rank for any dividends, rights, allotments or other distributions, accruing on a record date for determining such entitlements, which shall be the date which falls on or before the date of issue of the Placement Shares and the New Shares (as the case may be).*

- 2.6. **Conditions Precedent.** *Completion is conditional on the following:*

2.6.1 *to the extent permitted by law and the Listing Manual, the Investor having undertaken and completed its due diligence investigations (including both financial and legal due diligence investigations) in respect of each of the Company and its Subsidiaries, the results of such due diligence investigations being to the reasonable satisfaction of the Investor;*

2.6.2 *the Investor obtaining the Whitewash Waiver and if granted subject to conditions, such conditions being acceptable to the Investor;*

2.6.3 *a resolution passed by way of a poll by Independent Shareholders to waive their rights to receive a general offer from the Investor and parties acting in concert with the Investor arising from and in connection with its subscription of the Placement Shares and/or New Shares, and fulfilment of other relevant terms and conditions (if any) of the Whitewash Waiver;*

2.6.4 *the receipt by the Company of an approval in-principle for the listing of and quotation for the Placement Shares and the New Shares on the SGX-ST (on conditions, if any, acceptable to the Investor in his absolute discretion) having been obtained and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before Completion Date, such conditions fulfilled;*

2.6.5 *the Company having obtained all corporate and Shareholders' approvals on terms acceptable to the Company and the Investor in respect of the allotment, issue and subscription of the Placement Shares, the issue of the Warrants and the New Shares, and all the transactions ancillary to or contemplated thereto and such approvals remaining in full force and effect on Completion and, if such approvals are subject to any conditions which are required to be fulfilled on or prior to Completion, such conditions are being fulfilled;*

- 2.6.6 the Company having obtained all consents, approvals and authorisations from third parties (including financial institutions) and governmental body or authority (including but not limited to the SGX-ST and the SIC) required for or in connection with the execution of the Placement Agreement and if such consents, approvals and authorisations are subject to any conditions, such conditions being acceptable to the Investor in his absolute discretion;
- 2.6.7 the fulfilment of all conditions precedent in the Loan Agreement;
- 2.6.8 receipt by the Investor of a deed of indemnity executed by the Founder to indemnify the Investor for all indebtedness and liabilities (including contingent, potential and/or ancillary claims and liabilities) of the Group incurred before the Completion Date, and which are not reflected in the unaudited financial statements of the Company for the fourth quarter and full year ended 31 July 2014;
- 2.6.9 there being no suspension for more than three days by the SGX-ST of the trading of the Shares (other than a trading halt on a temporary basis as requested by the Company) or a delisting of the Shares;
- 2.6.10 the allotment, issue and subscription of the Placement Shares and the allotment and issue of the Warrants and the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore (including the SGX-ST and the SIC) which is applicable to the Company or the Investor;
- 2.6.11 the Company has complied with or will comply (before Completion) with all legal and other requirements necessary for the issue of the Placement Shares and performance of its obligations under the Placement Agreement; and
- 2.6.12 on the Completion Date, the representations and warranties of the Company and the Investor under the Placement Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company and the Investor having performed in all material respects all of their obligations under the Placement Agreement to be performed on or before the Completion Date.

If any of the conditions precedent set forth above is not satisfied (or waived) within four months from the date of the Placement Agreement or such other date as the Company and Investor may agree in writing (the “**Cut-Off Date**”), the Placement Agreement will cease. The Company and the Investor have agreed in writing that the Cut-Off Date will be extended to 31 July 2015.

2.7. **SGX-ST Conditions.** On 11 June 2015, the SGX-ST granted its approval in-principle for the listing of and quotation for the Placement Shares and the New Shares on the Main Board of the SGX-ST, subject to, inter alia, the following conditions:

2.7.1 compliance with the SGX-ST’s listing requirements;

2.7.2 Shareholders’ approval for the Proposed Subscription, the Proposed Warrants Issue and the New Shares to be issued pursuant to the Proposed Warrants Issue;

2.7.3 submission of the following documents:

- (i) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of Shares 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 the use of proceeds and in the annual report;
- (ii) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;

- (iii) a written confirmation from the Company that the terms of the Proposed Warrants Issue comply with Rule 829(1) of the Listing Manual;
- (iv) a written undertaking from the Company to announce any adjustments made pursuant to Rule 829(1) of the Listing Manual;
- (v) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual; and
- (vi) a written confirmation from the Company that it will not issue the Placement Shares or New Shares to persons prohibited under Rule 812(1) of the Listing Manual; and

2.7.4 the Placement Shares having to be placed out within seven Market Days from the date of the EGM to be convened.

Approval-in-principle granted by the SGX-ST for the listing of and quotation for the Placement Shares and the New Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of any of the Proposed Subscription, the Placement Shares, the Proposed Warrants Issue, the Warrants, the New Shares, the Company and/or its Subsidiaries. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

2.8 **Loan.** On 5 December 2014, the Company announced that the Investor will grant a loan of RMB10,000,000 to the Company, subject to the terms and conditions of a loan agreement to be entered into between the Investor and the Company. Following the signing of the MOU, the Investor disbursed RMB5,000,000 to the Company. On 6 January 2015, the Company announced that the parties have agreed to reduce the loan amount to RMB5,000,000 (the "Loan") and have executed a Loan Agreement dated 5 January 2015 to set out the terms and conditions of the Loan. In connection with the Loan, a Deed of Guarantee and Indemnity dated 5 January 2015 was provided by Mr Fong Kah Kuen to the Investor pursuant to which Mr Fong Kah Kuen agreed to, inter alia, guarantee the payment and discharge of all liabilities and obligations of the Company owed or expressed to be owed to the Investor (the "**Guarantee**").

No interest is payable on the Loan if the Loan is repaid in full on the Repayment Date (as defined below). However, if the Company fails to pay any amount payable by it under, among others, the Loan Agreement and the Guarantee, on its due date, then interest shall accrue on such unpaid sum from the due date up to the date of actual payment at a rate which is 10% per annum. Such default interest (if unpaid) arising on an unpaid sum shall be compounded with the unpaid sum at the end of each month but will remain immediately due and payable.

Under the Loan Agreement, the Company has agreed to repay the Loan in full in the currency in which the Loan is denominated on the Repayment Date. In the event that the Proposed Subscription proceeds to completion and the Investor, in its absolute discretion, elects in writing to set-off the Loan due to the Investor against the aggregate subscription consideration payable by the Investor or its nominee under the Placement Agreement, the Loan will be treated to have been repaid by the Company on completion of the Proposed Subscription.

"**Repayment Date**" means the earliest of the following dates:

- (i) the date of completion under the Placement Agreement;
- (ii) the date falling three business days after the termination of the Placement Agreement for any reason; and
- (iii) the date of demand by the Investor if the Placement Agreement is not executed by the parties thereto for any reason within three months after the date of the Loan Agreement or such longer period as agreed between the Investor and the Company. The Placement Agreement was signed on 5 January 2015.

As at the date of this Circular, the Loan has already been disbursed by the Investor to the Company.

- 2.9. **Rights of the Investor.** Pursuant to the Placement Agreement, upon the execution of the Placement Agreement, the Investor shall be entitled to nominate a person and the Company shall appoint such nominated person as a Director of the Company at such time to be elected by the Investor. As at the Latest Practicable Date, the Investor has not made such a nomination. Upon Completion, the Investor shall be entitled to appoint such number of additional Directors, including the appointment of a Director to be the chairman of the Board, to form the majority of the Board.
- 2.10. **Transfer of Controlling Interest.** As at the Latest Practicable Date, save for the 14,120,000 Shares, being the Relevant Shares, held by JLY who is the spouse of the Investor, the Investor does not hold any Shares. **The Placement Shares when issued will represent approximately 44.96 per cent. of the issued share capital of the Company comprising 2,447,927,123 Shares as at the Latest Practicable Date, and 31.00 per cent. of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001), upon allotment and issue of the Placement Shares.** When completed, the Proposed Subscription will result in the Investor holding 31.00 per cent. of the issued share capital of the Company. **If all the Warrants are fully exercised by the Investor, the Company will issue 2,200,000,000 New Shares to the Investor, which when aggregated with the Placement Shares, will represent approximately 57.41 per cent. of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001).** Accordingly, this will result in the Investor obtaining a controlling interest in the Company and pursuant to Rule 803 of the Listing Manual, prior approval of Shareholders is required for the Proposed Subscription, the Proposed Warrants Issue and the allotment and issue of the New Shares to the Investor upon exercise of the Warrants. Such approval will be sought at the EGM to be held on 9 July 2015, notice of which is set out on pages C-1 and C-2 of this Circular.
- 2.11. **Dilution Effect.** The issuance of the Placement Shares and the issuance of the New Shares upon the exercise of the Warrants will have a dilution effect on Shareholders as described in Section 9.1 of this Circular.
- 2.12. **Private Placement.** The Proposed Subscription and the Proposed Warrants Issue are being undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act."

4. INFORMATION ON THE INVESTOR

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

5. EVALUATION OF THE WHITEWASH RESOLUTION

In assessing the financial terms of the Placement for the sole purpose of the Whitewash Resolution, we have taken into account the following pertinent factors as well as others in the Letter, which we consider will have a significant bearing on our assessment:

- (i) Rationale for the Proposed Transactions and use of proceeds;
- (ii) Financial performance and position of the Group;
- (iii) The Group's net asset value ("NAV") and net tangible assets ("NTA");
- (iv) Market quotation and trading activity of the Shares;
- (v) Relative valuation analysis;
- (vi) Analysis of comparable transactions;
- (vii) Theoretical value of the Warrants;

- (viii) Pro-forma financial effects of the Proposed Transactions described in the Circular; and
- (ix) Other relevant considerations.

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

In our assessment of the Proposed Whitewash Resolution, we have applied certain valuation ratios in assessing the reasonableness of the Proposed Subscription and the Proposed Warrants Issue. The Subscription Price and the Exercise Price for the Warrants is similar and at S\$0.007 for each New Share. A brief description of such valuation ratios are as follows:—

- (i) **EV/EBITDA** “EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.

The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.

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

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

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

In assessing the financial terms of the Proposed Whitewash Resolution, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

5.1 Rationale for the Proposed Transactions and use of proceeds

The rationale for the Proposed Transactions and use of proceeds has been extracted from Sections 4 and 5 of the Circular and are set out in italics below. We recommend that Independent Directors advise Independent Shareholders to read this section of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:–

“4. RATIONALE

- 4.1. *As previously disclosed in the annual report of the Company for FY2014, the Company has recognised, inter alia, an impairment of goodwill, an impairment of project and trade receivables and an impairment of plant and equipment, resulting in the Company incurring massive write-offs. As such, in the short term, the Proposed Subscription and the Proposed Warrants Issue will provide the Company with sufficient working capital to ensure business continuity. In the longer term, the Proposed Subscription and the Proposed Warrants Issue are being carried out to enable the Company to augment its cash flow and improve working capital for expansion purposes.*
- 4.2. *On 30 January 2015, the Company announced that the independent auditors of the Company, Foo Koon Tan LLP, have, in their report dated 28 January 2015, included a disclaimer of opinion in relation to the financial statements of the Group for financial year ended 31 July 2014. Further to the announcement regarding the disclaimer of opinion, the Company announced on 2 February 2015, following queries from the SGX-ST, that the Board believes that the Company will be able to continue to operate as a going concern assuming that the proceeds from the Proposed Subscription and the Proposed Warrants Issue are received by the Company.*

5. USE OF PROCEEDS

- 5.1 **Consideration.** *The total consideration payable for all the Placement Shares and the Warrants is S\$7.7 million. Following Completion, if the Warrants are fully exercised by the Investor (in his sole discretion) into 2,200,000,000 New Shares, the Company will receive S\$23.1 million in aggregate from the Investor.*

5.2 Use of Proceeds.

5.2.1 *Assuming that none of the Warrants are exercised, the proceeds from the Proposed Subscription and the Proposed Warrants Issue will be S\$7.7 million, of which:*

- (i) *S\$7,000,000 (i.e., 91 per cent.) is intended to be used as follows:*
- (a) *to settle the outstanding payables of the Company amounting to approximately \$4.45 million comprising (i) claims from the landlord of approximately S\$0.9 million, (ii) retirement of loans from financial institutions of approximately S\$2.0 million and (iii) other outstanding sums payable to the Company's creditors as detailed at paragraph 5.2.4 of the IFA Letter, of approximately S\$1.55 million; and*
- (b) *to repay the total indebtedness (principal and interest) due and owing by the Company to the Investor under the Loan Agreement. The applicable exchange rate will be the mid-rate for the exchange of Renminbi into Singapore dollars as published by the People's Bank of China in the People's Republic of China on the Completion Date. As at the Latest Practicable Date, the aggregate amount of principal and interest outstanding under the Loan is RMB5,000,000 (approximately S\$1.08 million based on an exchange rate of S\$1: RMB4.65 as at the Latest Practicable Date). For the avoidance of doubt, the Investor has the right to set off this amount against the total consideration payable for all the Placement Shares and the Warrants as described in Sections 5.2.2 and 5.2.3 of this Circular; and*
- (c) *the balance for working capital requirements; and*

- (ii) S\$700,000 (i.e., 9 per cent.) will be set aside to pay professional and administrative fees which are incurred in connection with the Proposed Subscription and the Proposed Warrants Issue.

5.2.2 Under the Placement Agreement, the Investor is entitled to set off the total consideration payable for all the Placement Shares and the Warrants against the total indebtedness (principal and interest) due and owing by the Company to the Investor under the Loan Agreement.

5.2.3 If the Investor exercises his right to set off this amount against the total consideration payable for all the Placement Shares and the Warrants, and assuming that none of the Warrants are exercised, the proceeds from the Proposed Subscription and the Proposed Warrants Issue will be S\$6.62 million. In such event, the proceeds from the Proposed Subscription and the Proposed Warrants Issue of S\$7.7 million will be used as follows:

- (i) S\$1.08 million (i.e., 14 per cent.) will be set off against the principal and interest outstanding under the Loan as described above;
- (ii) S\$5.92 million (i.e., 77 per cent.) is intended to be used as follows:
 - (a) to settle the outstanding payables of the Company amounting to approximately \$4.45 million comprising (i) claims from the landlord of approximately S\$0.9 million, (ii) retirement of loans from financial institutions of approximately S\$2.0 million and (iii) other outstanding sums payable to the Company's creditors as detailed at paragraph 5.2.4 of the IFA Letter, of approximately S\$1.55 million; and
 - (b) the balance for working capital requirements; and
- (iii) S\$700,000 (i.e., 9 per cent.) will be set aside to pay professional and administrative fees which are incurred in connection with the Proposed Subscription and the Proposed Warrants Issue.

5.2.4 If the Investor exercises the Warrants in full, the Company will raise S\$23.1 million. For the avoidance of doubt, the exercise of the Warrants is optional and at the Investor's sole discretion. If the Warrants are exercised by the Investor in full, the additional proceeds of S\$15.4 million will be used by the Company as working capital for expansion purposes including (i) investing in suitable companies to further enhance the Company's production capabilities and better serve its clients' print-related requirements, and (ii) expanding the Company's "8 to 8 Biz Butler" retail concept, which provides clients with a full package of business-related services beyond print management services, to include planning and marketing consultancy, print media, corporate gifts, premium and events management, electronic printing and new media, business resource bridging, and delivery and logistics.

5.3 **Announcements.** The Company will make periodic announcements as to the use of the proceeds from the Proposed Subscription and the Proposed Warrants Issue as and when such proceeds are materially disbursed and whether such proceeds are used in accordance with the stated use and in accordance with the percentage allocated.

5.4 **Status Report.** The Company will also provide a status report on the use of the proceeds raised from the Proposed Subscription and the Proposed Warrants Issue in the Company's interim and full-year financial statements and the Company's annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation."

As at 30 April 2015 and based on information available to us, we note that the Group's shareholders equity attributable to the equity holders of the parent amounted to only approximately S\$1.1 million with the Group's current liabilities exceeding its current assets by approximately S\$5.8 million. In addition, we

wish to highlight that as announced by the Company, the Group is currently facing various claims from its creditors and lenders. The creditors and lenders of the Group have submitted winding-up applications to the court. The Directors and the Management have represented to us that, as announced by the Company, the total outstanding Claims (defined later) is approximately S\$4.45 million. Lastly, Independent Shareholders should note that the Independent Auditor issued a disclaimer opinion in their report dated 28 January 2015 (the “**Audit Report 2014**”) relating to, *inter alia*, the going concern assumption.

The Directors have represented and confirmed to us that the ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the Proposed Subscription and the Proposed Warrants Issue.

As at the Latest Practicable Date, taking into account the Group’s internal resources, operating cash flow and in the event that the Proposed Transactions lapse, the Directors confirm that the working capital available to the Group is insufficient to meet its present requirements (including the Claims and the Loan).

As at the Latest Practicable Date, taking into account the Group’s internal resources, operating cash flow, net proceeds from the Proposed Subscription of approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions) and without considering the proceeds from potential conversion of the Warrants, the Directors confirm that the working capital available to the Group is sufficient to meet its present requirements (including the Claims and the Loan).

The Directors and Management have confirmed that as at the Latest Practicable Date, the Group does not have any banking facilities and capital commitments save for those banking facilities which have already been drawn down and are still outstanding.

The approval of the Proposed Whitewash Resolution will allow the Company to raise net proceeds of up to S\$7.0 million (without taking into account the proceeds to be raised upon conversion of the Warrants) which is crucial for the ability of the Group and the Company to continue to operate as going concern and will be used to satisfy the outstanding payables of the Company (in particular the Claims) and working capital requirements.

5.2 Financial performance and positions of the Group

A summary of the unaudited financial statements for 9M2015, 9M2014 and the audited consolidated financial statements of the Group for FY2014, FY2013 and FY2012 are set out below.

5.2.1 Review of Financial Performance

Consolidated Statement of Income

Figures in S\$'000	Unaudited 9M2015	Unaudited 9M2014	Audited FY2014	Audited Re-stated FY2013	Audited FY2012
Revenue	10,254	14,178	13,643	23,702	38,862
Changes in inventories of raw materials and consumables	(184)	75	(658)	3,106	440
Raw materials and consumables used	(2,134)	(3,555)	(6,105)	(11,074)	(16,335)
Depreciation of plant and equipment	(1,072)	(1,479)	(1,900)	(2,326)	(2,877)
Other income	772	589	990	730	756
Staff costs	(4,635)	(4,945)	(8,349)	(8,468)	(9,922)
Other expenses	(2,828)	(3,381)	(142,037)	(6,512)	(15,159)
Exchange (loss)/gain, net	450	345	(214)	2,714	1,023
Interest income	-	-	22	25	87
Finance costs	(139)	(463)	(937)	(861)	(1,433)
Profit/(loss) before income tax	484	1,364	(145,545)	1,036	(4,558)
Income tax expense	-	(92)	(102)	-	(21)
Profit/(loss) after tax	484	1,272	(145,647)	1,036	(4,579)

Note: Figures and computation presented in this section are subject to rounding

Revenue

The Group's core business is in the provision of full range of print management services including time-sensitive financial printing, conceptualisation, design, copywriting, translation, typesetting, colour proofing, printing, post-press packaging, global distribution and delivery. For FY2014, FY2013, and FY2012, all revenue derived from its core business of printing services. Its revenue declined by approximately S\$15.2 million (or a decline of approximately 39.0%) from approximately S\$38.9 million in FY2012 to approximately S\$23.7 million in FY2013. We understand from the Management that the decline in revenue in FY2013 was mainly due to reduced sales from the Group's time-sensitive and financial printing businesses which were impacted by the weaker performance of financial markets in Asia and prevailing global economic uncertainties. During FY2014, the Group's revenue declined by approximately S\$10.1 million (or a decline of approximately 42.4%) from approximately S\$23.7 million in FY2013 to approximately S\$13.6 million in FY2014, which was mainly attributable to the declining trend in the print media industry, as well as the sluggish print demand from its consumer in China. During 9M2015, the Group's revenue further declined by approximately S\$3.9 million to approximately S\$10.3 million as compared to 9M2014 revenue of approximately S\$14.2 million due to decline in business activities in Singapore and China.

Cost of Sales

Changes in inventories of raw materials and consumables and as well as raw materials and consumables used (the "Cost of Sales") mainly consists of inventories of paper, films, plates etc. The Cost of Sales declined during FY2014 and FY2013. The Cost of Sales declined by approximately S\$7.9 million or 49.9% during FY2013, and it further declined by approximately S\$1.2 million or 15.1% during FY2014. During FY2013, the decline in Cost of Sales was generally in line with the decline in revenue. However, during FY2014, Cost of Sales declined by 15.1% as compared to revenue decline of 42.4%, the decline in Cost of Sales during FY2014 was mainly due to a write-down of inventories of approximately S\$2.0 million. Excluding the write-down of inventories of S\$2.0 million, gross margin will be approximately 65.1% which was comparable to gross margin of approximately 66.4% in FY2013. During 9M2015, the Cost of Sales declined by approximately S\$1.2 million to approximately S\$2.3 million as compared to 9M2014. The decline was mainly attributable less raw materials and consumables used as business activities declined during 9M2015.

Depreciation of plant and equipment

Depreciation of plant and equipment mainly pertains to depreciation charges arising from machinery, motor vehicles, office equipment and furniture and fittings. Depreciation expense declined during FY2013, FY2014 and 9M2015 mainly due to disposal and impairment of plant and equipment during the period reviewed.

Other income

Other income mainly consists of rental and gain on disposal of plant and equipment. Other income declined during FY2013 by approximately S\$26 thousand mainly due to absence of gain on disposal and sale of scrap paper. In FY2014, other income increased by S\$260 thousand mainly due to gain on disposal of property and equipment during the year. In FY2014, other income comprises of rental income of approximately S\$657 thousand (FY2013: approximately S\$556 thousand), gain on disposal of plant and equipment of approximately S\$274 thousand (FY2013: nil) and miscellaneous income of approximately S\$59 thousand (FY2013: approximately S\$174 thousand). For 9M2015, the other income amounted to approximately S\$772 thousand comprising gain on disposal of property, plant and equipment of approximately S\$670 thousand, rental income of approximately S\$55 thousand and miscellaneous income of approximately S\$47 thousand.

Staff costs

Staff costs decreased during FY2013 and FY2014 by approximately S\$1.5 million and S\$119 thousand respectively. The declines in staff costs during FY2013 and FY2014 were mainly due to reduction in staff strength from restructuring of workflow and production processes. For 9M2015, the Group's staff costs declined further by approximately 6.3% to approximately S\$4.6 million.

Other expenses

Other expenses mainly consists of operating lease expenses (for office, factories, and warehouses), corporate legal expenses, marketing expenses, utilities etc. For FY2014, other expenses increased by approximately S\$135.5 million or approximately 20.8 times as compared to approximately S\$6.5 million of other expenses recorded during FY2013. The significant increase in other expenses was mainly attributable to impairment losses on goodwill, plant and equipment, available-for-sale financial asset, project receivables, trade receivables, and other receivables. In aggregate, the impairments losses amount to approximately S\$134.8 million. The impairment losses arise after the Board's review and assessment on the collectability and recoverability of various assets under the Group. The Group recorded other expenses of approximately S\$2.8 million for 9M2015 as compared to approximately S\$3.4 million for 9M2014 due mainly to lower rental expense incurred by the Singapore operations.

Finance costs

The Group's finance costs are interest expenses arising from bank overdraft, borrowings, receivable finance and finance lease liabilities. Finance costs declined from approximately S\$1.4 million in FY2012 to approximately S\$0.9 million during FY2013 and FY2014. For 9M2015, the Group recorded finance costs of approximately S\$139 thousand, which is substantially lower than the finance costs for 9M2014 of approximately S\$463 thousand. Finance costs declined as the Group paid down some of its borrowings.

Overall the Group reported significant loss before tax of approximately S\$145.5 million for FY2014. Excluding the effect of impairment losses of approximately S\$134.8 million, the Group would have reported a smaller pre-tax loss of approximately S\$10.8 million (as compared to a pre-tax profit of approximately S\$1.0 million in FY2013 and a pre-tax loss of approximately S\$4.6 million in FY2012). For 9M2015, the Group's profit after tax declined by approximately 61.9% to approximately S\$484 thousand as compared to profit after tax of approximately S\$1.3 million for 9M2014.

5.2.2 Review of Financial Position

Summary of Consolidated Statement of Financial Position

Figures in S\$'000	Unaudited 9M2015	Audited FY2014	Audited Re-stated FY2013	Audited Re-stated FY2012
Non-current assets	7,786	8,069	92,514	94,614
Current assets	16,451	11,728	73,355	68,034
Non-current liabilities	693	736	519	808
Current liabilities	22,217	18,822	27,101	25,755
Total borrowings	5,229	4,936	11,656	13,680
Total shareholders' equity	1,144	56	138,065	135,905
Net working capital	(5,766)	(7,094)	46,254	42,279

Non-current assets

The Group's non-current assets as at 31 July 2014 consisted of plant and equipment of approximately S\$8.1 million. The non-current assets of the Group declined by approximately S\$84.4 million or approximately 91.3% from approximately S\$92.5 million as at 31 July 2013.

The significant decline in the non-current assets during FY2014 was mainly due to impairment on goodwill of approximately S\$64.5 million, impairment on plant and equipment of approximately S\$2.4 million, impairment on available-for-sale financial assets of approximately S\$7.7 million, and impairment on project receivables of approximately S\$8.3 million.

The Group's non-current assets as at 30 April 2015 consisted of plant and equipment of approximately S\$7.8 million, which is a decline of approximately S\$283 thousand from approximately S\$8.1 million as at 31 July 2014. The decline was due to depreciation charges of approximately S\$1.1 million and disposal of certain renovations and furniture and fittings (in connection with the relocation of the Singapore head office) which was partially offset by purchase of new plant and equipment.

Goodwill

Goodwill of S\$64.5 million arose from the acquisition of Precise Media Group Limited (“**Precise Media**”) which was completed in financial year 2006. During FY2014, the Group recognised an impairment charge of S\$64.5 million on the goodwill arising from excess printing capacity. We note from Note 3 to the financial statements for FY2014 that the carrying amount of Precise Media exceeded its recoverable by approximately S\$66.9 million. Pursuant to Note 3 to the financial statements for FY2014, the impairment loss on goodwill is included within other expenses in the income statement. Impairment loss recognised in respect of Precise Media was allocated first to reduce the carrying amount of goodwill, amounting to approximately \$64.5 million. The remaining impairment loss amounting to \$2.4 million was then allocated to reduce the carrying amounts of the other assets in Precise Media on a *pro rata* basis. The recoverable amount of Precise Media containing goodwill was determined based on fair value less costs to sell. Majority of the net assets of Precise Media related to plant and equipment and non-derivative financial instruments. The carrying amounts of the non-derivative financial instruments approximated their fair values. The fair values of the Precise Media’s plant and equipment were estimated based on an appraisal performed by a firm of professionally-qualified valuers. The significant inputs and assumptions were developed in close consultation with management. The fair value were based on estimated amounts obtainable for the sale of the asset on an arm’s length transaction between knowledgeable, willing parties, less the cost of disposal, utilising an open market value and replacement costs basis for separately identifiable components of the asset.

For FY2013, the recoverable amount of Precise Media was based on value-in-use calculation using five-year financial budgets approved by the management. The Group estimated value in use using a discounted cash flow model. Cash flows are projected using the anticipated revenue growth rate of 3% per annum. The growth rate used was based on past performance and market development growth and did not exceed the current estimated long-term average growth rate for the business in which the Precise Media operates. A pre-tax discount rate of 19.4% was applied to the cash flow projections with a terminal growth rate of 3%. The terminal growth rate used for the Precise Media did not exceed management’s expectation of the long term average growth rate of the industry and country in which the Precise Media operates. As such, there was no impairment loss on goodwill during FY2013.

The Directors have confirmed that save for the independent appraisal performed on the Appraised Assets, there is no other independent valuation performed on Precise Media.

Plant and equipment

Plant and equipment mainly consist of machinery, motor vehicles, office equipment and furniture and fittings. There was a major decline in the carrying amount of plant and equipment of approximately S\$4.0 million or 33.4% decline from S\$12.1 million as at the end of FY2013 to approximately S\$8.1 million as at the end of FY2014. The movement during FY2014 was mainly attributable to impairment of approximately S\$2.4 million, depreciation of approximately S\$1.9 million and was partially offset by exchange differences.

The impairment loss on plant and equipment in FY2014 arose from excessive impairment loss on the goodwill. The impairment loss arose due to carrying amount of Precise Media exceeded its recoverable amount by approximately S\$66.9 million. Approximately S\$64.5 million was allocated to fully reduce the carrying amount and the remaining S\$2.4 million was allocated to reduce the carrying amount of the other assets in Precise Media.

Available-for-sale financial assets

The available-for-sale financial assets pertained to the Group’s investment in an unquoted equity of a company in the People’s Republic of China (“**PRC**”). The investee company is primarily in the printing business. It was highlighted in the report by the Independent Auditor for FY2014 that the investee is not listed on any stock exchange, a quoted market price is not available. The Group was unable to gain access to the financial information of the unquoted equity securities to determine the fair value of the investment at 31 July 2014. According to the Management, the investee was supposed to seek a public listing in the PRC which did not materialise. The investee, being in the traditional printing industry, has been badly affected by the decline in business prospects in PRC. Management therefore decided to recognise an impairment loss on the investment with a resultant loss amounting to \$1,940,000 as disclosed in Note 7 to the financial statements for FY2014. In addition, the Independent Auditor expressed

disclaimer on this particular account reason being there is absence of information from management on the fair value of the investment, the auditor was not able to perform its audit procedures, and there were no practicable alternative audit procedures that the auditor could carry out to ascertain the appropriateness of the impairment amount.

There was no impairment on the available-for-sale financial assets in FY2013. However, we note in Note 7 to the financial statement for FY2013 that as at the reporting date for FY2013, the Group engaged an independent professional valuer to perform a valuation on the fair value of the available-for-sale financial asset, which was approximate to the cost of the investment. It is further stated that the investee did not have a history of profits and cash flows and was not similar in size and activity to any quoted entities. There was also no active market for the equity interest. It was not practicable to determine with sufficient reliability the fair value of the unquoted equity shares. However, the Directors did not anticipate that the carrying amount of the unquoted equity investments will be significantly in excess of its fair value.

As at the Latest Practicable Date, the Directors and Management have confirmed that the Company is not able to obtain financials of the investee company. As such the Directors and Management were not able to perform any valuation assessment for the available-for-sale financial assets as at the 31 July 2014, 30 April 2015 and as at the Latest Practicable Date. In addition, as at the Latest Practicable Date, the Directors and Management have confirmed that in view of the deterioration in the printing business in the PRC and deterioration in collectability of investee company's receivables, the Group is unlikely to be able to recover any amount from available-for-sale financial assets.

In view of the above, we wish to highlight that our analyses in relation to the Group's net tangible assets are limited and subject to availability of the information in relation to the available-for-sale financial assets as stated in the Independent Auditor's Report.

Project receivables

Project receivable relates to revenue derived by a subsidiary from a printing project with a publisher during the financial year ended 31 July 2010. Under this project, the said subsidiary manages the print supply chain management and the publisher manages the marketing and distribution functions. During FY2012, due to the implementation of the new marketing strategy by the business partner, the time to receipt of payment from the publisher was revised from 2013 to 2014. During FY2014, impairment losses on project receivable amounting to approximately \$8.3 million which represented the entire amount of project receivables as the Management concluded that collectability of these debts was not probable with the passage of time.

Current assets

The Group's current assets as at 30 April 2015 consist of inventories of approximately S\$1.7 million (increased by approximately S\$185 thousand from approximately S\$1.5 million as at 31 July 2014 due to slower drawdown of inventory for prior period production orders), trade receivables of approximately S\$9.8 million (increased by approximately S\$4.4 million as compared to S\$5.4 million as at 31 July 2014), other receivables of approximately S\$4.4 million (increased by approximately S\$167 thousand from approximately S\$4.2 million as at 31 July 2014 due mainly to proceeds receivable for sale of plant and equipment), and cash and cash equivalent of approximately S\$0.6 million.

As at the end of FY2014, the Group's current asset declined significantly by approximately S\$61.6 million (or a decline of approximately 84.0%) from approximately S\$73.4 million as at the end of FY2013 to approximately S\$11.7 million as at the end of FY2014. The significant decline was mainly attributable to impairment of trade receivables of approximately S\$43.0 million, impairment loss on other receivables of approximately S\$12.7 million, write-off inventories of approximately S\$2.0 million and decline in cash and cash equivalent of approximately S\$5.7 million. The impairment losses on trade and other receivables were results of collectability assessment conducted by the Management. As stated in AR2014, the Management concluded that collectability of these debts was not probable with the passage of time. The write-down of inventories was mainly due to slow customer demand.

Non-current liabilities

The Group's non-current liabilities as at the end of FY2012, FY2013, FY2014 and 9M2015 consisted of finance lease of motor vehicles and machinery and deferred tax liabilities. As at 30 April 2015, the Group's non-current liabilities decreased by approximately 5.8% to approximately S\$693 thousand. The decrease in non-current liabilities was mainly attributable to the decrease in finance lease liabilities.

Current liabilities

The Group's current liabilities increased by approximately S\$1.3 million from approximately S\$25.8 million as at the end of FY2012 to approximately S\$27.1 million as at the end of FY2013. Subsequently, it declined by approximately S\$8.3 million to approximately S\$18.8 million as at the end of FY2014. The decline in the Group's current liabilities during FY2014 was mainly attributable to the decline in borrowing of approximately S\$7.4 million and decline in trade and other payable of approximately S\$1.3 million, and was partially offset by increase in financial lease liabilities of approximately S\$0.4 million.

As at the end of 9M2015, the Group's current liabilities comprised trade and other payable of approximately S\$17.6 million, borrowings of approximately S\$3.9 million, finance lease liabilities of approximately S\$0.6 million and income tax payable of approximately S\$15 thousand.

Financial position

The Group recorded a negative working capital of approximately S\$5.8 million as at 30 April 2015.

During FY2014, the Group's current assets declined significantly by S\$61.6 million to approximately S\$11.7 million as at the end of FY2014. On the other hand, the Group's current liabilities declined by approximately S\$8.3 million to S\$18.8 million as at the end of the FY2014. As a result, the Group's net working capital as at the end of FY2014 was negative approximately S\$7.1 million.

In addition, despite the Group's total borrowing have reduced from approximately S\$11.7 million as at the end of FY2013 to approximately S\$4.9 million as at the end of FY2014, the Group's gearing ratio stood at 88.1 times which is mainly due to the significant decline in the Group's shareholders equity (declined from approximately S\$138.1 million as at the end of FY2013 to approximately S\$56 thousand as at the end of FY2014 mainly attributable to the substantial loss incurred in FY2014). As at 30 April 2015, the Group's gearing ratio improved but remained high at 4.6 times as the increase in the Group's total borrowing of approximately S\$293 thousand was offset by higher shareholders equity.

We wish to highlight that the Group has used approximately S\$9.3 million and S\$648 thousand of cash in its operating activities during FY2014 and 9M2015 respectively.

Furthermore, as disclosed in Note 13 to the financial statements for FY2014, the Company and certain subsidiaries within the Group have defaulted in payments, breached certain financial covenants and failed to comply with certain agreements with its creditors. As at the Latest Practicable Date, the Group has received notices of default from various lenders/creditors for repayment of outstanding loans as well as termination of credit facilities granted to companies in the Group. On 8 January 2015, the landlord of the Group's corporate office premises (the "Landlord") filed a winding up application against the Company for a sum of \$913,864 owing by a subsidiary, Xpress Print (Pte) Ltd ("XPPL") to the Landlord in respect of the rent on office premises for the months from April 2014 until the date of full payment. A hearing of the winding up application is scheduled for 24 July 2015. Please refer to Claim E under Section 5.2.4 of this Letter for further details.

As highlighted earlier, the Group incurred a net loss of approximately S\$145.6 million for FY2014 and the Group's and the Group's current liabilities exceeded its current assets by approximately S\$7.1 million as at 31 July 2014. As at 31 July 2014, the Group's overdrafts exceeded its cash balances and fixed deposit by approximately S\$715,000.

The matters set out above and in Note 2 to the financial statements for FY2014 indicate the existence of a material uncertainty which cast a significant doubt on the Group's and the Company's ability to continue as going concerns and to fulfill its obligation as and when they fall due.

The Directors and the Management confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter and the audited financial statements for the Group for FY2014 and unaudited financial results announcements for 9M2015, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

5.2.3 Impairment Losses and Write Down during FY2014

The following table summarises the impairment losses and write-down on assets recorded by the Group during FY2014. In addition, we also extracted and reproduced the Independent Auditor's opinion on certain accounts of the financial statements:

Impairment losses and write-down	Amount as disclosed in AR2014 (in S\$'000)	Relevant Extracts from Independent Auditor Report
Impairment loss on goodwill	64,484	-
Impairment loss on plant and equipment	2,370	-
Impairment loss on available-for-sale financial assets	1,940	<p><i>"As disclosed in Note 7 to the financial statements, the investee is not listed on any stock exchange, a quoted market price is not available. The Company was unable to gain access to the financial information of the unquoted equity securities to determine the fair value of the investment at 31 July 2014. According to management, the investee was supposed to seek a public listing in the People's Republic of China which did not materialise. The investee, being in the traditional printing industry, has been badly affected by the decline in business prospects in China. Management therefore decided to recognise an impairment loss on the investment with a resultant loss amounting to \$1,940,000 as disclosed in Note 7 to the financial statements.</i></p> <p><i>In the absence of information from management on the fair value of the investment. We were not able to perform our audit procedures, and there were no practicable alternative audit procedures that we could carry out to ascertain the appropriateness of the impairment amount."</i></p>
Impairment loss on project receivables	8,265	-
Impairment loss on trade and other receivables	55,697	<p><i>"As at 31 July 2014, trade and other receivables amounting to approximately \$4.9 million are outstanding for more than one year. No impairment loss has been recognised in respect of this amount as management is confident in recovering the entire amount owing by the customers. There is no objective evidence from management that the amount is recoverable.</i></p> <p><i>In the absence of evidence to substantiate the collectability of the outstanding amount, we are unable to ascertain the valuation of these trade and other receivables.</i></p> <p><i>As at 31 July 2014, prepayments include an amount of \$889,000 purportedly related to consulting, legal and logistics services during the financial year ended 31 July 2014. At the date of this audit report, we have not been able to obtain adequate information and documentation on these transactions."</i></p>

Impairment losses and write-down	Amount as disclosed in AR2014 (in S\$'000)	Relevant Extracts from Independent Auditor Report
Write-down of inventories	2,000	<p><i>"We did not observe the counting of physical inventories at the end of the year. We are unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 July 2014 which are stated in the statement of financial position at \$1.5 million.</i></p> <p><i>As at 31 July 2014, inventories include an amount of \$1.2 million related to a subsidiary, Print Planner (Hong Kong) Limited ("PPHK"). The books and records of PPHK's inventories were not available.</i></p> <p><i>As a result of these matters, we are unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories. We are unable to carry out additional procedures necessary to satisfy ourselves as to whether the financial information of PPHK are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements."</i></p>
Total amount of impairment losses and write-down during FY2014	134,756	

We note from the table above that approximately S\$134.8 million losses during FY2014 was due to impairment losses and write-down on assets. Furthermore, the Independent Auditor had disclaimed their opinion in relation to approximately S\$59.6 million of impairment losses and write down, being the sum of impairment loss on available-for-sale financial assets, impairment loss on trade and other receivables and write-down of inventories.

We wish to highlight that, in view of Independent Auditor's disclaimer opinion on certain accounts, transactions, and/or balances for FY2014, there exists uncertainties surrounding the financial position of the Group as at 31 July 2014, 30 April 2015 and as at Latest Practicable Date. Our comments, analysis and opinion are subject to confirmation from the Directors that notwithstanding the basis for which Independent Auditor have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair.

Furthermore, the disclaimer of opinion with regards to, *inter alia*, going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, poses uncertainties on reliance of P/NTA (including revalued P/NTA).

5.2.4 Claims by creditors and winding up applications

We note from the AR2014 and announcements released by the Company that the Group is currently facing various claims from its creditors and lenders and winding up for the Company has been applied by its creditors and lenders. The Directors and the Management have represented and confirmed to us that the various claims or writ of summons or winding up applications are still subject to hearing and have not been resolved as at the Latest Practicable Date. We have enquired and, other than information announced by the Company, we have not been provided further information on the Claims (defined later) as represented and confirmed by the Director and the Management that such disclosure will be prejudicial to the interest of the Company. As such, we are unable to confirm or evaluate the effects of the

Claims (defined later) on the Group's financial position. Furthermore, the Management and Director have confirmed to us that the total amount of outstanding Claims (defined later) as announced by the Company are approximately S\$4.45 million.

(i) Claim A

On 8 July 2014, a merchant bank (the "**Merchant Bank**") issued a writ of summons against the Company and its wholly owned subsidiary, XPPL, for a sum of S\$734,287 owing by XPPL to the Merchant Bank. XPPL has breached certain financial covenants in the loan agreement. On 19 August 2014, the Company entered into a settlement agreement with the Merchant Bank in respect of the writ of summons. Pursuant to the terms of the settlement agreement, XPPL shall pay the sum to the Merchant Bank over 11-monthly instalments commencing October 2014.

(ii) Claim B

The Company is the guarantor of its subsidiary, XPPL, for a revolving credit facility provided by a bank (the "**Local Bank**") to the subsidiary. XPPL defaulted on loan repayment comprising the loan principal and interest due on 3 April 2014 amounting to S\$81,045.36. On 23 April 2014, the Local Bank terminated the remaining credit facility amount of \$1,175,000 and demanded repayment of this amount by the due date on 5 May 2014.

On 14 May 2014, the Company was served with a letter by the Local Bank, as guarantor, demanding payment of the loan and a bank overdraft together with interest thereon amounting to approximately S\$1.2 million. By a judgment dated 28 May 2014 obtained by the Local Bank against XPPL, it was adjudged that XPPL pay the Local Bank the said sum together with interest thereon from 9 May 2014 until the date of full payment. On 3 June 2014, the Local Bank served a letter on the Company, as guarantor, demanding payment of the sums due and owing by XPPL under the judgment, within 7 days from the date thereof. Despite the 3 June 2014 letter, the Company failed to pay the Local Bank the sums due and owing by XPPL under the judgment. On 12 June 2014, the Local Bank issued a writ of summons against the Company in respect of the claim. On 7 July 2014, the Local Bank filed a winding up application against XPPL for the sums due under the banking facilities of approximately S\$1.2 million. At the hearing held on 1 August 2014, the Company sought an adjournment of the winding up application for two months for the Company to complete a share placement exercise. At the adjourned hearing held on 3 October 2014, the Company sought an adjournment of the winding up application to 28 November 2014. At the adjourned hearing held on 28 November 2014, the Company sought an adjournment of the winding up application to 28 January 2015. As announced by the Company on 2 February 2015, the winding up application has been further adjourned to 27 March 2015. Subsequently, as announced on 7 April 2015, the winding up application has been further adjourned to 22 May 2015. On 29 May 2015, the Company has announced that the winding-up application initiated by the Local Bank has been further adjourned to 24 July 2015.

(iii) Claim C

The Company obtained a loan from a third party ("**Lender A**"), in two tranches S\$500,000 each amounting to S\$1,000,000 in aggregate during the financial year ended 31 July 2014. As at 31 July 2014, the outstanding amount of the loans was \$323,000.

On 21 August 2014, the Company was served with a writ of summons by Lender A. According to the statement of claim in the writ, Lender A claimed against the Company a sum of S\$375,000 as well as interests and costs as sums owing to him pursuant to a loan granted to the Company in September 2013. On 11 November 2014, Lender A served the Company with a summon for summary judgement in relation to his claims against the Company. On 20 November 2014, the Company reached an arrangement with Lender A under which the Company shall pay to the third party the sum via five monthly instalments from 10 December 2014.

Subsequent to the announcement made on 20 November 2014 in connection with the Claim C, Company had made payment amounts totaling S\$255,000 to the Plaintiff.

On 28 May 2015, the Company has announced that it has received copy of the judgment for the above matter. The State Courts has adjudged that the Company pays to the plaintiff for a total of S\$126,800 (including adjudged amount and costs, but excluding interests of 5.33% per annum from the date of writ to the date of judgment).

(iv) Claim D

On 15 August 2014, the Company obtained an interest-free loan of S\$1 million from a third party individual ("**Lender B**"). The loan is repayable to Lender B in full on 15 September 2014 or an earlier date upon the Company receiving proceeds from a private placement of shares.

On 24 October 2014, the Company was served with a writ of summons by Lender B. According to the statement of claim in the writ, Lender B claimed against the Company a sum of S\$1 million pursuant to an interest-free loan granted to the Company in August 2014. On 2 January 2015, the Company was served with summons for directions by Lender B with a hearing scheduled for 14 January 2015.

We further understand from the Management that the hearing scheduled on 14 January 2015 had been further adjourned on the following occasions 14 January 2015, 11 February 2015 and 18 March 2015. On 22 April 2015 the trial date was fixed between 19 to 21 May 2015. On 25 May 2015, the Company announced that the High Court has adjudged that the Company pays to the Plaintiff a total sum of S\$1,080,103.58.

(v) Claim E

As announced on 23 July 2014, the Landlord filed a winding-up application against the Company as corporate guarantor in relation to a dispute on rental arrears of approximately S\$400,000.

On 8 January 2015, the Landlord filed again a winding up application against the Company for a sum of \$913,864 owing by the Company's wholly owned subsidiary, XPPL to the Landlord in respect of the rent on office premises for the months from April 2014 until the date of full payment. A hearing of the winding up application is scheduled for 30 January 2015.

On 12 January 2015, the Company announced that the Landlord has applied to the Singapore High Courts for a winding-up application against the Company and appointment of the liquidator of the Company for failing to pay the sum of S\$913,863.57, being rental arrears allegedly due by XPPL to the Landlord as at 22 September 2014, pursuant to the lease agreement entered with the Landlord for the period from 30 January 2008 to 29 January 2015. The Company's solicitors had advised that the application was taken out by the Landlord in spite of the fact that: (1) XPPL had paid the Landlord a security deposit of \$981,878.00. This sum being greater than the rental arrears allegedly owed to the Landlord, the Landlord could have set off the sum of S\$913,863.57 allegedly owed by the Company to the Landlord from the said deposit in full. (2) The sums owed by the Company to the Landlord are disputed. The parties have been in negotiations regarding the repayment of the said sums since July 2014.

On 14 February 2015, the Company further announced that the hearing of the winding up application initiated by the Landlord was further adjourned to 10 April 2015 as both parties are trying to resolve matters amicably. Subsequently, on 13 April 2015, the Company announced that the hearing of the winding up application was further adjourned to 5 June 2015. On 12 June 2015, the Company further announced that the hearing of the winding up application in connection with Claim E was further adjourned to 24 July 2015.

(vi) Claim F

On 25 February 2015, the Company announced that a third party claimant had obtained a judgment in default against the Company's wholly-owned subsidiary, Print Planner (Hong Kong) Limited ("**PPHK**" or the "**Claimant**") for a sum of approximately RMB 1,856,100 (approximately S\$371,220) on 13 October 2014.

One of the Company's Non-Executive Directors and PPHK were in negotiation for settlement with the claimant in early October 2014 upon receiving the writ of summon. Both parties had reached a settlement and the settlement agreement ("**Settlement Agreement**") was executed in November 2014. The Company had received a confirmation letter on 25 February 2015 from the Claimant's legal advisers that the claimant had confirmed that subject to the terms of the Settlement Agreement, the Claimant will not enforce the judgment against PPHK. In the event that the Settlement Agreement is not honoured, the Claimant may enforce the judgment against PPHK.

On 19 March 2015, the Board of Directors clarified that the Company's Non-Executive Director is the party to the Settlement Agreement executed in November 2014 and assumed the liability for the Settlement Agreement.

Claim A, B, C, D, E and F shall collectively be referred as the "Claims".

As announced by the Company, the amount of Claims against the Group have been tabulated as follow:

Claims	Amount in S\$	Nature
Claim A	734,287	Loan
Claim B	1,223,769	Loan
Claim C*	126,800	Loan
Claim D	1,080,104	Loan
Claim E	913,864	Rental
Claim F	371,220	Judgement Default
	4,450,044	

Note: The amount under Claim C does not include interests of 5.33% per annum from the date of writ to the date of judgment.

We wish to highlight that the total outstanding amount of Claims of approximately S\$4.45 million is way higher than the Group's cash and cash position of approximately S\$0.6 million as at 30 April 2015. We understand from the Directors that in the event that no payment or settlement is made towards the Claims and the winding up applications initiated by its creditors and lenders are successful, the Company might be issued with a compulsory winding up order and enter into liquidation.

The Directors are of the view that the completion of the Proposed Subscription is extremely crucial as it will allow the Company to raise immediately net proceeds of up to approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions), which will be used to settle the outstanding payables of the Company (in particular the Claims), offsetting or repayment of the principal and interest of the Loan and working capital requirements.

We would like to highlight that the liabilities or potential liabilities arising from the Claims including any outstanding amount settled, timing of settlement and amount of liabilities (including those arising from the contingent liabilities) may vary.

As at the Latest Practicable Date, taking into account the Group's internal resources, its operating cash flow, and in the event that the Proposed Transactions lapse, the Directors confirm that the working capital available to the Group is not sufficient to meet its present requirements (including the Claims and the Loan).

As at the Latest Practicable Date, taking into account the Group's internal resources, its operating cash flow, the net proceeds from the Proposed Subscription of approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions) and without considering the proceeds from potential conversion of the Warrants, the Directors confirm that the working capital available to the Group is sufficient to meet its present requirements (including the Claims and the Loan).

5.2.5 Disclaimer of Opinion

We note that the Independent Auditor issued a disclaimer of opinion in its Audit Report 2014 relating to, *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties. The Independent Auditor highlighted in the Audit Report 2014 that because of the significance of the matters described in the basis for disclaimer of opinion section, they have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, they do not express an opinion on the financial statements. The following paragraphs as set out in italics below are extracted from the Auditor Report 2014 (page F 08 to F 10 of the AR2014). We recommend that Independent Directors advise Shareholders to read this section of the AR2014 and together with the relevant notes to the financial statements which form part of AR2014 carefully:-

“Basis for disclaimer of opinion

(i) Going concern

As disclosed in Note 13 to the financial statements, the Company and certain subsidiaries within the Group have defaulted in payments and breached certain financial covenants and failed to comply with certain indebtedness agreements. As at the date of this report, the Group has received notices of default from various lenders for repayment of outstanding loans as well as termination of credit facilities granted to companies in the Group.

On 8 January 2015, the landlord of the Group’s corporate office premises (the “Landlord”) filed a winding up application against the Company for a sum of \$913,864 owing by a subsidiary, Xpress Print (Pte) Ltd to the Landlord in respect of the rent on office premises for the months from April 2014 until the date of full payment. A hearing of the winding up application is scheduled for 30 January 2015.

As discussed in Note 2 to the financial statements, the Group incurred a net loss of \$146 million during the financial year ended 31 July 2014 and as at that date, the Group’s and the Company’s current liabilities exceeded its current assets by \$7.1 million and \$3.4 million, respectively. As at 31 July 2014, the Group’s overdrafts exceeded its cash balances and fixed deposit by approximately \$715,000.

The matters set out above and in Note 2 to the financial statements indicate the existence of a material uncertainty which cast a significant doubt on the Group’s and the Company’s ability to continue as going concerns. The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Company will continue in operation at least for a period of 12 months from the balance sheet date. The financial statements of the Group and the Company do not include any adjustments relating to the realisation and classification of asset amounts that may be necessary if the Company and the Group are unable to continue as going concerns. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheets. In addition, the Company and the Group may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements of the Group and the Company in respect of these.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the share placement as disclosed in Note 30 to the financial statements. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

(ii) Available-for-sale financial asset

As disclosed in Note 7 to the financial statements, the investee is not listed on any stock exchange, a quoted market price is not available. The Company was unable to gain access to the financial information of the unquoted equity securities to determine the fair value of the investment at 31 July 2014. According to management, the investee was supposed to seek a public listing in the People’s Republic of China which did not materialise. The investee, being in the traditional printing industry, has been badly affected by the decline in business prospects in China. Management therefore decided to recognise an impairment loss on the investment with a resultant loss amounting to \$1,940,000 as disclosed in Note 7 to the financial statements.

In the absence of information from management on the fair value of the investment. We were not able to perform our audit procedures, and there were no practicable alternative audit procedures that we could carry out to ascertain the appropriateness of the impairment amount.

(iii) *Trade and other receivables and prepayments*

- (a) *As at 31 July 2014, trade and other receivables amounting to approximately \$4.9 million are outstanding for more than one year. No impairment loss has been recognised in respect of this amount as management is confident in recovering the entire amount owing by the customers. There is no objective evidence from management that the amount is recoverable. In the absence of evidence to substantiate the collectability of the outstanding amount, we are unable to ascertain the valuation of these trade and other receivables.*
- (b) *As at 31 July 2014, prepayments include an amount of \$889,000 purportedly related to consulting, legal and logistics services during the financial year ended 31 July 2014. At the date of this audit report, we have not been able to obtain adequate information and documentation on these transactions.*

(iv) *Inventories*

We did not observe the counting of physical inventories at the end of the year. We are unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 July 2014 which are stated in the statement of financial position at \$1.5 million. As at 31 July 2014, inventories include an amount of \$1.2 million related to a subsidiary, Print Planner (Hong Kong) Limited (“PPHK”). The books and records of PPHK’s inventories were not available. As a result of these matters, we are unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories. We are unable to carry out additional procedures necessary to satisfy ourselves as to whether the financial information of PPHK are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements.

(v) *Loans from third parties*

As disclosed in Note 13 to the financial statements, a subsidiary obtained a loan from a third party amounting to \$720,000 as at 31 July 2014, which, according to management, is unsecured, interest-free and repayable upon demand. As at the date of this audit report, we have not been provided with a copy of the loan agreement and have been unable to obtain independent confirmation from the lender. We do not consider information and records made available to us from alternative procedures sufficient for us to form an opinion on as to the completeness, existence and accuracy and fair presentation of the loan.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion section above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.”

The Directors and the Management confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter and the audited financial statements for the Group for FY2014 and unaudited financial results announcements for 9M2015, there has been no material changes to the Group’s assets and liabilities, financial position, condition and performance.

5.3 The Group’s NAV and NTA

NAV and NTA Analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities’ interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be

distributed to its shareholders. However the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values at which assets may actually be realized or disposed of.

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

NAV and NTA of the Group

In assessing the Subscription Price of the Placement Shares and the Exercise Price of the Warrants, we have reviewed the unaudited statement of financial position of the Group as at 30 April 2015 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited balance sheet of the Group as at 30 April 2015 and in the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets or liabilities (including contingent or post balance sheet events) which ought to be reflected or disclosed in such unaudited statement of financial position as at 30 April 2015 in accordance with Singapore Financial Reporting Standards and which have not been so reflected or disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, save as disclosed in the Circular or this Letter, there were no material contingent liabilities or post balance sheet events, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 30 April 2015, save as reflected or disclosed in the unaudited financial statement of the Group as at 30 April 2015 as well as the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities (including contingent liabilities or post balance sheet events) as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

Consolidated unaudited financial position as at 30 April 2015	S\$'000
<u>Non-Current Assets</u>	
Plant and equipment	7,786
	7,786
<u>Current Assets</u>	
Inventories	1,689
Trade receivables	9,777
Other receivables	4,383
Cash and cash equivalents	602
	16,451
<u>Current Liabilities</u>	
Trade and other payables	17,646
Borrowings	3,936
Finance lease liabilities	620
Income tax payable	15
	22,217
<u>Non-Current Liabilities</u>	
Finance lease liabilities	673
Deferred income tax liabilities	20
	693
Net assets value (“NAV”) including non-controlling interest	1,327
Non-controlling Interest	183
NAV attributable to equity holders of the Company	1,144
Less: Intangible assets	-
	1,144
Net Tangible Assets (“NTA”) as at 30 April 2015	1,144
NAV/NTA per Share ⁽²⁾ (S\$ cents)	0.046733
Subscription Price/ Exercise Price (S\$ cents)	0.70
Premium of Subscription Price/ Exercise Price over the Group’s NAV/NTA per Share	1,397.9%

Notes:

- (1) The figures above are based on the Group’s unaudited financial statement for 9 months period ended 30 April 2015. The figures and computations above are subject to rounding
- (2) The figures are computed based on the Company’s issued Share capital of 2,447,927,123 Shares as at the Latest Practicable Date.

For illustrative purposes only, the Subscription Price and the Exercise Price represents a substantial premium of approximately 1,397.9% to the Group’s NAV per Share and NTA per Share as at 30 April 2015 respectively.

Revalued NAV and NTA of the Group

In our evaluation of the Subscription Price and the Exercise Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which recorded in the unaudited balance sheet of the Group as at 30 April 2015. We understand from the Directors that the Company has commissioned the Independent Valuer, to provide the fair values of the Appraised Assets as at 31 January 2015 (the “Valuation Date”).

We note that the net book value of the Appraised Assets is approximately RMB29.5 million as at the Valuation Date, which is higher than the appraised value as ascribed by the Independent Valuer of approximately RMB27.9 million or approximately S\$6.1 million (based on the exchange rate of S\$1:RMB4.5465 as at the Latest Practicable Date).

For illustrative purpose only, the revaluation deficit has been calculated and presented in the table below assuming a hypothetical sale of the Appraised Assets as at the Valuation Date, at the values as ascertained by the Independent Valuer. It is assumed that there will be no deferred tax liability on the revalued Appraised Assets. The Directors and the Management have also represented to us that there is no potential tax liability if the Appraised Assets which are subject(s) to valuation were to be sold at the amount of the valuation.

The Group's Revalued NAV and NTA	S\$'000
Market Value of Appraised Assets as at the Valuation Date (in RMB '000)	27,920
Market Value of Appraised Assets as at the Valuation Date (in S\$ '000)	6,141
Net book value of Appraised Assets as at the Valuation Date (in RMB '000)	29,452
Net book value of Appraised Assets as at the Valuation Date (in S\$ '000)	6,478
Revalued deficit (in S\$'000)	(337)
NTA as at 30 April 2015 (in S\$'000)	1,144
Revalued deficit (in S\$'000)	(337)
Revalued NAV/NTA (in S\$'000)	807
Revalued NAV/NTA per Share (S\$ cents)	0.0330
Subscription Price/ Exercise Price (S\$ cents)	0.700
Premium of Subscription Price/ Exercise Price over the Group's Revalued NAV/NTA per Share	2,023.5%

Notes:

- (1) For the purpose of computing the Revalued NAV and NTA, the revaluation deficit has been calculated and presented in the table above assuming a hypothetical sale of the Appraised Assets as at the Valuation Date and that there is no deferred tax liability on the revalued Appraised Assets. The Revalued NAV and NTA shown above includes revaluation deficit on the Appraised Assets, Independent Shareholders should note that the Group has not realised the deficit on such assets as at the Latest Practicable Date, and that there is no assurance that the revaluation deficit eventually recorded by the Group on the Appraised Assets as described above (in the event that the Appraised Assets are disposed) will be the same as that indicated above.
- (2) The figures are computed based on the Company's issued Share capital of 2,447,927,123 Shares as at the Latest Practicable Date.
- (3) S\$:RMB exchange rate 4.5465 as at the Latest Practicable Date.

Based on the table above, the Subscription Price or the Exercise Price represents a premium of approximately 2,023.5% to the Revalued NAV per Share and Revalued NTA per Share of the Group.

We wish to highlight that as illustrated in Section 5.7 of this Letter, the theoretical value of the Warrants as at the MOU Announcement Date is approximately S\$0.0068 per Warrant or S\$0.0136 for two (2) Warrants. In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 for two (2) Warrants (in view of the basis of two Warrants for every Placement Share and the Warrants are issued "free") is deducted from the Subscription Price, the adjusted Subscription Price ("**Adjusted Subscription Price**") would be negative and not meaningful. Thus the comparison of the Adjusted Subscription Price with the Group's Revalued NTA is not meaningful.

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

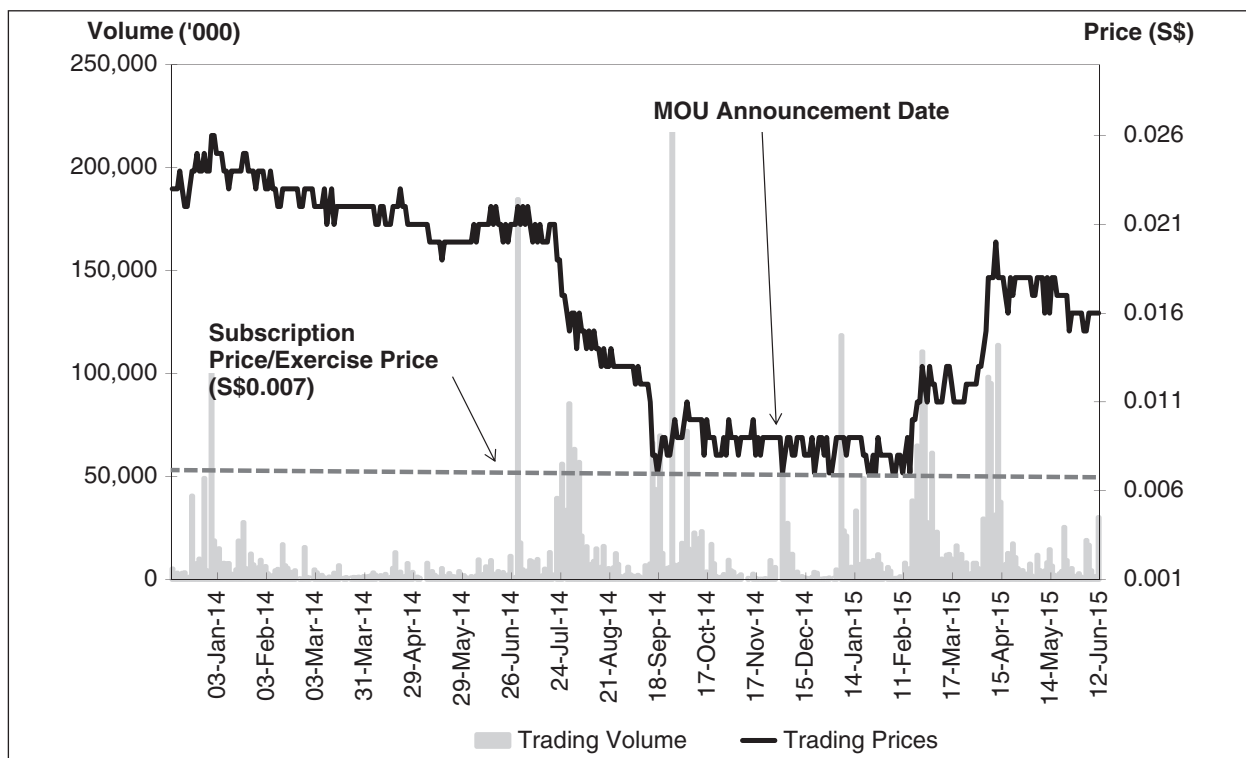
Independent Directors are advised to assess the premium implied by the Subscription Price and Exercise Price over or the comparison of the Adjusted Subscription Price with the Group's Revalued NAV and NTA per Share in conjunction with the fact that the Group has made a significant loss during FY2014 (which was mainly due to impairment losses and write-offs on the Group's assets) with significant decline in its core activities (in terms of revenue) since FY2012, the Group's weak financial position as at 30 April 2015 with negative net working capital of approximately S\$5.8 million and minimum amount of shareholders equity (approximately S\$1.1 million) as well as relatively high gearing ratio (as compared to the Selected Comparable Companies (defined later)), the disclaimer of opinion highlighted in the Audit Report 2014 in relation to, *inter alia*, going concern assumptions, and as well as the Claims and/or application for winding-ups by the Group's creditors and Landlord. In the event that the creditors and/or the Landlord succeeds in obtaining court order for the compulsorily winding-up of the Company and its subsidiaries, the Group may enter into a liquidation process and given that the aggregate amount of Claims as at the Latest Practicable Date are significantly higher than the Group's cash and cash equivalent and shareholders' equity as at 30 April 2015), it is likely that the cash held by the Group will not be sufficient for distribution to the Shareholders.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA and is realisable or distributable to the Shareholders of the Group or the Company. Our comments, analysis and opinion (including *inter alia* computation of the Revalued NAV and NTA as well as the relevant premiums/discounts represented by the Subscription Price or the Adjusted Exercise Price over/from the Group's NAV or NTA as at 30 April 2015 or the Revalued NAV or NTA) are subject to confirmation from the Directors that notwithstanding the basis for which Independent Auditor have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair.

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

5.4 Market quotation and trading activities for the Shares

The historical price chart for the Shares (based on the closing prices and the number of Shares traded on a daily basis) during the period commencing from 6 December 2013 (being the Market Day 12 months prior to the MOU Announcement Date) and ending on the Latest Practicable is set out below:–



Source: SGX-ST

For the period commencing from 6 December 2013 and ending on 5 December 2014, being the MOU Announcement Date (both dates inclusive), we note that closing prices for the Shares were above the Subscription Price or the Exercise Price on 251 Market Days out of the total 253 Market Days, and equal to the Subscription Price or the Exercise Price on 2 Market Days out of the total 253 Market Days. For the said period, the closing prices for the Shares were always higher or in line with the Subscription Price or the Exercise Price and the highest transacted price for the Shares were S\$0.028, which is substantially higher than the Subscription Price or the Exercise Price. Closing prices for the Shares declined by approximately 60.9% from 6 December 2013 to 5 December 2014. We note that subsequent to the MOU Announcement, the Share price declined from S\$0.009 to close at S\$0.008 on 8 December 2014, being the Market Day immediately after the MOU Announcement Date.

For the period commencing from 8 December 2014 (being the Market Day immediately after the MOU Announcement Date) till 12 June 2015 (being the Latest Practicable Date), the closing prices for the Shares have always been higher or in line with the Subscription Price or the Exercise Price and closing prices for the Shares increased by approximately 100.0% from S\$0.008 as at 8 December 2014 to S\$0.016 as at 12 June 2015, being the Latest Practicable Date.

As a general market comparison and observation, the FTSE Straits Times Index (“**FTSE ST**”) increased by approximately 6.8% for the period commencing from 6 December 2013 and ending on 5 December 2014, being the MOU Announcement Date and subsequently increased by approximately 1.7% from 8 December 2014 to the Latest Practicable Date. The Shares have underperformed the FTSE ST for the period commencing from 6 December 2013 and ending on the MOU Announcement Date and outperformed for the period commencing from the Market Day immediately after the MOU Announcement Date till the Latest Practicable Date.

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

The volume-weighted closing price (“**VWCP**”), the highest and lowest transacted prices and the average daily trading volume for the Shares, for the period commencing from 6 December 2013 to the Latest Practicable Date are set out below:-

	VWCP per Share⁽¹⁾ (S\$)	Premium/ (Discount) of the Subscription Price or the Exercise Price over/from VWCP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume⁽²⁾ (Shares)	Average daily trading volume as % of free-float⁽³⁾ (%)
For the period prior to and including the MOU Announcement Date (5 December 2014)						
Last 12 months	0.0162	(56.7)%	0.006	0.028	9,731,878	0.481%
Last 6 months	0.0135	(48.0)%	0.006	0.024	14,131,620	0.699%
Last 3 months	0.0089	(21.5)%	0.006	0.013	13,958,905	0.690%
Last 1 month	0.0080	(12.6)%	0.006	0.010	6,234,364	0.308%
Last transacted price on 5 December 2014 (being the MOU Announcement Date) ⁽⁴⁾	0.0090	(22.2)%	0.009	0.009	12,195,000	0.603%
For the period after the MOU Announcement Date to the Latest Practicable Date						
Till the Latest Practicable Date	0.0134	(47.7)%	0.006	0.020	13,499,360	0.668%
Last transacted price on the Latest Practicable Date) ⁽⁵⁾	0.0160	(56.3)%	0.016	0.019	30,090,000	1.488%

Source: SGX-ST

Notes:

- (1) The VWCP had been weighted based on the last transacted prices of the Shares and traded volumes for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.
- (3) Free-float refers to the approximately 2,021,905,696 Shares or approximately 82.60% of the issued Shares held by Shareholders (other than the Substantial Shareholders, the Investor and his concert parties, and the Directors) as at the Latest Practicable Date and as enumerated in the Circular.
- (4) This represents the last transacted price instead of VWCP for the Shares on 5 December 2014, being the MOU Announcement Date.
- (5) This represents the last transacted price instead of VWCP and trading volume for the Shares on 12 June 2015, being the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note that the Subscription Price and the Exercise Price is:

- (i) at a discount of approximately 22.2% from the last transacted price of S\$0.009 per Share on the SGX-ST on 5 December 2014 (being the MOU Announcement Date);
- (ii) at a discount of approximately 56.7%, 48.0%, 21.5% and 12.6% from the VWCP for the Shares for the period 12-month, 6-month, 3-month and 1-month prior to and including the MOU Announcement Date;

- (iii) at a discount of approximately 47.7% from the VWCP for the Shares for the period commencing after the MOU Announcement Date and ending on the Latest Practicable Date; and
- (iv) at a discount of approximately 56.3% from the last transacted price of S\$0.016 per Share on the Latest Practicable Date.

For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 6 December 2013 and ending on the Latest Practicable Date, we note that:-

- (i) from 6 December 2013 to 5 December 2014, being the MOU Announcement Date (both dates inclusive), the Shares were traded on 238 Trading Days out of the total 253 Market Days during the period, with the total number of Shares traded being approximately 2,462.2 million Shares and an average daily trading volume of approximately 9.7 million Shares for the period, which represents approximately 0.40% of the issued Share capital as at the Latest Practicable Date or approximately 0.48% of the issued Share capital held by Shareholders other than the Substantial Shareholders, the Investor and his concert parties, and the Directors as at the Latest Practicable Date.
- (ii) for the period commencing from 8 December 2014, being the Market Day after the MOU Announcement Date, till the Latest Practicable Date (both dates inclusive), Shares were traded on 123 Trading Days out of the total 126 Market Days during the period, with the total number of Shares traded being approximately 1,700.9 million Shares and an average daily trading volume of approximately 13.5 million Shares, which represents approximately 0.55% of the issued Share capital as at the Latest Practicable Date or approximately 0.67% of the issued Share capital held by Shareholders other than the Substantial Shareholders, the Investor and his concert parties, and the Directors as at the Latest Practicable Date.
- (iii) We note that trading volume for the Shares were exceptionally high prior to the MOU Announcement Date for the following dates: 31 December 2013 (approximately 103.6 million Shares); 1 July 2014 (approximately 184.4 million Shares) where on the same day, the Company was queried by the SGX-ST for the substantial increase in trading volume for the Shares for which the Company has responded in the negative; and 26 September 2014 (approximately 222.1 million Shares) following the announcement of change of Board of Directors' composition on 19 September 2014. In the event that the number of traded Shares for the above dates were excluded, the discounts implied by the Subscription Price from the VWCP for the Shares for the 12-month period prior to and including the MOU Announcement Date would have been slightly lower, at approximately 56.0%. It is also noted that on 7 January 2015, being the Market Day immediately after the Announcement Date, the trading volume for the Shares was exceptionally high (approximately 118.4 million Shares).

We note that trading for the Shares is erratic and that the number of Shares traded for the 1 year period prior to and including the MOU Announcement Date, is relatively low as compared to the number of issued Shares as at the Latest Practicable Date. However, the trading for the Shares were relatively active in the context of that the Shares were traded on 238 Trading Days out of the total 253 Market Days during the 1 year period prior to and including the MOU Announcement Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller.

We also note that the number of Shares that were traded on a daily basis for the period commencing after the MOU Announcement Date till the Latest Practicable Date is higher than the number of Shares that were traded on a daily basis during the 12-month period prior to the MOU Announcement Date.

We observed that the Share price has increased by 100.0% from the closing price as at 8 December 2014 (being the Market Day immediately after the MOU Announcement Date) to close at S\$0.016 on the Latest Practicable Date, which is substantially higher than the Subscription Price and the Exercise Price. It is noted that despite the decline in 9M2015 financial performance in terms of revenue and net profit as compared to 9M2014, the release of the audited financial statements of the Group for FY2014 with substantial net loss after tax of approximately S\$145.6 million, negative net working capital and disclaimer of opinion issued by the Independent Auditor on *inter alia* the going concern assumption, the prices of the Shares may have been supported and cushioned by the announcement of the MOU and the Placement Agreement. As such, there is no assurance that the average number of Shares traded on a daily basis for

the period commencing after the MOU Announcement Date till the Latest Practicable Date (as compared to the historical period prior to the MOU Announcement Date) will be maintained or that the transacted prices for the Shares will be the same and at the levels prevailing during the period commencing from the MOU Announcement Date and ending on the Latest Practicable Date in the event that the Proposed Subscription lapse.

The discount represented by the Subscription Price from the historical prices of the Shares should be assessed in the context of the Group's weak financial performance and position (with substantial net loss after tax of approximately S\$145.6 million in FY2014, erosion of the Group's shareholders equity and negative net working capital), disclaimer of opinion issued by the Independent Auditor on *inter alia* the going concern assumption, and the outstanding Claims (as well as possibility of winding up).

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

5.5 Relative valuation analysis

In evaluating the Subscription Price or the Exercise Price, we have considered the financial performance, financial position and valuation statistics of Selected Comparable Companies that may, in our view, be broadly comparable to the core businesses of the Group, which is in the printing business (the "**Selected Comparable Companies**").

The Selected Comparable Companies have been identified after a search was carried out on the SGX-ST, the Hong Kong Stock Exchange ("**HKEX**"), and the Taiwan Stock Exchange ("**TWSE**") and evaluation of the companies operating in the same industry as the Group. We have had discussions with the Directors and Management about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Group. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. The Selected Comparable Companies may or may not have similar business operations or similar assets as the Group, accounting policies with respect to the values for which the assets or the revenue and cost are recorded or the relevant financial period compared may differ from the Group.

We advise Independent Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the business of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Independent Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

Selected Comparable Companies	Market capitalisation (S\$ million)	Principal activities
Teckwah Industrial Corporation Ltd (" Teckwah ") <i>Listed on SGX-ST</i>	81.7	The group operates through three segments: print, non-print and services. The print segment engages in printing and packaging, digital database management, packaging design and provides value chain services. The non-print segment provides third party logistic, return, refurbishment and remarketing services for computer equipment. The services segment includes property management and others.

Selected Comparable Companies	Market capitalisation (S\$ million)	Principal activities
Craft Print International Limited (“ Craft Print ”) <i>Listed on SGX-ST</i>	13.9	The group engages in providing commercial printing services and operates through three segments: book and magazines, calendars, and annual reports and others.
Blue Sky Power Holdings Limited (formerly known as China Print Power Group Limited) (“ Blue Sky ”) <i>Dual listed on the SGX-ST and HKSE</i>	392.9	The group engages in the printing business and sale of paper and leather products and operates through the following business segments: book products and specialised products. The book products segment engages in the provision of full suite of services from pre-press to printing to finishing/binding services. The specialised products segment engages in the production of custom made and value-added printing products. The group also manufactures a wide range of items such as board books, photo albums, journals, planners, calendars, and non-book items like packing boxes, box sets, greeting cards, pop up cards and card sets.
Midas International Holdings Limited (“ Midas ”) <i>Listed on the HKSE</i>	143.7	The group engages in the printing of books and paper products and operates through two segments: book printing and paper product printing. The book printing segment exports books. The paper product printing segment specializes in the printing and manufacturing of all kinds of paper products, commercial and packaging printing products, such as gift boxes, paper bags, greeting cards, stationery sets, packaging boxes for toys and electronic products, user manual and commercial books.
Neway Group Holdings Limited (“ Neway ”) <i>Listed on the HKSE</i>	97.8	The group engages in the provision of printing of labels, plastic cards, advertising materials, and music and entertainment services. It operates its business through four segments: manufacturing and sales, trading, music and entertainment, and securities trading. The manufacturing and sales segment engages in the manufacturing and sale of printing products in Hong Kong and China. The trading segment engages in the trading of manufactured printing products in Hong Kong. The music and entertainment segment engages in the artistes management, production and distribution of music albums, investment in teleplays, cultural and entertainment projects. The securities trading segment engages in the investment in the securities market in Hong Kong.
1010 Printing Group Limited (“ 1010 Printing ”) <i>Listed on the HKSE</i>	173.7	The group engages in the providing printing services to international book publishers, trade, professional and educational conglomerates and print media companies. Its printed products comprise mainly of illustrated leisure and lifestyle books, educational text books, learning materials and children’s books.
Bai Sha Technology Co., Ltd. (“ Bai Sha ”) <i>Listed on TWSE</i>	35.8	The group engages in the production and sale of commercial printing products. It operates in Taiwan, East China, and North China. Its products include business cards, posters, wedding cards, envelopes, and cultural printing products.
Forward Graphic Enterprise Co., Ltd. (“ Forward Graphic ”) <i>Listed on TWSE</i>	18.8	The group engages in the manufacture, process and sale of printing products. Its products include package, Books, Notebook, Catalogue, Calendar, DIY Product and ECO Friendly cultural printings, ultra violet printings and special printings.

Source: Bloomberg, SGX-ST, HKSE, TWSE and respective companies’ websites

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies and the Group:-

Selected Comparable Companies	FYE	ROE ⁽¹⁾ (%)	Net profit margin ⁽²⁾ (%)	Asset turnover ⁽³⁾ (times)	Total liabilities ⁽⁴⁾ / shareholder equity ⁽⁵⁾ (times)	Total borrowings ⁽⁶⁾ / shareholder equity ⁽⁵⁾ (times)
Teckwah	31-Dec-14	6.7%	5.2%	0.9	0.4	0.2
Craft Print	30-Sep-14	Negative ⁽⁷⁾	Negative ⁽⁷⁾	0.3	0.5	0.1
Blue Sky	31-Dec-14	Negative ⁽⁸⁾	Negative ⁽⁸⁾	0.2	0.4	0.1
Midas	31-Mar-14	Negative ⁽⁹⁾	Negative ⁽⁹⁾	0.3	0.9	0.4
Neway	31-Mar-14	Negative ⁽¹⁰⁾	Negative ⁽¹⁰⁾	0.7	0.2	0.02
1010 Printing	31-Dec-14	19.4%	11.1%	1.1	0.6	0.2
Bai Sha	31-Dec-14	11.8%	7.2%	0.9	0.8	0.5
Forward Graphic	31-Dec-14	Negative ⁽¹¹⁾	Negative ⁽¹¹⁾	0.4	0.2	0.1
Maximum		19.4%	11.1%	1.1	0.9	0.5
Minimum		6.7%	5.2%	0.2	0.2	0.02
Median		11.8%	7.2%	0.6	0.5	0.2
Simple average		12.6%	7.8%	0.6	0.5	0.2
The Group (FY2014)	31-Jul-14	Negative⁽¹²⁾	Negative⁽¹²⁾	0.7	349.3	88.1

Source: The latest annual reports or announced unaudited full year financial statements of respective companies. The ratios for Teckwah, Blue Sky, 1010 Printing, Bai Sha and Forward Graphic are based on the audited financial statements for the financial year ended 31 December 2014. For Midas and Neway, the ratios are computed based on the audited financial statements for the financial year ended 31 March 2014. For Craft Print, the ratios are computed based on the audited financial statements for the financial year ended 30 September 2014. For the Group, the ratios are computed based on the audited financial statements for the financial year ended 31 July 2014.

Notes:

- (1) The return on equity ("ROE") is based on the ratio of the consolidated net profits after tax attributable to the shareholders to the consolidated shareholders equity excluding minority interest of the respective companies.
- (2) Net profit margin is the ratio of the consolidated net profits after tax attributable to shareholders to the total consolidated revenue of the respective companies.
- (3) Asset turnover is the ratio of the total consolidated revenue to the total consolidated assets of the respective companies.
- (4) Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities.
- (5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies as at the respective financial year end of the Selected Comparable Companies and the Group.
- (6) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts.
- (7) Craft Print incurred a loss after tax attributable to the equity holders of approximately S\$3.9 million for the financial year ended 30 September 2014. Hence, Craft Print's ROE and net profit margin ratios are negative and not meaningful.
- (8) Blue Sky incurred a loss after tax attributable to the equity holders of approximately HK\$70.8 million for the financial year ended 31 December 2014. Hence, Blue Sky's ROE and net profit margin ratios are negative and not meaningful.
- (9) Midas incurred a loss after tax attributable to the equity holders of approximately HK\$42.5 million for the financial year ended 31 March 2014. Hence, Midas's ROE and net profit margin ratios are negative and not meaningful.
- (10) Neway incurred a loss after tax attributable to the equity holders of approximately HK\$21.0 million for the financial year ended 31 March 2014. Hence, Neway's ROE and net profit margin ratios are negative and not meaningful.
- (11) Forward Graphic incurred a loss after tax attributable to the equity holders of approximately TW\$10.0 million for the financial year ended 31 December 2014. Hence, Forward Graphic's ROE and net profit margin ratios are negative and not meaningful.
- (12) The Group incurred a loss after tax attributable to the equity holders of approximately S\$145.6 million for FY2014. Hence the Group's ROE and net profit margin ratios are negative and not meaningful. After adjusting for non-recurring items such as impairment losses and write-down on inventories of approximately S\$134.8 million in aggregate, the Group's loss would have been approximately S\$10.9 million.
- (13) Figures presented in the table are subject to rounding differences.

Relative Performance of the Group

For illustrative purposes only, we note the following:

The Group incurred a loss after tax attributable to the equity holders of approximately S\$145.6 million for FY2014. Hence the Group's ROE and net profit margin ratios are negative and not meaningful. After adjusting for non-recurring items such as impairment losses and write-down on inventories of approximately S\$134.8 million in aggregate, the Group's loss would have been approximately S\$10.9 million. In comparison, three (3) out of eight (8) of the Selected Comparable Companies were profitable for the period under review with positive ROEs and net profit margins which ranged between 6.7% to 19.4% and between 5.2% to 11.1% respectively. For illustrative purpose only, the Group's negative ROE and negative net profit margin of approximately are worse off than the five Selected Comparable Companies which were loss making.

The Group's asset turnover of approximately 0.7 time is within the range and slightly higher than the median and the simple average for the Selected Comparable Companies. In addition, the ratio of total liabilities to shareholders' equity and total borrowings to shareholders' equity for the Group are significantly higher and less favourable than any of the Selected Comparable Companies.

In summary, the historical financial performance of the Group as reflected by its ROE and net profit margin appears to be weaker than the Selected Comparable Companies as the Group incurred a substantial loss after tax attributable to the equity holders of approximately S\$145.6 million for FY2014, whilst its asset turnover appears to be relatively in line with the median and the simple average for the Selected Comparable Companies. Lastly, the Group's financial position in terms of the ratio of total borrowings to shareholders' equity and total liabilities to shareholders' equity are significantly higher and less favourable than any of the Selected Comparable Companies. Independent Directors should highlight to the Independent Shareholders *inter alia* the Group's weak financial position, cash flow constraints, and uncertainties with respect to (a) the Group's ability to repay its debt and obligations as and when they fall due as well as its ability to continue as a going concern; and (b) continued availability of funds to support its daily operations. The Directors and the Management have also confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter and the audited financial statements for the Group for FY2014 and unaudited financial results for 9M2015, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, and for the Group the valuation statistics are based on the Subscription Price and Exercise Price. All the valuation statistics are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Group and should be evaluated in the context of their relative financial performance.

Selected Comparable Companies	Market capitalisation (S\$ million)	EV/ EBITDA (times)	PER ⁽¹⁾ (times)	P/NAV ⁽²⁾ (times)	P/NTA ⁽³⁾ (times)	Premium/ (discount) over/from NTA (%)
Teckwah	81.7	4.5	9.5	0.6	0.7	(33.0)%
Craft Print	13.9	Negative ⁽⁶⁾	Negative ⁽⁶⁾	0.5	0.5	(55.0)%
Blue Sky	392.9	Negative ⁽⁷⁾	Negative ⁽⁷⁾	2.7	38.6	3,759.3%
Midas	143.7	Negative ⁽⁸⁾	Negative ⁽⁸⁾	1.8	1.8	78.0%
Neway	97.8	91.6	Negative ⁽⁹⁾	0.7	0.7	(26.6)%
1010 Printing	173.7	4.8	6.8	1.3	1.7	73.1%
Bai Sha	35.8	4.5	8.0	0.9	1.0	(4.8)%
Forward Graphic	18.8	134.2	Negative ⁽¹⁰⁾	1.1	1.1	14.4%
Maximum	392.9	134.2	9.5	2.7	38.6	3,759.3%
Minimum	13.9	4.5	6.8	0.5	0.5	(55.0)%
Median	89.8	4.8	8.0	1.0	1.0	4.8%
Simple average	119.8	47.9	8.1	1.2	5.8	475.7%
The Group						
Subscription Price or Exercise Price⁽⁴⁾	17.1	Negative⁽¹¹⁾	Negative⁽¹¹⁾	21.2	21.2	2,023.5%
Latest Practicable Date⁽⁵⁾	39.2	Negative⁽¹¹⁾	Negative⁽¹¹⁾	48.5	48.5	4,753.7%

Notes:

- (1) The PERs for the Selected Comparable Companies are based on the earnings per share as reflected in their latest announced unaudited full year financial statements or audited financial statements from their annual reports as at the respective financial year end.
- (2) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced unaudited full year financial statements or audited financial statements from their annual reports.
- (3) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced unaudited full year financial statements or audited financial statements from their annual reports.
- (4) The computations for PER, EV/EBITDA, P/NTA and P/NAV ratios are based on the Subscription Price or Exercise Price, the Group's Revalued NAV and NTA (please refer to Section 5.3 of this Letter).
- (5) The computations for PER, EV/EBITDA, P/NTA and P/NAV ratios are based on the market capitalisation based on the last transacted price for the Shares as at the Latest Practicable Date, the Group's Revalued NAV and NTA (please refer to Section 5.3 of this Letter).
- (6) Craft Print incurred a loss after tax attributable to the equity holders of approximately S\$3.9 million and negative EBITDA of approximately S\$2.2 million for the financial year ended 30 September 2014. Hence, Craft Print's PER and EV/EBITDA ratios are negative and not meaningful.
- (7) Blue Sky incurred a loss after tax attributable to the equity holders of approximately HK\$70.8 million and negative EBITDA of approximately HK\$50.6 million for the financial year ended 31 December 2014. Hence, Blue Sky's PER and EV/EBITDA ratios are negative and not meaningful.
- (8) Midas incurred a loss after tax attributable to the equity holders of approximately HK\$42.5 million and negative EBITDA of approximately HK\$20.2 million for the financial year ended 31 March 2014. Hence, Midas's PER and EV/EBITDA ratios are negative and not meaningful.
- (9) Neway incurred a loss after tax attributable to the equity holders of approximately HK\$21.0 million the financial year ended 31 March 2014. Hence, Neway's PER ratios is negative and not meaningful.
- (10) Forward Graphic incurred a loss after tax attributable to the equity holders of approximately TW\$10.0 million for the financial year ended 31 December 2014. Hence, Forward Graphic's PER ratios is negative and not meaningful.
- (11) The Group incurred a loss after tax attributable to the equity holders of approximately S\$145.6 million and negative EBITDA of approximately S\$142.7 million for FY2014. Hence the Group's PER and EV/EBITDA ratios are negative and not meaningful. After adjusting for non-recurring items such as impairment losses and write-down on inventories of approximately S\$134.8 million in aggregate, the Group still incurred loss of approximately S\$10.9 million and negative EBITDA of approximately S\$8.0 million.

For illustrative purposes only, we note the following:

- (i) The market capitalisation of the Group as implied by the Subscription Price and Exercise Price of S\$0.007 is within the range but substantially lower than the simple average and median for the Selected Comparable Companies. Likewise, the market capitalisation of the Group as implied by the last transacted price is within the range but lower than the median and simple average for the Selected Comparable Companies. We note that trading statistics for companies with higher market capitalisation may be different than those with lower market capitalisation and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as relative interest in the shares of companies with larger market capitalisations.
- (ii) The Group incurred a loss after tax attributable to the equity holders of approximately S\$145.6 million and negative EBITDA of approximately S\$142.7 million for FY2014. Hence the Group's PER and EV/EBITDA ratios are negative and not meaningful. After adjusting for non-recurring items such as impairment losses and write-down on inventories of approximately S\$134.8 million in aggregate, the Group still incurred loss of approximately S\$10.9 million and negative EBITDA of approximately S\$8.0 million. For comparison purpose only, the Selected Comparable Companies were traded at EV/EBITDA ratios of between 4.5 times to 134.2 times and PER of between 6.8 times to 9.5 times.
- (iii) The valuation of the Group in terms of P/NAV and P/NTA (as implied by the last transacted price on the Latest Practicable Date and the Group's Revalued NAV and NTA per Share) are higher than any of the Selected Comparable Companies.
- (iv) The valuation of the Group in terms of P/NAV (as implied by the Subscription Price and Exercise Price and the Group's Revalued NAV per Share) is significantly higher than any of the Selected Comparable Companies. Meanwhile, in terms of P/NTA (as implied by the Subscription Price and Exercise Price and the Group's Revalued NTA per Share), the valuation of the Group is within the range and substantially higher than the median and the simple average for the Selected Comparable Companies.

Likewise, as highlighted in Section 5.3 of this Letter, the Subscription Price and Exercise Price represents a premium of approximately 2,023.5% to the Group's Revalued NTA per Share and this premium is within the range and substantially higher than the median and the simple average for the Selected Comparable Companies.

In summary, the valuation of the Group as implied by the Subscription Price and Exercise and the last transacted price as at the Latest Practicable Date, in terms of PER and EV/EBITDA ratios are not meaningful due to the significant losses incurred by the Group for FY2014. In addition, the valuation of the Group as implied by the Subscription Price or the Exercise Price and the Group's Revalued NAV or NTA, in terms of P/NAV and P/NTA are higher than any of the Selected Comparable Companies (save for P/NTA of Blue Sky).

We wish to highlight that as illustrated in Section 5.7 of this Letter, the theoretical value of the Warrants as at the MOU Announcement Date is approximately S\$0.0068 per Warrant or S\$0.0136 for two (2) Warrants. In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 for two (2) Warrants (in view of the basis of two Warrants for every Placement Share and the Warrants are issued "free") is deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful. Thus, taking into account the negative Adjusted Subscription Price, the Proposed Transactions appear to be less favourable as compared to the valuation of the Selected Comparable Companies in terms of the P/NTA ratios.

Independent Directors are advised to review the Proposed Transactions and valuation ratios in conjunction with the Group's substantially weaker financial performance and position as compared to the Selected Comparable Companies with significant losses in FY2014 and declining core business activities (in terms of revenue), and the disclaimer of opinion issued by the Independent Auditor in its Audit Report 2014 pertaining to, *inter alia*, going concern assumptions. The Proposed Transactions involve the Investor acquiring control of the Company while the trading statistics for the Selected Comparable Companies are based on transactions which do not result in control.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each selected company including, *inter alia*, factors such as depreciation policies. As such, the comparison of the Revalued NTA of the Group with those for Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Independent Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

5.6 Analysis of comparable transactions

In our assessment of the reasonableness of the Subscription Price and the Exercise Price to NTA, the premium over/discount from the last transacted prices prior to the MOU Announcement Date as implied by the Subscription Price and the Exercise Price and the effects of the dilution on the voting rights for Independent Shareholders, we have reviewed transactions which involves issuance of shares for cash by companies listed on the SGX-ST, wherein a whitewash resolution was sought from shareholders (the “**Selected Comparable Transactions**”) and similar to the Whitewash Resolution sought.

We have tabulated the Selected Comparable Transactions to illustrate the typical subscription or placement price to NTA, premium/discount represented by the subscription or placement price to the last traded price for the relevant share on the market day immediately preceding the date of the relevant announcement, wherein the shares were last traded. Shareholders should note that some of these Selected Comparable Transactions are more than 2 years old and as such references or observation made herein is necessarily limited.

Company	Date of announcement	Resultant shareholding of incoming shareholder in the company	Subscription price (S\$)	Premium over/ (discount to) last transacted price prior to announcement (%)	Subscription Price to NTA ⁽¹⁾ (times)
GSH Corporation Limited	30-Mar-12	From 14.99% to 57.76%	0.0070	(36.50)	0.5
Scintronix Corporation Limited	17-Sep-12	From 0% to 53.31%	0.0135	(35.71)	0.6
Metax Engineering Corporation Limited	25-Oct-12	From 0% to 41.00%	0.0530	(41.11)	1.9
CarrierNet Global Ltd	25-Feb-13	From 33.32% to 53.72%	0.0110	(38.89)	4.1
China New Town Development Company Limited	18-Jan-13	From 0% to 54.32%	0.0437	(44.03)	0.4
KLW Holdings Limited	15-Nov-13	From 0% to 50.6%	0.0200	(20.00)	2.1
Oniontech Limited	21-Feb-14	From 0% to 68.13%	0.0300	11.11	0.3

Company	Date of announcement	Resultant shareholding of incoming shareholder in the company	Subscription price (S\$)	Premium over/ (discount to) last transacted price prior to announcement (%)	Subscription Price to NTA ⁽¹⁾ (times)
Chinavision Media Group Limited ⁽²⁾	11-Mar-14	From 0% to 59.83%	HK\$0.5	(21.90)	2.5
Cacola Furniture International Limited	2-Oct-14	From 0% to 79.43%	n.a. ⁽³⁾	(10.00)	1.1
Maximum				11.11	4.1
Minimum				(44.03)	0.3
Median				(35.71)	1.1
Simple Average				(26.34)	1.5
Xpress Holdings Ltd	5-Dec-14	From 0.58% to 57.66%	0.007	(22.22)%	21.2

Source: Circulars for the respective companies

Notes:

- (1) The NTA of the respective companies are based on their respective NTA values as set out in their respective circular for their above mentioned transactions.
- (2) The discount to the last transacted price prior to announcement is based on 25 February 2014.
- (3) Issue price is determined to be at a discount of ten percent (10%) to VWAP of the price traded on the day company received subscription request

For illustrative purposes only, we note that the Subscription Price to Revalued NTA multiple of 21.2 times for the Group is higher and more favourable than any of the Selected Comparable Transactions. In addition, we wish to highlight that the discount of approximately 22.22% as implied by the Subscription Price from the last transacted price for the Shares prior to the MOU Announcement Date is within the range of premiums over and discounts from for the Selected Comparable Transactions and is lower and more favourable as compared to the simple average and the median for the Selected Comparable Transactions, which is at discount of approximately 26.34% and 35.71% respectively.

We wish to highlight that as illustrated in Section 5.7 of this Letter, the theoretical value of the Warrants as at the MOU Announcement Date is approximately S\$0.0068 per Warrant or S\$0.0136 for two (2) Warrants. In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 for two (2) Warrants (in view of the basis of two Warrants for every Placement Share and the Warrants are issued "free") is deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful. Thus, taking into account the negative Adjusted Subscription Price, the Proposed Transactions appear to be less favourable as compared to the valuation of the Selected Comparable Transactions in terms of the P/NTA ratios.

Independent Shareholders should note that as the circumstances for each of the companies listed and the transactions outlined above are unique and as the companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is limited. Further, the list of Selected 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 Proposed Subscription and the Selected Comparable Transactions serves as an illustrative guide only.

5.7 Theoretical value of the Warrants

We note that the Warrants to be issued and allotted to the Investor may be exercised at any time during the Exercise Period, being the five year period commencing on the date of issue of the Warrants, subject to the terms and conditions of the Warrants to be set out in the Instrument.

We further note in the Circular that the Warrants are transferable subject to the following conditions:

- (a) prior approval by the Directors for the transfer of the Warrants to the transferee;
- (b) lodgement during normal business hours of the relevant Warrant Certificate(s) (as defined in the Instrument) in the name of the Warranholder at the registered office of the Company together with an instrument of transfer in respect thereof, duly completed and signed by or on behalf of the Warranholder and the transferee and, if required, duly stamped in accordance with any law for the time being in force relating to stamp duty; and
- (c) the payment of the registration fee of S\$2.00 (or such other amount as may be determined by the Directors) by the transferee for each Warrant Certificate to be issued in the name of the transferee in respect of the Warrants so transferred.

Last transacted price based on	Closing price per Share (S\$)	Premium/ (discount) of the Exercise Price over/(from) the closing price (%)	Value of the Warrants	Intrinsic value per Warrant ⁽¹⁾ (S\$)
Prior to MOU Announcement Date	0.009	(22.2)%	In-the-money	0.002
As at Latest Practicable Date	0.016	(56.3)%	In-the-money	0.009

Note:

- (1) The intrinsic value is the difference between the last transacted price on the MOU Announcement Date or as at Latest Practicable Date and the Exercise Price.

We note that the Exercise Price of S\$0.007 represents a discount of approximately 22.2% from the last transacted price of S\$0.009 per Share on 5 December 2014 (being the MOU Announcement Date), which means the Warrants would have been in-the-money had they been issued and allotted at that time and have an intrinsic value of S\$0.002 for each Warrant or in aggregate represent S\$4.4 million for the 2.2 billion Warrants. In addition, the Exercise Price of S\$0.007 is at a discount of approximately 56.3% from the last transacted price of S\$0.016 per Share on 12 June 2015, being the Latest Practicable Date, which implies that the Warrants would have been in-the-money and thus had an intrinsic value of S\$0.009 per Warrant as at the Latest Practicable Date.

We note that the gross proceeds from the Proposed Subscription of approximately S\$7.7 million less the intrinsic value of the Warrants as at 5 December 2014 (being the MOU Announcement Date) of approximately S\$4.4 million amounts to approximately S\$3.3 million.

Warrants (similar to options) have a theoretical value (being the hypothetical value or “fair value” of the warrants computed based on models such as Black-Scholes or Binomial model based on several assumptions (as described in the following sections)) which is dependent on, *inter alia*, the exercise price vis-à-vis the current price of the underlying Shares, the length of the exercise period, the price volatility of the underlying Shares and the risk-free interest rate. We have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of options-like convertible financial instrument. Notwithstanding the theoretical value, the Warrants are to be issued to the Investor at no consideration.

Our key assumptions used for computing the theoretical value of the Warrants are as follow:

- (i) Issue and allotment date: (1) MOU Announcement Date and (2) the Latest Practicable Date;

- (ii) Volatility estimation: Using historical prices of the Shares for the 1 year period prior to the MOU Announcement Date and the 1 year period prior to the Latest Practicable Date to estimate the volatility of the Shares;
- (iii) Risk-free rate: The yield of the benchmark Singapore Government Securities 5 year Bonds;
- (iv) Time to expiration: Approximately five (5) years; and
- (v) No dividend.

Last transacted price based on	Theoretical value per Warrant (S\$)	Total theoretical value of 2.2 billion Warrants (S\$ million)	Market capitalisation of the Group (S\$ million)	Total theoretical value of 2.2 billion Warrants as percentage of market capitalisation (%)
MOU Announcement Date	0.0068	14.96	22.03	67.9%
As at Latest Practicable Date	0.0147	32.34	39.17	82.6%

Based on the above key assumptions, we have derived theoretical value of approximately S\$0.0068 as at the MOU Announcement Date for each of the Warrant with 5 years term and the total theoretical value of 2.2 billion Warrants assuming the issue and allotment date was on the MOU Announcement Date would be approximately S\$14.96 million (or approximately 67.9% of the Company's market capitalisation of approximately S\$22.03 million as at the MOU Announcement Date). Meanwhile, the theoretical value of the Warrant would be approximately S\$0.0147 as at the Latest Practicable Date for each of the Warrant with 5 years term and the total theoretical value of 2.2 billion Warrants assuming the issue and allotment date was on the Latest Practicable Date would thus be approximately S\$32.34 million (or approximately 82.6% of the Company's market capitalisation of approximately S\$39.17 million as at the Latest Practicable Date).

We note that the estimated amount of proceeds from the exercise of the Warrants (assuming that all the Warrants are exercised) is approximately S\$15.4 million.

Last transacted price based on	Theoretical value per Warrant (S\$)	Subscription Price per Placement Share (S\$)	Adjusted Subscription Price (S\$)	Premium/(Discount) of the adjusted Subscription Price over/from the Group's Revalued NTA (%)
MOU Announcement Date	0.0068	0.007	Not meaningful	Not meaningful
As at Latest Practicable Date	0.0147	0.007	Not meaningful	Not meaningful

We note that the Warrants will be issued free to the Investor pursuant to the Placement Agreement, notwithstanding the theoretical value inherent in the Warrants.

For illustrative purpose only, assuming the Warrants were issued and allotted on the MOU Announcement Date, the theoretical value of each Warrant would be approximately S\$0.0068 or approximately S\$0.0136 for two Warrants (which will be issued for every one Placement Share). In the event that the theoretical value of the Warrants of approximately S\$0.0136 for two (2) Warrants are deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful.

Assuming that the issue and allotment date of the Warrants were on the Latest Practicable Date, the theoretical value of each Warrant would be approximately S\$0.0147 or S\$0.0294 for two Warrants (which will be issued for every one Placement Share). In the event that the theoretical value of S\$0.0294 for two (2) Warrants are deducted from the Subscription Price of S\$0.007, the Adjusted Subscription Price would be negative and not meaningful.

Independent Shareholders should note that the negative Adjusted Subscription Price (assuming the date of issue and allotment for the Warrants were on the MOU Announcement Date and as at the Latest Practicable Date) should be viewed in conjunction with the Group's weak financial performance and position (with substantial net loss after tax of approximately S\$145.6 million in FY2014, erosion of

the Group's shareholders equity and negative net working capital), disclaimer of opinion issued by the Independent Auditor on *inter alia* the going concern assumption, and the outstanding Claims (including the possibility of winding up).

The Independent Directors should note that the estimation of the theoretical values of the Warrants as set out in this section is dependent on various assumptions, including but not limited to the date of issue and allotment, the Exercise Price, exercise period, risk free rate, and expected volatility etc. Thus, the estimation of the theoretical value of the Warrants as set out in this section is necessarily limited and serves only as an illustrative guide.

5.8 Pro-forma financial effects of the Proposed Subscription and the Proposed Warrants Issue

The pro-forma financial effects of the Proposed Subscription and the Proposed Warrants Issue as well as the underlying assumptions are set out in Section 7 of the Circular. We recommend that the Independent Directors advise the Independent Shareholders to read those pages of the Circular carefully.

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

“7. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription and the Proposed Warrants Issue as presented herein:

7.1.1. are purely for illustrative purposes only and is not a projection of the actual future financial performance or financial position of the Group after the Proposed Subscription and Proposed Warrants Issue; and

7.1.2. are based on the audited financial statements of the Group for FY2014;

(i) Share Capital

The effect of the Proposed Subscription and Proposed Warrants Issue on the issued share capital of the Company is as follows:

	Number of Shares
<i>Issued share capital as at the Latest Practicable Date (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001)</i>	<i>2,447,928,000</i>
<i>Issue of Placement Shares</i>	<i>1,100,000,000</i>
<i>Issue of New Shares (assuming full exercise of the right to subscribe for New Shares)</i>	<i>2,200,000,000</i>
<i>Issued share capital after the issue of Placement Shares (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001)⁽¹⁾</i>	<i>3,547,928,000</i>
<i>Issued share capital after the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001)⁽¹⁾</i>	<i>5,747,928,000</i>

Note:

(1) *As at the Latest Practicable Date, the Company has no treasury shares and 8,500,000 outstanding options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001.*

(ii) Losses

The financial effects of the Proposed Subscription and Proposed Warrants Issue on the losses of the Company are as follows:

	FY2014
Losses attributable to Shareholders (S\$)	145,646,000
Total number of Shares in the Company's issued share capital	2,447,928,000
Losses per Share (S\$)	0.064
Total number of Shares in the Company's issued share capital after the issue of Placement Shares	3,547,928,000
Losses per Share as adjusted for the issue of Placement Shares (S\$)	0.043
Total number of Shares in the Company's issued share capital after the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001) ⁽¹⁾	5,747,928,000
Losses per Share as adjusted for the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (excluding treasury shares and Shares that may be issued upon the exercise of all the outstanding share options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001) ⁽¹⁾ (S\$)	0.026

Note:

(1) As at the Latest Practicable Date, the Company has no treasury shares and 8,500,000 outstanding options granted pursuant to the Xpress Holdings Executives' Share Option Scheme 2001.

(iii) Net Tangible Assets

The financial effects of the Proposed Subscription and Proposed Warrants Issue on the NTA of the Group are as follows:

	As at 31 July 2014
NTA (S\$)	239,000
Estimated increase in NTA as a result of the issue of Placement Shares (S\$)	7,000,000
Estimated NTA after the issue of Placement Shares (S\$)	7,239,000
NTA per Share before the issue of Placement Shares (S\$)	0.0001
Estimated NTA per Share after the issue of Placement Shares (S\$)	0.00204
Estimated increase in NTA as a result of the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (S\$)	22,400,000
Estimated NTA after the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (S\$)	22,639,000
NTA per Share before the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (S\$)	0.0001
Estimated NTA per Share after the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares) (S\$)	0.0039

(iv) **Gearing**

The financial effects of the Proposed Subscription and Proposed Warrants Issue on the gearing of the Group are as follows:

	<i>Before the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares)</i>	<i>After the issue of Placement Shares</i>	<i>After the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares)</i>
<i>Total Debt (S\$'000)</i>	4,936	4,936	4,936
<i>Shareholder's Equity (S\$'000)</i>	56	7,056	22,456
<i>Gearing</i>	88.14	0.70	0.22"

For illustrative purposes only, the NTA per Share of the Group would be expected to increase significantly from approximately 0.01 Singapore cents as at 31 July 2014 to approximately 0.204 Singapore cents (after issuance of the Placement Shares) and to 0.39 Singapore cents (after issuance of the Placement Shares and the New Shares arising from the exercise of the Warrants in full). In addition, we note that the Proposed Transactions will lower the gearing ratio for the Group from approximately 88.14 times (as at 31 July 2014) to approximately 0.70 time (after issuance of the Placement Shares) and approximately 0.22 time (after issuance of the Placement Shares and the New Shares arising from the exercise of the Warrants in full). Furthermore, the Group's loss per Share will be reduced from approximately 6.4 Singapore cents (for the financial year ended 31 July 2014) to approximately 4.3 Singapore cents (after issuance of the Placement Shares) and approximately 2.6 Singapore cents (after issuance of the Placement Shares and the New Shares arising from the exercise of the Warrants in full).

As stated in the notes to the financial statement for the FY2014 (page F17 of AR2014) and represented and confirmed by the Directors, the ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the Proposed Subscription. The approval of the Proposed Whitewash Resolution will allow the Company to raise immediately net proceeds of up to approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions), which is intended to be used to settle the outstanding payables of the Company (including claims from landlords, retirement of loans from financial institutions and other outstanding sums payable to the Company's creditors), offsetting or repayment of the principal and interest of the Loan and working capital requirements and would, to certain extent, address concerns on business continuity in the short term, and mitigate the possibility of winding up, with favourable financial effects on the Group's NTA per Share, loss per Share and gearing ratio as outlined in the Circular and reproduced above for ease of reference.

6. OTHER RELEVANT CONSIDERATIONS

6.1 No Alternative offers to the Proposed Subscription and Proposed Warrants Issue

The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription and the Proposed Warrants Issue. The injection of cash proceeds into the Group would allow the Group to settle the outstanding payables and working capital requirements (including claims from landlords, retirement of loans from financial institutions and other outstanding sums payable to the Company's creditors), which would, to certain extent, alleviate uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up and thereby allowing the Group and the Company to continue operating on a going concern basis.

We understand from Directors that they had considered other fund raising alternatives, including but not limited to search for other strategic investors/partners, undertaking of rights issue, and obtaining external borrowings from financial institutions, before eventually deciding to proceed with the Proposed Transactions. The Directors note that the Group's currently weak financial performance and position (in particular, the significant losses incurred for FY2014 and the negative net working capital) with the

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

6.2 Dilution Impact

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

	Existing Shareholdings ⁽¹⁾		After the issue of Placement Shares		After the issue of Placement Shares and New Shares (assuming full exercise of the right to subscribe for New Shares)	
	Total Interests	%	Total Interests	%	Total Interests	%
Investor and party acting in concert						
JLY	14,120,000	0.58%	14,120,000	0.40%	14,120,000	0.25%
Mr Ma Wei Dong	-	0.00%	1,100,000,000	31.00%	3,300,000,000	57.41%
	14,120,000	0.58%	1,114,120,000	31.40%	3,314,120,000	57.66%
Directors						
Sam Chong Keen	-	0.00%	-	0.00%	-	0.00%
Fong Kah Kuen @ Foong Kah Kuen	85,561,400	3.50%	85,561,400	2.41%	85,561,400	1.49%
Darlington Tseng Te-Lin	11,153,000	0.46%	11,153,000	0.31%	11,153,000	0.19%
Yip Kean Mun	-	0.00%	-	0.00%	-	0.00%
Substantial Shareholders						
Dai Dai Development International Holdings Limited	160,481,313	6.56%	160,481,313	4.52%	160,481,313	2.79%
Wellspring Investment Ltd	152,913,714	6.25%	152,913,714	4.31%	152,913,714	2.66%
Tseng An Hsiung Andy ⁽²⁾	315,187,027	12.88%	315,187,027	8.88%	315,187,027	5.48%
Public Shareholders	2,021,905,696	82.60%	2,021,905,696	56.99%	2,021,905,696	35.18%
TOTAL	2,447,927,123	100%	3,547,927,123	100%	5,747,927,123	100%

Notes:

- (1) Based on the total issued share capital of the Company comprising 2,447,927,123 Shares as at the Latest Practicable Date and assuming that the 8,500,000 outstanding options under the Xpress Holdings Executives' Share Option Scheme 2001 have not been exercised.
- (2) Mr Tseng An Tsiung Andy is deemed interested in the: (a) 152,913,714 ordinary shares held by Wellspring Investment Ltd; (b) 1,792,000 ordinary shares held by his spouse, Mrs Tseng Shu Eng Eng; and (c) 160,481,313 ordinary shares held by Dai Dai Development International Holdings Limited by virtue of Section 7 of the Companies Act, Chapter 50.

As stated in the Circular, save for JLY, the Investor and/or his concert parties do not hold any Shares or instruments convertible into, rights to subscribe for and options in respect of the Shares as at the Latest Practicable Date. Based on the illustration above, we note that upon issuance of the Placement Shares, the Investor's and his concert parties' interest in the Company will increase from 0.58% to approximately 31.4%. Shareholders other than the Substantial Shareholders, the Investor and his concert parties, and

the Directors (the “**Public Shareholders**”) will collectively suffer a reduction of approximately 25.6% of their percentage shareholding interests in the Company and their collective voting rights in the Company would hence be correspondingly reduced.

Upon issuance of Placement Shares (and on the assumption that the Investor exercises or converts the Warrants in full), the Investor’s and his concert parties’ interest in the Company will increase to approximately 57.66%. Under this scenario, the Public Shareholders will collectively suffer a reduction of approximately 47.4% of their percentage shareholding interests in the Company to approximately 35.2% from their existing shareholding of approximately 82.6% as at the Latest Practicable Date.

We note that the Public Shareholders’ ability to influence the outcome of resolutions will be significantly reduced after issuance of Placement Shares, and this is irrespective of whether the Warrants are exercised.

Independent Shareholders should note that by voting in favour of the Whitewash Resolution, they are waiving their rights to receive a mandatory general offer from the Investor and parties acting in concert with him to purchase their Shares at the highest price paid or agreed to be paid by the Investor and parties acting in concert with him in the six (6) months preceding the commencement of the Proposed Subscription.

Independent Shareholders should also note that by voting in favour of the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

Independent Shareholders should further note that the allotment and issuance of the Placement Shares and the allotment and issuance of the New Shares upon exercise of the Warrants will result in the Investor and parties acting in concert with him carrying over 49% of the voting rights of the Company (based on the enlarged Share capital of the Company), and that the Investor and parties acting in concert with him will, thereafter, be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

Independent Shareholders should note that the passing of the resolutions set out in the Circular are inter-conditional. This means that if any of the resolutions is not approved, the other resolutions would not be carried. In particular, Independent Shareholders should note that the Proposed Subscription and Proposed Warrants Issue are conditional upon Independent Shareholders voting in favour of the Proposed Whitewash Resolution. Therefore, if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Subscription and the Proposed Warrants Issue will not take place.

6.3 Inter-conditionality of the Proposed Transactions and the Whitewash Resolution

We note that the completion of the Proposed Subscription and the Proposed Warrants Issue is, *inter alia*, conditional on the approval of the Proposed Whitewash Resolution. Accordingly, if the Proposed Whitewash Resolution is not passed by a majority of the Shareholders, the Proposed Transactions may not take place.

6.4 No assurance of profitability or prices for Shares

We would also like to highlight that there is no assurance that the injection of new funds from the proceeds of the Proposed Transactions and/or the steps taken or to be taken by the Company subsequent to the Proposed Transactions to improve its financial position and performance will be successful or would result in an enhancement of Shareholder value. We note that based on the audited results of the Group for FY2014, the Group recorded a significant net loss of approximately S\$145.6 million and had current liabilities which exceeded current assets by approximately S\$7.1 million. For 9M2015, the Group recorded a small profit after tax of approximately S\$484 thousand and had current liabilities which exceeded current assets by approximately S\$5.8 million while the net proceeds from the Proposed Subscription is approximately S\$7.0 million (with potential additional proceeds of approximately S\$15.4 million in the event that the Investor exercises or converts the Warrants in full).

6.5 Implication of Investor's Controlling Interest in the Company

Shareholders should note that after passing of all the ordinary resolution(s) for the Proposed Transactions and Proposed Whitewash Resolution during the EGM, the Investor's interest in the Company will increase from 0.58% to approximately 31.40% (upon issuance of the Placement Shares), or approximately 57.66% (upon issuance of Placement Shares and on the assumption the Investor exercises or converts the Warrants in full).

Upon issuance of the Placement Shares and on the assumption the Investor exercises the Warrants in full, the Investor and its concert parties will be in a position to exercise statutory control of the Company. Statutory control will put the Investor and his concert parties in a position to be able to pass all ordinary resolutions on matters in which the Investor and his concert parties do not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company.

6.6 Potential Take-Over Offer from Third Party

Independent Shareholders should note that in the event the Proposed Whitewash Resolution is approved, after the issuance of Placement Shares and New Shares, the Investor and his concert parties could possibly hold more than 50% of the enlarged issued Share capital. In such a scenario, the Company will be in a relatively less favourable position, in the context of interest from potential parties seeking control for the Company or who may have intentions to acquire a significant interest or control of the Company and thus, it may be less likely for a third party to make a takeover offer for the Company without the support of the Investor and his concert parties.

6.7 No Moratorium

We understand from the Directors and the Management that there is no moratorium undertaking from the Investor and that as at the Latest Practicable Date, the last transacted prices for the Shares was S\$0.016 per Share, which is approximately 128.6% higher than the Subscription Price. As there is no moratorium undertaking from the Investor, Independent Directors should note that the Investor is able to and may dispose of its Placement Shares subsequent to the allotment and issuance of Placement Shares.

Independent Shareholders should also note that notwithstanding that the Investor may stand to gain from disposing of the Placement Shares (as the current market price for the Shares is substantially higher than the Subscription Price), as described in section 6.1, the Directors have confirmed as at the Latest Practicable Date that they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription and the Proposed Warrants Issue and with injection of cash proceeds into the Group which would allow the Group to settle the outstanding payables of the Company and working capital requirements (including claims from landlords, retirement of loans from financial institutions and other outstanding sums payable to the Company's creditors) which would, to certain extent, alleviate the Group's going concern issue and mitigate the possibility of winding up and thereby allowing the Group and the Company to continue operate on a going concern basis. Likewise, the Proposed Transactions have beneficial financial effects and will result in a significant improvement in shareholders' equity (which is currently minimal), NTA per Share and gearing ratio.

6.8 Past Fund Raising Exercise

We note that since 2012 to the Latest Practicable Date, the Company has conducted or announced the following fund raising exercises:

- (a) The Company had on 13 November 2012 entered into subscription agreements ("**2012 Subscription Agreements**") with four (4) individual subscribers ("**2012 Subscribers**") pursuant to which the Company had agreed to allot and issue 200,000,000 new Shares ("**2012 Subscription Shares**") to the 2012 Subscribers at an issue price of S\$0.0225 per 2012 Subscription Share ("**2012 Subscription Price**"), amounting to an aggregate gross consideration of S\$4.5 million, and on the terms and conditions of the 2012 Subscription Agreements (the "**2012 Subscription**"). The 2012 Subscription Shares represent approximately 12.92% of the then existing issued Share capital or approximately 11.44% of the then enlarged Share capital. The 2012 Subscription Price represents a discount of (i) approximately 13.5% to the last transacted price on 12 November 2012, being the date immediately prior to the announcement; and (ii) approximately 7.0% to the VWAP of

S\$0.0242 for trades done on the SGX-ST for the full market day on 9 November 2012 and up to the trading halt of the Company's shares at 9.15 a.m. on 12 November 2012. The 2012 Subscription Shares were listed and quoted on the SGX-ST Catalist on 3 December 2012.

- (b) The Company had on 1 October 2013 announced a renounceable underwritten rights issue of up to 711,720,149 new Shares (the "**Rights Shares**") at an issue price of S\$0.02 for each Rights Share (the "**Issue Price**"), on the basis of 2 Rights Shares for every 5 then existing Shares held by entitled Shareholders as at the books closure date, fractional entitlements to be disregarded (the "**Rights Issue**"). The Issue Price of S\$0.02 for each Rights Share represents a discount of (i) approximately 47.4% to the closing price of S\$0.038 per Share on the SGX-ST on 30 September 2013, being the last full market day immediately preceding the announcement of the Rights Issue; and (ii) approximately 39.4% to the theoretical ex-rights price of S\$0.033 per Share. The Rights Issue was completed on 7 November 2013.
- (c) The Company had on 22 July 2014 entered into subscription agreements ("**2014 Subscription Agreements**") with two subscribers ("**2014 Subscribers**") pursuant to which the Company had agreed to allot and issue 480,000,000 new Shares ("**2014 Subscription Shares**") to the 2014 Subscribers at an issue price of S\$0.0210 per Subscription Share ("**Subscription Price**"), amounting to an aggregate consideration of S\$10.08 million, and on the terms and conditions of the 2014 Subscription Agreements (the "**2014 Subscription**"). The 2014 Subscription Shares represent approximately 19.6% of the then existing issued Share capital or approximately 16.39% of the then enlarged Share capital. The 2014 Subscription Price is equal to the VWAP for trades done on the SGX-ST for the full market day on 21 July 2014 and up to the trading halt of the Company's shares at 9.34 a.m. on 22 July 2014. Subsequently, on 15 September 2014, the Company announced that despite repeated reminders from the Company, the 2014 Subscribers have, in breach of the terms of the 2014 Subscription Agreements, failed to complete the subscription of the 2014 Subscription Shares even though the Company was ready, willing and able to effect completion. In view of the 2014 Subscribers' breach of the 2014 Subscription Agreements as aforesaid, the Company had on 15 September 2014 notified the 2014 Subscribers that it treats the 2014 Subscription Agreements as having been terminated with immediate effect.

We tabulate below the comparison between the Proposed Transactions with the 2012 Subscription, the Rights Issue and the 2014 Subscription.

Transactions	Announcement Date	No of subscription shares or new shares issued	Subscription Price or Issue Price (S\$)	% of the enlarged shares	Premium/ discount over the last transacted price prior to announcement	P/NTA (times)	Gross proceeds (S\$)
2012 Subscription	14-Nov-12	200,000,000	0.0225	11.44%	(13.46)%	0.48 ⁽¹⁾	4,500,000
Rights Issue	1-Oct-13	711,720,149	0.0200	28.93%	(47.40)%	0.46 ⁽¹⁾	14,234,403
2014 Subscription	23-Jul-14	480,000,000	0.0210	16.39%	0.00%	0.62 ⁽¹⁾	10,080,000
Maximum		711,720,149	0.0225	28.93%	0.00%	0.62	14,234,403
Minimum		200,000,000	0.0200	11.44%	(47.40)%	0.46	4,500,000
Median		480,000,000	0.0210	16.39%	(13.46)%	0.48	10,080,000
Simple Average		463,906,716	0.0212	18.92%	(20.29)%	0.52	9,604,801
Proposed Transactions	5-Dec-14	1,100,000,000 to 3,300,000,000	0.0070	31.40% to 57.66%	(22.22)%	15.0⁽²⁾	7,700,000 to 23,100,000

Notes:

- (1) The P/NTA for the 2012 Subscription, the Rights Issue and the 2014 Subscription is computed based on the latest announced NTA prior to the respective announcement, being the audited financial statements for financial year ended 31 July 2012, the unaudited financial statements for financial year ended 31 July 2013, and the unaudited financial statements as at 30 April 2014 respectively.
- (2) Based on the Group's unaudited NTA as at 30 April 2015.

For illustrative purpose only, we note the following:-

- (i) The Subscription Price is lower than the 2012 Subscription Price, the Issue Price and the 2014 Subscription Price, which we have viewed in conjunction with the fact that the closing prices for the Shares have been in the downward trend during the 12 month period prior to the MOU Announcement Date (declined by approximately 60.9% from 6 December 2013 to 5 December 2014, being the MOU Announcement Date).
- (ii) The discount as implied by the Subscription Price from the last transacted price for the Shares prior to the MOU Announcement Date is lower than the discount implied by the Issue Price from the last transacted price prior to the announcement of the Rights Issue but higher than the the discount implied by the 2012 Subscription Price from the last transacted price prior to the announcement of the 2012 Subscription. The 2014 Subscription Price is equal to the VWAP prior to the announcement of the 2014 Subscription, and thus, is more favourable than the Proposed Subscription which is at a discount.
- (iii) For the Proposed Transactions, the valuation of the Group in terms of P/NTA of 15.0 times (as implied by the Subscription Price and the Group's unaudited NTA as at 30 April 2015) is substantially higher and more favourable as compared to the P/NTA ratios implied by the 2012 Subscription Price, the Issue Price and the 2014 Subscription Price (based on the latest announced NTA prior to the respective announcements). As set out in Section 5.3 of this Letter, the P/NTA as implied by the Subscription Price and the Revalued NTA is approximately 21.2 times, thus it is more favourable than the P/NTA ratios implied by the 2012 Subscription Price, the Issue Price and the 2014 Subscription Price (based on the latest announced NTA prior to the respective announcements).
- (iv) In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 per two (2) Warrants (in view of the basis of two Warrants for every Placement Share) is deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful. Thus, taking into account the negative Adjusted Subscription Price, the Proposed Transactions appear to be less favourable as compared to the valuation of the 2012 Subscription, the Rights Issue and the 2014 Subscription in terms of the P/NTA ratios.

Notwithstanding the Subscription Price appears to be less favourable than the 2012 Subscription Price and the 2014 Subscription Price (in nominal terms and in terms of discount to the historical prices), the Proposed Subscription is more favourable than the 2012 Subscription and the 2014 Subscription in terms of comparison to the respective NTA. However, it should be noted that based on the Adjusted Subscription Price (as illustrated in Section 5.7 of this Letter), the Proposed Transactions is less favourable than the 2012 Subscription, the Rights Issue and the 2014 Subscription in terms of comparison to the respective NTA.

The above comparison should be assessed in conjunction with the fact that (a) the closing prices for the Shares have been on the downward trend during the 12 month period prior to the MOU Announcement Date (declined by approximately 60.9% from 6 December 2013 to 5 December 2014, being the MOU Announcement Date), (b) the 2014 Subscription was lapsed, and (c) the Group's weak financial performance and position (with substantial net loss after tax of approximately S\$145.6 million in FY2014, erosion of the Group's shareholders equity and negative net working capital), disclaimer of opinion issued by the Independent Auditor on *inter alia* the going concern assumption, and the outstanding Claims (including the possibility of winding up). Lastly, we note that the gross proceeds raised from the 2012 Subscription was approximately S\$4.5 million, whilst for the 2014 Subscription, which was lapsed, was intended to raise approximately S\$10.08 million. The gross amount to be raised from the Proposed Transactions range from S\$7.7 million to S\$23.1 million (on the assumption the Investor exercises all the Warrants), which is higher than the gross proceeds raised via the 2012 Subscription or intended to be raised via the 2014 Subscription. The Proposed Transactions involve the Investor acquiring statutory control of the Company while the 2012 Subscription, the Rights Issue, and the 2014 Subscription do not result in change of statutory control.

The above comparison has to be assessed in the context of the fact that the economic or general market conditions for the Shares or the prices for which the Shares were traded at the time then prevailing as well as the purpose for the issuance of such instruments may have been different from the Proposed

Transactions or the Proposed Whitewash Resolution. Hence, the comparison between the Proposed Transactions with the 2012 Subscription, the Rights Issue and the 2014 Subscription above is necessarily limited and meant for illustration purpose.

6.9 Claims and Material Litigation

The Directors have confirmed that save for the Claims which are disclosed in Section 5.2.4 of this Letter, they are not aware of any claims or legal or arbitration proceedings pending or threatened against the Company or any of its Subsidiaries during the twelve (12) months preceding the date of this Circular which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such claim, litigation or arbitration claim.

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

7. OUR OPINION

In arriving at our recommendation in respect of the Proposed Whitewash Resolution, we have taken into account, *inter alia*, the following factors summarised below as well as others elaborated elsewhere in our Letter. Our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company and the Group or the prices at which the Shares would trade after the completion of the Proposed Transactions, and the Group's ability to continue as a going concern and its ability to repay its obligations when they fall due. Our comments, analysis and opinion (including *inter alia* computation of the Revalued NAV and NTA as well as the relevant premiums represented by the Subscription Price over or the discount represented by the Adjusted Subscription Price from the Group's NAV or NTA as at 30 April 2015 or the Revalued NAV or NTA) are subject to confirmation from Directors that: notwithstanding the basis for which the Independent Auditor have issued a disclaimer of opinion as set forth in the AR2014 on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair; and all material information including but not limited to plans or prospects or proposals or rationale involving the Proposed Whitewash Resolution or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading.

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

- (a) The rationale for the Proposed Transactions and use of proceeds as described in Section 4 and 5 of the Circular respectively. We note from Section 4 and 5 of the Circular that the Proposed Subscription and Proposed Warrants Issue will provide the Company with, *inter alia*, sufficient working capital to settle outstanding payables and address concerns on business continuity in the short term. In the longer term, the Proposed Subscription and Proposed Warrants Issue will allow the Company to augment its cash flow and improve its working capital for its business and expansion purposes. In addition, the Directors have represented and confirmed that the ability of the Group and the Company, to continue in operation in the foreseeable future and meet their financial obligations as and when they fall due, depends on the completion of the Proposed Subscription and the Proposed Warrants Issue.

- (b) The disclaimer of opinion issued by the Independent Auditor in its Auditor Report 2014 which can be found on pages F08 – F10 of the AR2014 and such other statements in its audited financial statements, pertaining to, *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties.
- (c) The current weak financial position and performance of the Group. The Group has incurred substantial losses of approximately S\$145.6 million in FY2014 due mainly to significant impairment losses and write-off of the Group's assets arising *inter alia*, from deterioration of its core printing business in China and in the region. Due to impairment losses and write-offs, the Group's financial position had deteriorated. As a result, Group's shareholders' equity declined from approximately S\$138.1 million as at 31 July 2013 to only approximately S\$1.1 million as at 30 April 2015. In addition, the Group's weak financial position was also reflected in (i) its negative net working capital of approximately S\$5.8 million as at 30 April 2015; (ii) its significantly higher gearing ratio (as compared to the Selected Comparable Companies); as well as (iii) the disclaimer of opinion issued by the Independent Auditor in its Auditor Report 2014 pertaining to, *inter alia*, going concern assumptions.

Furthermore, the Group is experiencing cash flow constraints with negative net cash flow from operating activities of approximately S\$0.6 million and S\$9.3 million for 9M2015 and FY2014 respectively. As at the Latest Practicable Date, the total Claims from trade and other creditors which amounted to approximately S\$4.45 million is substantially higher than the Group's cash and cash equivalent of approximately S\$0.6 million as at 30 April 2015, and we understand that some of these creditors had applied for winding-up applications against the Company and/or its subsidiaries.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements for the Group for FY2014 and the unaudited financial statements for the Group for 9M2015, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

- (d) Representation and confirmation from Directors that, *inter alia* as at the Latest Practicable Date after taking into account:
 - (i) The Group's internal resources, operating cash flow, and in the event that the Proposed Transactions lapse, the Directors confirm that the working capital available to the Group is insufficient to meet its present requirements (including the Claims and the Loan).
 - (ii) The Group's internal resources, operating cash flow, net proceeds from the Proposed Subscription of approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions) and without considering proceeds from potential conversion of Warrants, the Directors confirm that the working capital available to the Group is sufficient to meet its present requirements (including the Claims and the Loan).

The Directors and Management have confirmed that, as at the Latest Practicable Date, the Group does not have any banking facilities and capital commitments save for those banking facilities which have already been drawn down and are still outstanding.

- (e) The historical financial performance and position of the Group appears weaker than any of the Selected Comparable Companies operating in the same industry that the Group operates in.
- (f) The Subscription Price and Exercise Price (as set out in Section 5 of this Letter) after taking into account, *inter alia*, the following factors:-
 - (i) The Subscription Price and Exercise Price represent a significant premium of approximately 1,397.9% to the Group's NAV per Share and NTA per Share as at 30 April 2015.
 - (ii) The Revalued NAV per Share and Revalued NTA per Share of the Group would be approximately 0.033 Singapore cents and both the Subscription Price and Exercise Price, represents a significant premium of approximately 2,023.5% above the Revalued NAV per Share and Revalued NTA per Share for the Group.

- (iii) The Subscription Price and Exercise Price, represents a discount of approximately 22.2% from the last transacted price of S\$0.009 per Share on the SGX-ST on 5 December 2014 (being the MOU Announcement Date).
- (iv) The Subscription Price and Exercise Price, represents a discount of approximately 56.7%, 48.0%, 21.5%, and 12.6% from the VWCP of the Shares for each of the 12-month, 6-month, 3-month and 1-month periods prior to and including the MOU Announcement Date respectively.
- (v) The Subscription Price and Exercise Price, represents a discount of approximately 47.7% from the VWCP for the Shares for the period commencing after the MOU Announcement Date and ending on the Latest Practicable Date.
- (vi) The Subscription Price and Exercise Price, represents a discount of approximately 56.3% from the last transacted price of S\$0.016 per Share on 12 June 2015, being the Latest Practicable Date.
- (vii) The valuation of the Group as implied by the Subscription Price or the Exercise Price, in terms of PER and EV/EBITDA ratios are not meaningful in view of the losses incurred for FY2014 and the poor financial performance of the Group for FY2014. In addition, the valuation of the Group as implied by the Subscription Price or Exercise Price in terms of P/NAV and P/NTA are higher and more favourable than any of the Selected Comparable Companies (save for P/NTA of Blue Sky).

It appears that the Subscription Price and Exercise Price is at a significant premium above the Group's Revalued NAV and Revalued NTA of the Group and the Group is valued favourably in terms of P/NAV and P/NTA as compared to the Selected Comparable Companies.

- (viii) Comparison with Selected Comparable Transactions which shows that the multiples for the ratio of Subscription Price or the Exercise Price to Revalued NTA, of approximately 21.2 times for the Group is higher and more favourable than any of the Selected Comparable Transactions, Likewise, the discount of approximately 22.22% as implied by the Subscription Price or the Exercise Price, from the last transacted price for the Shares prior to the MOU Announcement Date is within the range of premiums over and discounts from the Selected Comparable Transactions and more favourable as compared to the simple average and the median for the Selected Comparable Transactions, which are at discounts of approximately 26.34% and 35.71% respectively.
- (ix) Comparison with the Group's previous fund raising exercise, namely the 2012 Subscription, the Right Issue and the 2014 Subscription. The discount as implied by the Subscription Price from the last transacted price for the Shares prior to the MOU Announcement Date is lower than the discount implied by the Issue Price (for the Rights Issue), from the last transacted price prior to the announcement of the Rights Issue but higher than the discount implied by the 2012 Subscription Price from the last transacted price prior to the announcement of the 2012 Subscription. Whilst the 2014 Subscription Price which was equal to the VWAP prior to the announcement of the 2014 Subscription was more favourable as compared to the Proposed Subscription which is at a discount. We note that the 2014 Subscription was terminated.

For the Proposed Transactions, the valuation of the Group in terms of P/NTA of 15.0 times (as implied by the Subscription Price and the Group's unaudited NTA as at 30 April 2015) is substantially higher and more favourable as compared to the P/NTA ratios implied by the 2012 Subscription Price, the Issue Price and the 2014 Subscription Price (based on the latest announced NTA prior to the respective announcements). As set out in Section 5.3 of this Letter, the P/NTA as implied by the Subscription Price and the Revalued NTA of approximately 21.2 times, is more favourable than the P/NTA ratios as implied by the 2012 Subscription Price, the Issue Price (for the Rights Issue) and the 2014 Subscription Price (based on each of their respective latest announced NTA prior to the relevant announcements).

- (x) We wish to highlight that as illustrated in Section 5.7 of this Letter, the theoretical value of the Warrants as at the MOU Announcement Date is approximately S\$0.0068 per Warrant or S\$0.0136 for two (2) Warrants. In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 for two (2) Warrants (in view of the basis of two Warrants for every Placement Share) is deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful. Thus, taking into account the negative Adjusted Subscription Price, the Proposed Transactions appear to be less favourable as compared to the valuation (in terms of the P/NTA ratios) of the Selected Comparable Companies, the Selected Comparable Transactions, and the past fund raising conducted or intended by the Company (being the 2012 Subscription, the Rights Issue and the 2014 Subscription).

The relatively unfavourable comparison with the Selected Comparable Companies, the Selected Comparable Transactions and the Company's previous fund raising exercise, in terms of P/NTA after deducting the theoretical value of the Warrants from the Subscription Price (the negative Adjusted Subscription Price) should be viewed in conjunction with the fact that: the Group incurred significant losses during FY2014 (mainly due to impairment losses and write-offs on the Group's assets) with significant declines in its core activities (in terms of revenue) since FY2012; the Group's weak financial position as at 30 April 2015 with negative net working capital of approximately S\$5.8 million; eroded and dismal shareholders equity (of approximately S\$1.1 million); relatively high gearing ratio (as compared to the Selected Comparable Companies; and the disclaimer of opinion as highlighted in the Audit Report 2014 in relation to, *inter alia*, going concern assumptions, and as well as the Claims and/or application for winding-ups by the Group's creditors and Landlord.

- (g) The theoretical value of the Warrants as at the MOU Announcement Date and as at the Latest Practicable Date is approximately S\$0.0136 for two (2) Warrants and S\$0.0294 for two (2) Warrants respectively. The Warrants will be issued free to the Investor pursuant to the Placement Agreement notwithstanding the inherent theoretical value for the Warrants. We wish to highlight that in the event the theoretical value of the Warrants of approximately S\$0.0136 for two (2) Warrants and S\$0.0294 for two (2) Warrants as at the MOU Announcement Date and as at the Latest Practicable Date respectively, are deducted from the Subscription Price (as the Warrants are issued "free"), the Adjusted Subscription Price, as at the MOU Announcement Date and as at the Latest Practicable Date, would be negative and not meaningful.
- (h) Our computation of NAV/NTA and Revalued NAV/NTA are subject to confirmation from Directors that notwithstanding the basis for which Independent Auditor have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair.
- (i) The pro-forma financial effects of the Proposed Transactions based on the assumptions therein, as outlined in Section 7 of the Circular is favourable for the Group in terms of Group's NTA per Share, loss per Share and gearing ratio for the Group. In addition, approval of the Proposed Whitewash Resolution will, *inter-alia*, allow the Company to raise gross proceeds of up to approximately S\$23.1 million, settle obligations to trade and other creditors, retire outstanding loans from financial institutions and augment the Group's cash flow.
- (j) The dilutive impact of the Proposed Transactions, set out in Section 6.2 of this Letter, on the percentage of shareholding interest of existing Shareholders and the significant reduction in the voting interest in the Company pursuant to the Proposed Transactions which we have viewed in conjunction with the substantial discount implied by the Adjusted Subscription Price from the Group's revalued NTA as well as the Group weak financial performance and position (including but not limited to significant losses during FY2014, erosion of shareholder's equity, negative net working capital, and cash flow constrain) and uncertainty surrounding the Group's ability to continue as going-concern as highlighted in the Auditor Report 2014.

- (k) The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for an alternative offer with better pricing or terms, as at the Latest Practicable Date, they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription and the Proposed Warrants Issue. The injection of cash proceeds into the Group would allow for settlement of the outstanding payables and working capital requirements (including claims from landlords, retirement of loans from financial institutions and other outstanding sums payable to the Company's creditors) which would, to certain extent, alleviate uncertainties with regard to going concern and cash flow needs and mitigate the possibility of winding up and thereby allowing the Group and the Company to continue operate on a going concern basis.
- (k) Completion of the Proposed Transactions is, *inter alia*, conditional on the approval of the Proposed Whitewash Resolution. Accordingly, if the Proposed Whitewash Resolution is not passed by a majority of the Shareholders, the Proposed Transactions may not take place.
- (l) Other relevant considerations as set out in Section 6 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, as well as the confirmation from the Directors that notwithstanding the basis for which Auditors have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair we are of the view that the financial terms of the Proposed Transactions, being the transactions that are subject of the Proposed Whitewash Resolution, is, on balance **NOT FAIR BUT REASONABLE** from a financial point of view.

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

- (i) Whether a placement cum free warrant(s) is "fair" relates to an opinion on the value of the subscription price or the exercise price or the value of the subscription price after taking into account the fair value of free warrant(s). This is based strictly on a fundamental analysis and evaluation of the subscription price, exercise price and the fair value or theoretical value for the free warrant(s) as set out in this Letter, based on information known to us and which is publicly available;
- (ii) Whether a placement cum free warrant(s) is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the placement cum free warrant(s) as well as the Company or the Group *inter alia* the Group's imminent need for cash to settle outstanding etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms for the Proposed Placement and the Proposed Warrants Issue to be **NOT FAIR**, from a financial point of view after factoring, *inter alia*, the following:

- (i) In the event that the theoretical value of the Warrants as at the MOU Announcement Date of S\$0.0136 for two (2) Warrants (as two Warrants are issued "free" for every Placement Share) is deducted from the Subscription Price, the Adjusted Subscription Price would be negative and not meaningful. Thus, taking into account the negative Adjusted Subscription Price, the Proposed Transactions appear to be less favourable as compared to the valuation (in terms of the P/NTA ratios) of the Selected Comparable Companies, the Selected Comparable Transactions, and the past fund raising conducted or intended by the Company (being the 2012 Subscription, the Rights Issue and the 2014 Subscription).

- (ii) The Subscription Price or the Exercise Price does not accord any premiums which are normally expected from a possible acquisition of control as the Proposed Transactions may result in the Investor obtaining control of the Company. The Subscription Price or the Exercise Price is at discount to the historical market prices for the Shares for the period prior to the MOU Announcement Date.
- (iii) The disclaimer of opinion, which we note, with regards to, *inter alia*, going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, creates uncertainties on use or reliance of P/NTA (including revalued P/NTA) or use of any fundamental analysis of the audited financial statements for FY2014 or unaudited financial statements thereafter.

However, we also consider the Proposed Placement and the Proposed Warrant Issue to be **REASONABLE**, from a financial point of view after factoring, *inter alia*, the following:

- (i) The current weak financial position and performance of the Group with substantial losses of approximately S\$145.6 million in FY2014 (mainly due to significant impairment losses and write-off of the Group's assets arising *inter alia*, from deterioration of its core printing business in China and in the region), erosion of the Group's shareholders' equity (declined from approximately S\$138.1 million as at 31 July 2013 to only approximately S\$1.1 million as at 30 April 2015), negative net working capital of approximately S\$5.8 million as at 30 April 2015, its significantly higher gearing ratio (as compared to the Selected Comparable Companies), as well as the disclaimer of opinion issued by the Independent Auditor in its Auditor Report 2014 pertaining to, *inter alia*, going concern assumptions. Furthermore, the Group is experiencing cash flow constraints with negative net cash flow from operating activities of approximately S\$0.6 million and S\$9.3 million for 9M2015 and FY2014 respectively. As at the Latest Practicable Date, total Claims from trade and other creditors amounted to approximately S\$4.5 million exceeds its cash and cash equivalents of approximately S\$0.6 million as at 30 April 2015, and we understand that some of these creditors had applied for winding-up applications against the Company and/or its subsidiaries.
- (ii) Representation and confirmation from Directors on, *inter alia*, that as at the Latest Practicable Date, after taking into account:
 - (a) The Group's internal resources, operating cash flow, and in the event that the Proposed Transactions lapse, the Directors confirm that the working capital available to the Group is insufficient to meet its present requirements (including the Claims and the Loan).
 - (b) The Group's internal resources, operating cash flow, net proceeds from the Proposed Subscription of approximately S\$7.0 million (after deducting estimated expenses incurred in connection with the Proposed Transactions) and without considering proceeds from potential conversion of the Warrants, the Directors confirm that the working capital available to the Group is sufficient to meet its present requirements (including the Claims and the Loan).
 - (c) The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the Proposed Subscription and the Proposed Warrants Issue.
- (iii) The potential favourable financial impact of the Proposed Transactions as outlined in Section 7 of the Circular on the Group's NTA per Share, loss per Share and gearing.

The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer with better pricing or terms, as at the Latest Practicable Date, they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription and the Proposed Warrants Issue. The injection of cash proceeds into the Group would allow the Group to settle the outstanding payables of the Company and working capital requirements (including claims from landlords, retirement of loans from financial institutions and other outstanding sums payable to the Company's creditors) which would, to certain extent, alleviate uncertainties with regard to going concern and mitigate the possibility of winding up and thereby allowing the Group and the Company to continue operating on a going concern basis

- (iv) The Company had considered other fund raising alternatives, including but not limited to search for other strategic investors/partners, undertaking of rights issue, and obtaining external borrowings from financial institutions, before eventually deciding to proceed with the Proposed Transactions. The Directors note that the Group's currently weak financial performance and position (in particular, the significant losses incurred for FY2014 and the negative net working capital) with the disclaimer of opinion from the Independent Auditors pertaining to, *inter alia*, going concern assumption makes it difficult to seek any meaningful amount of external borrowing from financial institutions or funds from a rights issue without a significant discount to the Share price. The Directors have also represented that there was no support from the substantial Shareholders for a rights issue. Further, Directors are of the opinion that it may not be feasible for the rights issue to be underwritten and hence there is no certainty that any meaningful amounts of funds can be raised via a rights issue.

In addition, having considered all of the above, subject to the confirmation from Directors that notwithstanding the basis for which Auditors have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 April 2015 are true and fair, the qualifications and assumptions set out in this Letter including but not limited to the uncertainties surrounding the Group's ability to continue operating as a going concern and its ability to fulfil its obligations when due, the disclaimer of opinion relating to, *inter alia*, going concern statement in the Independent Auditors' report and in the context of the Company's present circumstances including the inability of the Group to seek alternative forms of financing or equity contribution given their specific context and confirmations or representations as well as the outstanding Claims which exceeded the Group's cash and cash equivalents and the winding up application submitted by the creditors and the Landlord, we are of the opinion that the Proposed Whitewash Resolution is **NOT PREJUDICIAL** to the interests of Independent Shareholders, when considered in the context of the fact that the Proposed Whitewash Resolution may facilitate the immediate injection of funds from the Investor in ensuring that there is sufficient working capital or funds to settle outstanding payables for the Company (including the Claims) and to alleviate business continuity concerns in the immediate short term.

Recommendation

Based on our assessment of the Proposed Whitewash Resolution as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote **in favour of** the Proposed Whitewash Resolution to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is limited and subject to the disclaimer of opinion expressed by the Independent Auditor and the Group's ability to continue as going concern and repay obligation as and when they fall due. We advise the Independent Director to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Whitewash Resolution.

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

Matters to highlight

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

- (1) Independent Shareholder should read the Auditor Report 2014 as set out in pages F08-F10 of the AR2014 and such other statements in its audited financial statements carefully and in its entirety, in particular with regard to, *inter alia*, Independent Auditor's disclaimer opinion.

- (2) Independent Shareholders should note that by voting in favour of the Whitewash Resolution, they are waiving their rights to receive a mandatory general offer from the Investor and parties acting in concert with him to purchase their Shares at the highest price paid or agreed to be paid by the Investor and parties acting in concert with him in the six (6) months preceding the commencement of the Proposed Subscription.

Independent Shareholders should also note that by voting in favour of the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

Independent Shareholders should further note that the allotment and issuance of the Placement Shares and the allotment and issuance of the New Shares upon exercise of the Warrants will result in the Investor and parties acting in concert with him carrying over 49% of the voting rights of the Company (based on the enlarged Share capital of the Company), and that the Investor and parties acting in concert with him will, thereafter, be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

Independent Shareholders should note that the passing of the resolutions set out in the Circular are inter-conditional. This means that if any of the resolutions is not approved, the other resolutions would not be carried. In particular, Independent Shareholders should note that the Proposed Subscription and Proposed Warrants Issue are conditional upon Independent Shareholders voting in favour of the Proposed Whitewash Resolution. Therefore, if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Subscription and the Proposed Warrants Issue will not take place.

- (3) Independent Shareholders should note that the passing of the ordinary resolutions relating to the Proposed Transactions are conditional upon the Proposed Whitewash Resolution being approved by Independent Shareholders, as the Proposed Whitewash Resolution is a condition precedent in the Placement Agreement.
- (4) Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, property, plant and equipment) or contracts entered or to be entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group, save for the Valuation Report issued by the Independent Valuer, in respect of the Appraised Assets. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Notwithstanding the basis for which Independent Auditor have issued a disclaimer of opinion on *inter alia*, the going concern assumption, available for sale financial assets, trade and other receivables and prepayments, inventories, and loans from third parties, the Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in the half year unaudited financial statements for the Company and the Group as at 30 April 2015 are true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter and the unaudited financial statements for the Group for 9M2015, there has been no material changes to the assets and liabilities, financial position, condition and performance.

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

Specific Objectives

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

8. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, should complete, sign and return the proxy form attached to the Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 61 Tai Seng Avenue #03-03 Crescendas Print Media Hub, Singapore 534167 not later than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 48 hours before the EGM.

In addition, Independent Shareholders are advised to read Section 13 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

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

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

Yours faithfully,
For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

ADJUSTMENT FORMULA

- 1 If, and whenever, consolidation or subdivision of the Shares occurs, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision;

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision;

X = existing Exercise Price; and

W = existing number of Warrants held.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective.

- 2 If, and whenever, the Company shall make any issue of Shares to its Members (as defined in the Instrument) (other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend) for which no consideration is payable or, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Members (other than an allotment of Shares to Members who elect to receive Shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

X = as in X above; and

W = as in W above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

For the purpose of this paragraph 2, “**record date**” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Members must be registered as such to participate therein.

- 3 If, and whenever, the Company shall make a Capital Distribution (as defined herein) to Members whether on a reduction of capital or otherwise, then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times X$$

where:

C = the Last Dealt Price on the Market Day immediately preceding the date on which the Capital Distribution is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the Capital Distribution;

D = the fair market value, as determined by the Auditors (as defined in the Instrument), of that portion of the Capital Distribution attributable to one Share; and

X = as in X above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the record date for such transactions.

For the purposes of this paragraph 3, “**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 (not falling under paragraph 2) or other securities (other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend) by way of capitalisation of profits or reserves.

For the purposes of paragraphs 3 and 4, “**Last Dealt Price**” means, in relation to a Share on a relevant Market Day, the last dealt price per 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.

- 4 If, and whenever, the Company shall make any offer or invitation to its Members whereunder they may acquire or subscribe for Shares by way of rights, then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{E - F}{E} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{E}{E - F} \times W$$

where:

E = the Last Dealt Price on the Market Day immediately preceding the date on which the offer or invitation referred to in this paragraph 4 is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

X = as in X above;

W = as in W above; and

F = the value of rights attributable to one Share, which shall be calculated in accordance with the formula:

$$\frac{E - G}{H + 1}$$

where:

E = as in E above;

G = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights; and

H = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this paragraph 4, “**closing date**” shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

- 5 If, and whenever, the Company makes any allotment to its Members as provided in paragraph 2 and also makes any offer or invitation to its Members as provided in paragraph 4 and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(I \times E) + (J \times G)}{(I + J + B) \times E} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(I + J + B) \times E}{(I \times E) + (J \times G)} \times W$$

where:

I = the aggregate number of issued and fully paid-up Shares on the record date;

E = as in E above;

J = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

G = as in G above;

B = as in B above;

X = as in X above; and

W = as in W above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this paragraph, “**closing date**” shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

XPRESS HOLDINGS LTD
(Company Registration Number 199902058Z)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 24 June 2015 issued by Xpress Holdings Ltd.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of **XPRESS HOLDINGS LTD** (the “**Company**”) will be held at 25 Tai Seng Avenue, #01-01 Scorpio East Building, Singapore 534104 on 9 July 2015 at 9.00 a.m. for the purpose of considering, and if thought fit, passing, with or without modifications, the resolutions below as ordinary resolutions:

ORDINARY RESOLUTION 1 – THE PROPOSED SUBSCRIPTION

That subject to and contingent upon the passing of Ordinary Resolutions 2 and 3:

- (a) approval be and is hereby given for the allotment and issue of 1,100,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) to Mr Ma Wei Dong (the “**Investor**”) at a subscription price of S\$0.007 per Placement Share pursuant to the placement agreement dated 5 January 2015 (the “**Placement Agreement**”) entered into between the Company and the Investor (the “**Proposed Subscription**”); and
- (b) the directors of the Company (“**Directors**”) and each of them be and are hereby authorised to implement, effect and complete, and to do all such acts and things (including executing all such documents as may be required in connection with the Proposed Subscription) as the Directors or any of them may consider necessary, desirable or expedient to give effect to this resolution as they or he may think fit.

ORDINARY RESOLUTION 2 – THE PROPOSED WARRANTS ISSUE

That subject to and contingent upon the passing of Ordinary Resolutions 1 and 3:

- (a) approval be and is hereby given for the creation, allotment and issue of 2,200,000,000 unlisted and detachable free warrants (the “**Warrants**”) in registered form to the Investor, each carrying the right to subscribe for one new ordinary share in the capital of the Company (the “**New Shares**”) at an exercise price of S\$0.007 per New Share pursuant the Placement Agreement (which shall be subject to adjustment under such circumstances as may be provided in the terms and conditions of the Warrants), such Warrants to be exercised during the Exercise Period (as defined in the circular to shareholders of the Company (“**Shareholders**”) dated 24 June 2015), and on such other terms and conditions as the Directors may in their absolute discretion and from time to time deem fit (the “**Proposed Warrants Issue**”);
- (b) approval be and is hereby given for the creation, allotment and issue of such additional warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants (any such further warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Warrants);
- (c) approval be and is hereby given for the allotment and issue (notwithstanding that the issue thereof may take place after the next or ensuing annual or other general meeting of the Company):
 - (i) upon exercise of the Warrants, such number of New Shares as may be required or permitted to be allotted and issued on the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants; and
 - (ii) on the same basis as sub-paragraph (i) above, such further New Shares as may be required to be allotted and issued on the exercise of any additional warrants referred to in paragraph (b) above,

in each case, such New Shares to be credited as fully paid when issued and to rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company (“**Shares**”), save for any dividends, rights, allotments or other distributions the record date for which falls before the date of allotment and issue of the New Shares, unless otherwise provided in the terms and conditions of the Warrants; and

- (d) the Directors and each of them be and are hereby authorised to implement, effect and complete, and to do all such acts and things (including executing all such documents as may be required in connection with the Proposed Warrants Issue) as the Directors or any of them may consider necessary, desirable or expedient to give effect to this resolution as they or he may think fit.

ORDINARY RESOLUTION 3 – THE PROPOSED WHITEWASH RESOLUTION

That subject to and contingent upon the passing of Ordinary Resolutions 1 and 2 above, and the conditions in the letter from the Securities Industry Council dated 8 April 2015 being fulfilled, the Shareholders do hereby (on a poll taken), unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Investor and the parties acting in concert with him in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, for all the Shares not already owned or agreed to be acquired by the Investor and parties acting in concert with him, as a result of the Proposed Subscription, the Proposed Warrants Issue and the allotment and issue of the New Shares pursuant to the exercise of the Warrants at the highest price per Share paid or agreed to be paid by the Investor and parties acting in concert with him in the six months preceding the commencement of the Proposed Subscription.

BY ORDER OF THE BOARD

Shirley Tan Sey Liy
Company Secretary
XPRESS HOLDINGS LTD
Singapore, 24 June 2015

Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) If a proxy is to be appointed, the proxy form must be duly deposited at the registered office of the Company at 61 Tai Seng Avenue, Crescendas Print Media Hub, #03-03, Singapore 534167 at least 48 hours before the time appointed for the holding of the Extraordinary General Meeting.
- (3) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

Personal Data Privacy:

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

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XPRESS HOLDINGS LTD

(Company Registration Number 199902058Z)
(Incorporated in the Republic of Singapore)

EXTRAORDINARY GENERAL MEETING PROXY FORM

IMPORTANT:

CPF Investors

1. For investors who have used their CPF monies to buy the Company's shares, this 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 FOR USE ONLY BY MEMBERS whose shares in Xpress Holdings Ltd are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 24 June 2015.

(You are advised to read the notes below before completing this form)

I/We, _____

of _____

being a *member/members of Xpress Holdings Ltd(the "Company"), hereby appoint:

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

*and/or

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

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf and, if necessary to demand a poll, at an Extraordinary General Meeting of the Company to be held at 25 Tai Seng Avenue, #01-01 Scorpio East Building, Singapore 534104 on 9 July 2015 at 9.00 a.m. and at any adjournment thereof.

*I/We have indicated with an " X " in the appropriate box below how *I/We wish *my/our *proxy/proxies to vote. If no specific direction as to voting is given, *my/our *proxy/proxies may vote or abstain at *his/their discretion as *he/they will on any other matters arising at the Extraordinary General Meeting. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Ordinary Resolution	For	Against
To approve the Proposed Subscription		
To approve the Proposed Warrants Issue		
To approve the Proposed Whitewash Resolution		

Dated this _____ day of _____ 2015

Total Number of Shares Held In:	No. of Shares
a) CDP Register	
b) Register of members	

Signature(s) of Member(s)/Corporation's Common Seal

* Delete as appropriate



IMPORTANT: Please read notes below.

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 of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register as well as registered in your name in the Register of Members of the Company, 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 will be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his stead.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such an event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Extraordinary General Meeting.
5. This instrument appointing a proxy must be deposited at the registered office of the Company at 61 Tai Seng Avenue, Crescendas Print Media Hub, #03-03, Singapore 534167 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
6. This instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under seal or under the hand of an official or attorney duly authorised.
7. A corporation which is a member may, by resolution of its directors, authorise any person to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose Shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register not less than 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.