

CIRCULAR DATED 31 OCTOBER 2017

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

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

If you have sold or transferred all your shares in the capital of Amplefield Limited (the “**Company**”), you should forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. As at the Latest Practicable Date (as defined herein), the Company has yet to receive the listing and quotation notice from the SGX-ST for the Rights Shares (as defined herein), the Warrants (as defined herein) and the Warrant Shares (as defined herein).

The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



AMPLEFIELD LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198900188N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (1) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 1,037,643,438 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.05 FOR EACH RIGHTS SHARE (THE “RIGHTS ISSUE PRICE”) AND UP TO 691,762,292 FREE DETACHABLE WARRANTS (THE “WARRANTS”), WITH EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE “WARRANT SHARES”) AT AN EXERCISE PRICE OF S\$0.05 FOR EACH WARRANT SHARE (THE “WARRANT EXERCISE PRICE”), ON THE BASIS OF THREE RIGHTS SHARES AND TWO WARRANTS FOR EVERY ONE ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (“SHARES”) HELD BY ELIGIBLE SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS CUM WARRANTS ISSUE”);**
- (2) **PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM OLANDER LTD FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP, AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE (THE “WHITEWASH RESOLUTION”);**
- (3) **PROPOSED IPT MANDATE (AS DEFINED HEREIN); AND**
- (4) **PROPOSED ACQUISITION BY THE COMPANY’S SUBSIDIARY, AMPLEFIELD DEVELOPMENT, INC., OF A 40% EQUITY INTEREST IN AMPLEFIELD LAND (PHILIPPINES), INC.**

Manager of the Rights cum Warrants Issue



PrimePartners Corporate Finance Pte. Ltd.

(Company Registration No. 200201933D)
(Incorporated in the Republic of Singapore)

**Independent Financial Adviser in relation to the
Whitewash Resolution and the Proposed IPT Mandate**

ASIAN CORPORATE ADVISORS PTE. LTD.

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

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	13 November 2017 at 1.00 p.m.
Date and time of Extraordinary General Meeting	:	15 November 2017 at 1.00 p.m.
Place of Extraordinary General Meeting	:	RELC International Hotel Room 602, Level 6 30 Orange Grove Road Singapore 258352

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DEFINITIONS

The following definitions apply throughout this Circular, unless the context requires otherwise:

“9M”	:	The nine-month period ended 30 June
“Act”	:	Companies Act, Chapter 50 of Singapore, as amended, modified and supplemented from time to time
“AGM”	:	An annual general meeting of the Company
“ALI”	:	Amplefield Land (Philippines), Inc.
“ALI Agreement”	:	The conditional agreement dated 4 April 2017 between the Purchaser and Vendor in respect of the sale and purchase of 4,997 issued and paid up ordinary shares in ALI, representing a 40% equity interest in ALI
“Announcement”	:	The announcement released by the Company on 30 June 2017, in relation to the Rights cum Warrants Issue
“Approved Independent Sources”	:	Has the meaning ascribed to it in Section 6.7(a)(ii) of this Circular
“ARE”	:	Application and acceptance form for Rights Shares with Warrants and Excess Rights Shares with Warrants to be issued to Eligible Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
“ARS”	:	Application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on Catalist through the book-entry (scripless) settlement system
“Associates”	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the total votes attached to all the voting shares;

- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"Board"	:	The board of directors of the Company
"Books Closure Date"	:	Subject to Shareholders' approval for all the resolutions to be passed at the EGM, the time and date, to be determined by the Directors, at and on which the Depository Register and the Register of Members will be closed to determine the provisional allotment of Rights Shares and Warrants of Eligible Shareholders under the Rights cum Warrants Issue
"Catalist"	:	The Catalist of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist issued by the SGX-ST, as may be amended, supplemented or revised from time to time
"CBS"	:	Citybuilders Pte. Ltd.
"CBVN"	:	Citybuilders (Vietnam) Co., Ltd.
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to the Shareholders dated 31 October 2017 in relation to the Rights cum Warrants Issue, the Whitewash Resolution, the Proposed IPT Mandate and Proposed Share Acquisition
"Closing Date"	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment and renunciation of, the Rights Shares with Warrants under the Rights cum Warrants Issue
"Code"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"Company"	:	Amplefield Limited
"Concert Party Group"	:	Olander Ltd and the parties acting in concert with it, including Dato Yap and his spouse, Phan Foo Beam
"Consideration"	:	The consideration to be paid by the Purchaser to the Vendor in the ALI Agreement

“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; (b) or in fact exercises control over the Company
“Council”	:	Securities Industry Council of Singapore
“CPF”	:	Central Provident Fund
“Dato Yap”	:	Dato Sri Yap Teiong Choon, the Controlling Shareholder of the Company who, as at the Latest Practicable Date, has an effective interest of 33.5% in the Company
“Deed Poll”	:	The 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 Warrant Holders
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-4 of this Circular
“Eligible Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Eligible Scripholders”	:	Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar with valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Eligible Shareholders”	:	Eligible Depositors and Eligible Scripholders
“EPS”	:	Earnings per Share
“Excess Applications”	:	Applications by Eligible Shareholders of the Rights Shares with Warrants in excess of their provisional allotments of Rights Shares with Warrants

“Excess Rights Shares with Warrants”	:	Rights Shares with Warrants in excess of the provisional allotments of Eligible Shareholders to the extent that they are not subscribed by Eligible Shareholders
“Existing Share Capital”	:	The issued and paid-up share capital of the Company, consisting 345,881,146 shares
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who have not, at least three Market Days prior to the Books Closure Date, provided to CDP, the Share Registrar or the Company, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	:	Financial year ended or, as the case may be, ending 30 September
“Group”	:	The Company, its subsidiaries and associated company(ies)
“IFA”	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Non-conflicted Directors in respect of the Whitewash Resolution and in respect of the Proposed IPT Mandate, to the non-interested Directors in the Proposed IPT Mandate
“IFA Letter”	:	The letter dated 31 October 2017 from the IFA to the Non-conflicted Directors in relation to the Whitewash Resolution and the non-interested Directors in relation to the Proposed IPT Mandate as set out in Appendix A to this Circular
“IPT” or “IPTs”	:	An interested person transaction
“Indebtedness”	:	The aggregate outstanding amounts of S\$23.7 million owed by the Group to Dato Yap and his associated companies
“Independent Shareholders”	:	The Shareholders, who are independent of the Concert Party Group and who are deemed to be independent for the purposes of the Whitewash Resolution
“Irrevocable Undertakings”	:	The undertakings of the Undertaking Shareholders as set out in the Letter of Undertakings pursuant to which the Undertaking Shareholders have irrevocably undertaken, <i>inter alia</i> , to (a) to vote in favour of the resolutions relating to the Rights cum Warrants Issue; and (b) subscribe for all the 347,336,085 Rights Shares, and further subscribe for excess rights entitlement up to an additional 103,764,344 Rights Shares under the Rights cum Warrants Issue, and any one of the undertakings shall be referred to as an “Irrevocable Undertaking”

“Latest Practicable Date”	:	16 October 2017, being the latest practicable date prior to the printing of this Circular
“Letters of Undertaking”	:	The letters of undertaking dated 30 June 2017 from the Undertaking Shareholders to the Company in relation to the Irrevocable Undertakings described in Section 2.6 of this Circular
“Mandated Interested Persons”	:	Interested persons of the Company who fall within the Proposed IPT Mandate, as defined in Section 6.5 of this Circular
“Mandated Transactions”	:	Has the meaning ascribed to it in Section 6.6 of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MAS”	:	Monetary Authority of Singapore
“Maximum Subscription Scenario”	:	The scenario where it is assumed that pursuant to the Rights cum Warrants Issue, all the Rights Shares will be fully subscribed and an aggregate of 1,037,643,438 Rights Shares will be issued
“Minimum Gross Proceeds”	:	The sum of approximately S\$22.6 million, being the estimated gross proceeds from the subscription of the Rights Shares under the Minimum Subscription Scenario
“Minimum Subscription Scenario”	:	The scenario where it is assumed that the Rights cum Warrants Issue is completed with the subscription only by the Undertaking Shareholders (and no other Eligible Shareholders) of all the 347,336,085 Rights Shares that the Undertaking Shareholders are entitled to subscribe for under the Rights cum Warrants Issue, and for 103,764,344 excess Rights Shares, to obtain the Minimum Gross Proceeds
“Non-conflicted Directors”	:	The Directors who are considered independent of the Concert Party Group, namely Albert Saychuan Cheok, Ng Chin Hoo and Chong Kum Fatt
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-4 of this Circular
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with the PAL, the ARE, the ARS and all other accompanying documents including, where the context so admits, any supplementary or replacement document to be issued by the Company in connection with the Rights cum Warrants Issue

“PAL”	:	The provisional allotment letter to be issued to Eligible Scripholders, setting out the provisional allotment of Rights Shares with Warrants under the Rights cum Warrants Issue
“Proposed IPT Mandate”	:	The meaning ascribed to it in Section 6.1 of this Circular
“Proposed Share Acquisition”	:	The proposed acquisition by the Purchaser of 40% of equity interest in ALI from the Vendor, pursuant to the ALI Agreement
“Purchaser” or “ADI”	:	Amplefield Development, Inc., a 98% owned subsidiary of the Company
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or Securities Account of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	Register of members of the Company
“Rights cum Warrants Issue”	:	The proposed renounceable non-underwritten rights cum warrants issue by the Company of up to 1,037,643,438 Rights Shares at the Rights Issue Price for each Rights Share and up to 691,762,292 Warrants, with each Warrant carrying the right to subscribe for one Warrant Share at the Warrant Exercise Price, on the basis of three Rights Shares and two Warrants for every one Share held by Eligible Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
“Rights Issue Price”	:	The issue price of S\$0.05 for each Rights Share
“Rights Shares”	:	Up to 1,037,643,438 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
“Sale Shares”	:	The 4,997 issued and paid up ordinary shares in ALI, representing 40% equity interest in ALI to be sold to ADI pursuant to the ALI Agreement
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGXNET”	:	The online information system of the SGX-ST used by listed companies to disseminate corporate information

“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholder” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“SIC Conditions”	:	Conditions imposed by the Council to which the Whitewash Waiver is subject, details of which are set out in Section 5.3 of this Circular
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.
“Substantial Shareholder”	:	A person who has an interest (directly or indirectly) in 5% or more of the total issued voting rights of the Company
“SVC”	:	Sing Viet City Ltd.
“Undertaking Shareholders”	:	Dato Yap, Phan Foo Beam and Olander Ltd, as Controlling Shareholders of the Company, who collectively hold 115,778,695 Shares, representing approximately 33.5% of the issued share capital of the Company as at the Latest Practicable Date, and who have provided the Irrevocable Undertakings
“Vendor” or “CAM”	:	CAM Mechatronic (Philippines), Inc.
“Warrants”	:	Up to 691,762,292 free detachable warrants in registered form to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue and (where the context so admits), such additional Warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the Warrants as set out in the Deed Poll (any such additional Warrants to rank <i>pari passu</i> with the Warrants to be issued together with the Rights Shares and for all purposes to form part of the same series of), subject to the terms and conditions to be set out in the Deed Poll, each Warrant entitling the holder thereof to subscribe for one Warrant Share at the Warrant Exercise Price, subject to the terms and conditions as set out in the Deed Poll
“Warrant Agent”	:	Boardroom Corporate & Advisory Services Pte. Ltd., the warrant agent to be appointed, at the discretion of the Directors, in accordance with the terms and subject to the conditions of a warrant agency agreement to be executed by the Company

“Warrants Exercise Period”	:	The period during which the Warrants may be exercised commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the day immediately preceding the fifth anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or the Warrant Register is closed or is not a Market Day, in which event the exercise period shall end on the date prior to the closure of the Register of Members and/or the Warrant Register or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Members and/or the Warrant Register may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll
“Warrants Exercise Price”	:	The price payable for each Warrant Share upon the exercise of a Warrant which shall be S\$0.05, subject to certain adjustments in accordance with the terms and conditions of the Warrants as set out in the Deed Poll
“Warrant Holders”	:	Registered holders of Warrants, except that where the registered holder is CDP, the term “Warrant Holders” shall, in relation to such Warrants and where the context admits, mean the Eligible Depositors whose Securities Accounts are credited with such Warrants
“Warrant Register”	:	The register of Warrant Holders to be maintained, subject to the terms and conditions as set out in the Deed Poll
“Warrant Shares”	:	The new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, including, where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Whitewash Resolution”	:	The Resolution to be approved by way of poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from Olander Ltd pursuant to Rule 14 of the Code arising from Olander Ltd subscribing for Rights Shares and excess Rights Shares (subject to availability) under the Rights cum Warrants Issue pursuant to the Irrevocable Undertakings. Please refer to Section 5 of this Circular for further details on the Whitewash Resolution
“Whitewash Waiver”	:	The waiver granted by the Council on 12 September 2017, of the requirement on the part of Olander Ltd to make a mandatory general offer for the Shares not already owned by the Concert Party Group under Rule 14 of the Code arising from the Rights cum Warrants Issue pursuant to the Irrevocable Undertakings. The Whitewash Waiver is subject to the satisfaction of the conditions set out in Section 5 of this Circular

“Peso”	:	Philippine peso
“USD”	:	United States dollars
“\$” or “S\$”	:	Singapore dollars
“%”	:	Per centum

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

The term **“subsidiary”** shall have the meaning ascribed to it by Section 5 of the 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 and *vice versa*. References to persons, where applicable, shall include corporations.

Any reference in this Circular to a Rule or a Chapter is a reference to the relevant rule or chapter in the Catalist Rules as for the time being amended.

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

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

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFA or the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the SFA or the Catalist Rules or any statutory modification thereof, as the case may be, unless the context requires otherwise.

LETTER TO SHAREHOLDERS

AMPLEFIELD LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198900188N)

Board of Directors

Albert Saychuan Cheok (*Chairman and Independent Director*)
Yap Weng Yau (*Executive Director*)
Phan Chee Shong (*Executive Director*)
Woon Ooi Jin (*Executive Director*)
Ng Chin Hoo (*Independent Director*)
Chong Kum Fatt (*Independent Director*)

Registered Office

101A, Upper Cross Street
#11-16 People's Park Centre
Singapore 058358

31 October 2017

To: The Shareholders of Amplefield Limited

Dear Sir/Madam

(1) RIGHTS CUM WARRANTS ISSUE

(2) WHITEWASH RESOLUTION

(3) PROPOSED IPT MANDATE

(4) PROPOSED SHARE ACQUISITION

1. INTRODUCTION

1.1 The board is proposing to convene the EGM to be held on 15 November 2017 at 1.00 p.m. at RELC International Hotel, Room 602, Level 6, 30 Orange Grove Road, Singapore 258352 to seek:

- (a) Shareholders' approval for the Rights cum Warrants Issue;
- (b) Independent Shareholders' approval for the Whitewash Resolution;
- (c) Shareholders' approval for the Proposed IPT Mandate; and
- (d) Shareholders' approval for the Proposed Share Acquisition,

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

1.2 In connection therewith, this Circular has been prepared to provide Shareholders and Independent Shareholders with information relating to the foregoing, and to seek Shareholders' and Independent Shareholders' approval at the EGM for the Proposed Resolutions, the notice of which is set out on pages N-1 to N-4 of this Circular.

1.3 **Shareholders should note that the ordinary resolutions for the matters set out in Sections 1.1(a) and (b) above are inter-conditional of each other. If any of the ordinary resolution in Sections 1.1(a) and (b) are not passed, neither resolution in Sections 1.1(a) and (b) would be carried out.**

2. THE RIGHTS CUM WARRANTS ISSUE

2.1 Overview of the Rights cum Warrants Issue

The Company had announced on 30 June 2017 that it is proposing the Rights cum Warrants Issue to be made on a renounceable non-underwritten basis of three Rights Shares and two free Warrants for every one Share held by Eligible Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the issued share capital of the Company of 345,881,146 as of the Latest Practicable Date, the Company is proposing to issue up to 1,037,643,438 Rights Shares at the Rights Issue Price of S\$0.05 for each Rights Share, and up to 691,762,292 Warrants, with each Warrant carrying the right to subscribe for one Warrant Share at the Warrant Exercise Price of S\$0.05. By way of illustration, an Eligible Shareholder who holds 100 Shares and subscribes for his full rights entitlements will be entitled to 300 Rights Shares and 200 Warrants.

2.2 Purpose of the Rights cum Warrants Issue and Use of Proceeds

The Company intends to utilise the proceeds from the Rights cum Warrants Issue primarily to reduce the Indebtedness and consequently strengthen the financial position and capital base of the Group and to be less reliant on external sources of funding. The Company further intends to utilise the proceeds to finance current and future construction projects, in particular, construction works on a 363.8 hectare plot of land at Le Minh Xuan Ward, Binh Chanh District, Ho Chi Minh City, Vietnam (the “**Land**”). Any balance of the proceeds will primarily be used for exploration of an investment in new project opportunities under the Group’s property development and construction business, and for general working capital purposes.

On 28 August 2017, the Company had announced that CBVN, a wholly-owned subsidiary company of CBS, which in turn is a 75% subsidiary of the Company, was appointed as principal contractor by SVC for the design, procurement, consultancy and construction activities on 9.32 hectares of certain parcels of the Land (the “**Designated Land Parcels**”). Part of the gross proceeds from the Rights cum Warrants Issue will be utilised by way of a loan to CBS to finance both the current and future construction contracts awarded/to be awarded by SVC. SVC has been granted a Master Investment License by the Vietnamese authorities to develop a township comprising of high-rise and low-rise retail, commercial, sports, gaming, leisure and recreational complexes, educational and medical properties/facilities for sale to both farmers affected by the development of the Land and third party buyers. CBVN will therefore, subject to approval of the Proposed IPT Mandate, enter into transactions with SVC as an “entity at risk” under Chapter 9 of the Catalist Rules. Please refer to Section 6 of this Circular for more information.

The Rights cum Warrants Issue will also provide Eligible Shareholders with the opportunity to further participate in the equity of the Company through the opportunities to subscribe for their *pro rata* entitlements to participate in the growth and expansion plan of the Group’s other property development and construction business. The Rights cum Warrants Issue will also increase the number of Shares in issue and accordingly, potentially increase the level of trading liquidity of the Shares after the Rights cum Warrants Issue.

Assuming all Eligible Shareholders subscribe to their provisional allotments of Rights Shares (the “**Maximum Subscription Scenario**”) in full, the gross proceeds, before the exercise of the Warrants to be raised will be approximately S\$51.9 million. After excluding the portion of the Indebtedness to be offset by Dato Yap’s and Olander Ltd’s provisional allotment and subscription of the Rights Shares in full, the gross proceeds accrued to the Company will be approximately S\$29.3 million.

Assuming no Eligible Shareholders will subscribe for their rights entitlements to the Rights Shares other than the Undertaking Shareholders pursuant to their Irrevocable Undertakings, being the subscription for their provisional allotments of approximately 347,336,085 Rights Shares, and up to 103,764,344 excess Rights Shares, subject to the provisions of allotment of the Excess Rights Shares with Warrants, (the “**Minimum Subscription Scenario**”), the gross proceeds before the exercise of the Warrants to be raised would be approximately S\$22.6 million. There will be no cash inflow to the Company as the proceeds raised from Dato Yap’s and Olander Ltd’s provisional allotment and subscription of Rights Shares in full would be set off against a portion of the Indebtedness under the Minimum Subscription Scenario.

The table illustrates the proceeds raised from the Rights cum Warrants Issue for both scenarios.

Up to S\$34.6 million (based on 691,762,292 Warrants) and S\$15.0 million (based on 300,733,619 Warrants) may be raised from the exercise of all the Warrants under the Maximum Subscription Scenario and Minimum Subscription Scenario respectively.

	Gross Proceeds (S\$’000)	Gross Proceeds after setting off Indebtedness (S\$’000)	Net Proceeds (S\$’000)	Net Proceeds subsequent to the exercise of Warrants (S\$’000)
Maximum Subscription Scenario	51,882	29,327	28,682	63,270
Minimum Subscription Scenario	0 ¹	0	0 ²	15,037

Notes:

- 1 There will be no cash inflow to the Company as the Indebtedness shall be offset by Dato Yap’s and Olander Ltd’s provisional allotment and subscription of Rights Shares with Warrants in full.
- 2 The costs and expenses with respect to the Rights cum Warrants Issue of approximately S\$0.6 million will be funded by internal funding of the Company.

Under the Maximum Subscription Scenario, the maximum net proceeds from the Rights cum Warrants Issue will be approximately S\$51.3 million, after deducting estimated professional fees and related expenses with respect to the Rights cum Warrants Issue of approximately S\$0.6 million. The intended use of such net proceeds (in the following order of priority) are set out below.

Use of Proceeds	Maximum Subscription Scenario	
	Amount (S\$ million)	%
Set off a portion of the Indebtedness	22.6	44.0
To partially finance the current and future construction projects of the Designated Land Parcels by way of a loan to be extended to CBS	15.0	29.2
Exploration of and investment in new project opportunities under the Group’s property development and construction business	6.0	11.8
General working capital requirements	7.7	15.0
Maximum net proceeds arising from the Rights cum Warrants Issue, before the exercise of the Warrants	51.3	100.0

Use of Proceeds	Maximum Subscription Scenario	
	Amount (S\$ million)	%
As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards funding the working capital and/or such other purposes as the Directors may deem fit	Up to approximately S\$34.6 million	may be raised from the exercise of all the Warrants

Shareholders should note that notwithstanding the Irrevocable Undertakings, there will be no cash inflow to the Company pursuant to the subscriptions from the Undertaking Shareholders under the Minimum Subscription Scenario, as the subscription of entitled and excess Rights Shares by the Undertaking Shareholders will be used to offset a portion of the Indebtedness.

Notwithstanding the above, the Company may repay the remaining Indebtedness, amounting to S\$1.1 million as at the Latest Practicable Date, from any combination of its available cash balances and external bank financing arrangements. In respect of the other intended uses of proceeds from the Rights cum Warrants Issue, the Company may also similarly fund the construction projects and the costs of exploration of and investment in new project opportunities from, among others, the Company's debt and equity resources, including but not limited to internal and/or external funds, fund raising, bank borrowings, progressive billings from sale and other sources.

Pending the deployment of the net proceeds from the Rights cum Warrants Issue, such proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments or used for other purposes on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

After taking into consideration the Irrevocable Undertakings provided and assuming a Minimum Subscription Scenario, the Company has decided to proceed with the Rights cum Warrants Issue on the basis that it will not be underwritten by any financial institution. As at the date of this Circular, the Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Company is sufficient to meet its present requirements, and the funds raised from the Rights cum Warrants Issue would be sufficient to enable the Company to meet its obligations and continue as a going concern. Notwithstanding the above and taking into consideration the potential net proceeds under the Maximum Subscription Scenario, the Company is undertaking the Rights cum Warrants Issue to provide the Group with financial flexibility to support its financial position and capital base of the Group and to fund the growth of its property development and construction business.

The Company will announce any material disbursement of the proceeds from the Rights cum Warrants Issue as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and its 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 annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

2.3 Principal Terms of the Rights Shares

Number of Rights Shares	:	Assuming the share capital as at Books Closure Date is the Existing Share Capital, up to 1,037,643,438 Rights Shares (with up to 691,762,292 Warrants) to be issued assuming the Maximum Subscription Scenario.
Basis of Provisional Allotment	:	Three Rights Shares and two free Warrants for every one Share held by Eligible Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
Rights Issue Price	:	S\$0.05 for each Rights Share, payable in full on acceptance of the provisional allotments of the Rights Shares with Warrants and/or application for the Excess Rights Shares with Warrants. The Rights Issue Price and the Warrant Exercise Price of S\$0.05 represents: (i) a discount of approximately 5.66% to the closing price of S\$0.053 per Share on Catalist on 30 June 2017 being the last market day prior to the release of the Announcement (the “Closing Price”), (ii) a discount of approximately 1.48% to the theoretical ex-rights price of S\$0.0508 (being the theoretical market price of each Share assuming the Rights cum Warrants Issue has been completed, and which is calculated based on the Closing Price), and (iii) a premium of approximately 19.0% to the closing price of S\$0.042 per Share as at Latest Practicable Date.
Status of the Rights Shares	:	The Rights Shares, when allotted and issued, will rank <i>pari passu</i> in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date for which falls on or after the date of issue of the Rights Shares.
Eligibility to Participate	:	Please refer to Section 2.5 of this Circular.
Listing of the Rights Shares	:	The Company has yet to make an application, through the Sponsor, for the admission to and the listing and quotation of the Rights Shares on Catalist. An application will be made upon Shareholders approving the resolutions relating to the Rights cum Warrants Issue, and the Company will make an announcement in due course to notify Shareholders on the status of the application.
Trading of the Rights Shares	:	Upon the listing of and quotation for the Rights Shares, the Rights Shares will be traded on Catalist under the book-entry (scripless) settlement system. For the purpose of trading on Catalist, each board lot of Shares will comprise 100 Shares.

Trading of the Rights : Eligible Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST can do so during the trading period for the “nil-paid” Rights.

Eligible Depositors should note that the provisional allotments of Rights Shares are expected to be tradeable in board lot sizes of 100. Eligible Depositors who wish to trade in lot sizes other than the board lot sizes, can do so on the SGX-ST’s unit share market.

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

Fractional entitlements of Right Shares with Warrants will be disregarded in arriving at Eligible Shareholders’ entitlements and together with provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy Excess Applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants.

The Company will also not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. Provisional allotments of Rights Shares with Warrants which would otherwise have been made to Foreign Shareholders will be dealt with in the manner described in Section 2.5 of this Circular.

The Rights Shares are payable in full upon acceptance of the provisional allotments of the Rights Shares with Warrants and/or application for the Excess Rights Shares with Warrants.

The procedures for acceptance, payment and excess application by Eligible Depositors and the procedures for acceptance, payment, splitting and excess application by Eligible Scripholders will be set out in the Offer Information Statement to be dispatched to Eligible Shareholders in due course, subject to, *inter alia*, the Rights cum Warrants Issue and the Whitewash Resolution being approved by Shareholders at the EGM.

Non-Underwritten : The Rights cum Warrants Issue will not be underwritten, after taking into consideration the Irrevocable Undertakings provided. Details of the Irrevocable Undertakings are disclosed in Section 2.6 of this Circular.

Governing Law : Laws of the Republic of Singapore.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue including the procedures for acceptances, renunciation of and applications for the Rights Shares with Warrants will be contained in the Offer Information Statement to be despatched by the Company to Eligible Shareholders in due course.

Principal Terms of the Warrants

Number of Warrants : Up to 691,762,292 Warrants (convertible into 691,762,292 Warrant Shares) to be issued free together with the Rights Shares subscribed.

Basis of Allotment : Two Warrants for every three Rights Shares subscribed, fractional entitlements to be disregarded.

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

Listing of the Warrants and the Warrant Shares : The Company has yet to make an application, through the Sponsor, for the admission to and the listing and quotation of the Warrants and the Warrant Shares on Catalist. An application will be made upon Shareholders approving the resolutions relating to the Rights cum Warrants Issue, and the Company will make an announcement in due course to notify Shareholders on the status of the application.

Shareholders should note that the Warrants may not be listed and quoted on Catalist in the event that there is an insufficient spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants. As a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants. Shareholders should note that in the event that permission is not granted by the SGX-ST for the listing and quotation of the Warrants on Catalist due to an insufficient spread of holdings to provide for an orderly market in the trading of the Warrants, Warrant Holders will not be able to trade their Warrants on the SGX-ST but the Company shall, nevertheless, proceed with and complete the Rights cum Warrants Issue.

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| Form and subscription rights | : | The Warrants will be issued in registered form and will be constituted by a Deed Poll. Subject to the conditions of the Warrants as set out in the Deed Poll, each Warrant shall entitle the Warrant Holder at any time during the Warrant Exercise Period to subscribe for one Warrant Share at the Warrant Exercise Price in force on the relevant date of exercise of the Warrants. |
| Warrant Exercise Price | : | S\$0.05 for each Warrant Share on the exercise of a Warrant, which price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the Warrants as set out in a Deed Poll. |
| Warrant Exercise Period | : | The Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or the Warrant Register is/are closed or is not a Market Day, in which event the Exercise Period shall end on the date prior to the closure of the Register of Members and/or the Warrant Register or on the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Members and/or the Warrant Register may be closed pursuant to the terms and conditions of the Warrants. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose. |
| Notice of Expiry | : | Notice of expiry of the Warrants shall be given to all Warrant Holders of the Company at least one month before the expiry of the Warrant Exercise Period. In addition, the Company shall not later than one month |

		before the expiry date, take reasonable steps to notify the Warrant Holders in writing of the expiry date, and such notice shall be delivered by post to the registered address of the Warrant Holder. The appropriate announcement of the Expiry Date shall also be made on the SGXNET.
Mode of payment for exercise of Warrants	:	Warrant Holders who exercise their Warrants must pay the Warrant Exercise Price by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the Warrant Exercise Price payable in respect of the Warrants exercised.
Adjustment	:	The Warrant Exercise Price and/or the number of Warrants to be held by each Warrant Holder will be subject to adjustments under certain circumstances provided in the terms and conditions of the Warrants as set out in the Deed Poll. Such circumstances include, without limitation, consolidation, subdivision or reclassification of the Shares, capitalisation issues, rights issues and certain capital distributions. Any additional Warrants issued pursuant to such adjustments shall rank <i>pari passu</i> with the Warrants and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.
Status of Warrant Shares	:	The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then issued Shares, save for any dividends, rights, allotments or other distributions, that may be declared or paid, the Record Date for which falls before the date of exercise of the Warrants.
Modifications of rights of Warrant Holders	:	The Company may, without the consent of the Warrant Holders but in accordance with the terms and conditions of the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants, which, in the opinion of the Company, (i) is not materially prejudicial to the interests of the Warrant Holders; (ii) is of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the rules and regulations of the SGX-ST; or (iii) is to vary or replace provisions relating to the transfer or exercise of the Warrants, including the issue of Warrant Shares arising from the exercise thereof or meetings of Warrant Holders

in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the Catalist.

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

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

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

- Transfer and Transmission : The Warrants shall be transferable in lots entitling Warrant Holders to subscribe for whole numbers of Warrant Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants set out in the Deed Poll including, *inter alia*, the following:
- (a) Warrants not registered in the name of CDP – a Warrant Holder whose Warrants are registered in the name of a person other than CDP (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor's Warrant Certificate(s) together with a transfer form as prescribed by the Company from time to time (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll provided that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to it;

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

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 pursuant to a scheme of arrangement approved by the Warrant Holders by way of a special resolution), the Warrant Holders may elect 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 Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrant Holders in accordance with the conditions of the Deed Poll of the passing of any such resolution within seven days after the passing thereof. Where a Warrant Holder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Warrant Exercise Price in relation to such exercise.

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

Further Issues	:	Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights, upon such terms and conditions as the Company sees fit but the Warrant Holders shall not have any participating rights in such further issue unless otherwise resolved by the Company in general meeting.
Warrant Agent	:	Boardroom Corporate & Advisory Services Pte. Ltd.
Governing Law	:	Laws of the Republic of Singapore

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the Offer Information Statement to be lodged with the SGX-ST acting as agent on behalf of the Authority, and to be despatched to Eligible Shareholders in due course, subject to, *inter alia*, the approval of Shareholders for the Rights cum Warrants Issue at the EGM.

2.4 Conditions to the Rights cum Warrants Issue

The Rights cum Warrants Issue, is subject to the following conditions, among others:

- (a) the Whitewash Waiver being granted by the Council and such grant not having been revoked or withdrawn as at the date of completion of the Rights cum Warrants Issue;
- (b) the receipt of the listing and quotation notice of the SGX-ST for the dealing in, listing of and quotation of the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST, and such approval not having been withdrawn;
- (c) approval of (i) the Shareholders for the Rights cum Warrants Issue and the allotment and issue of the Rights Shares, Warrants and the Warrant Shares, and (ii) the Independent Shareholders for the Whitewash Resolution, at the EGM; and
- (d) the lodgment of the Offer Information Statement relating to the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Authority.

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

As of the date of this Circular, the Company has yet to make an application, through the Sponsor, for the admission to and the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on Catalist. An application will be made upon Shareholders approving the resolutions relating to the Rights cum Warrants Issue, and the Company will make an announcement in due course to notify Shareholders on the status of the application.

Pursuant to the Catalist Rules, the SGX-ST normally requires a sufficient spread of holdings to provide an orderly market in the securities and as a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants.

2.5 Eligibility of Shareholders to Participate in the Rights cum Warrants Issue

Eligible Shareholders

Eligible Shareholders are entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and other accompanying documents, at their respective Singapore addresses. Eligible Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP or the Share Registrar during the period up to the Closing Date. Eligible Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Eligible Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. They are at liberty to accept (in full or in part), decline, renounce or in the case of Eligible Depositors only, trade (during the provisional allotment trading period prescribed by the SGX-ST), in full or in part, their provisional allotments of Rights Shares with Warrants and are eligible to apply for Excess Rights Shares with Warrants under the Rights cum Warrants Issue. Full details of the Rights cum Warrants Issue, including an indicative timetable of key events will be set out in the Offer Information Statement to be despatched to the Eligible Shareholders in due course.

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

As the Shares are not registered under the CPF Investment Scheme, monies in CPF Investment Accounts cannot be used for the payment of the Rights Issue Price to accept nil-paid rights or to apply for Excess Rights Shares with Warrants.

Eligible Scripholders

Eligible Scripholders should note that all correspondences and notices will be sent to their last registered addresses in the Register of Members. Eligible Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach Amplefield Limited c/o Share Registrar at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 on the date being three Market Days prior to the Books Closure Date. Eligible Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and their provisional allotments of Rights Shares. Eligible Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th Market Day from the date of lodgment of the share certificates with CDP or such later date as CDP may determine.

Eligible Depositors

Eligible Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Eligible Depositors are reminded that they must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have

registered addresses outside Singapore, they must provide CDP with addresses in Singapore. Eligible Depositors are reminded that any request to CDP to update its records or to effect any change in address must reach CDP no later than 5.00 p.m. on the date being three Market Days prior to the Books Closure Date.

Foreign Shareholders

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

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

The Offer Information Statement and its accompanying documents relating to the Rights cum Warrants Issue will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore. Foreign purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncee of an Eligible Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares with Warrants renounced to him.

The Company reserves the right to reject any acceptances of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation or warranty.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive, #1-19/20 The Metropolis Tower 2, Singapore 138588, or (ii) Amplefield Limited c/o the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, by 5.00 p.m. on the date being three Market Days prior to the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their **OWN RISK BY ORDINARY POST**. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder or persons acting for the account or benefit of any such persons shall have any claim whatsoever against the Company, the Manager of the Rights cum Warrants Issue, CDP or the Share Registrar or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, CDP or the Share Registrar or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotment.

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

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

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

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of Rights Shares with Warrants and for application for Excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Eligible Shareholders in the event that the ordinary resolutions 1 and 2 at the EGM are passed.

2.6 Irrevocable Undertakings

As at the Latest Practicable Date, the Controlling Shareholder of the Company, Dato Yap, and his concert parties, have an aggregate direct and deemed interest in 115,778,695 Shares, equivalent to 33.5% of the Existing Share Capital of the Company.

To demonstrate their commitment to the Company and their support for the Rights cum Warrants Issue, Dato Yap and Olander Ltd (in which Dato Yap and his spouse, Phan Foo Beam, each own 50% shareholding interests of), had by the Letters of Undertaking, irrevocably undertaken, *inter alia*, to:

- (a) vote in favour of the resolutions relating to the Rights cum Warrants Issue; and
- (b) subject to the Company obtaining the Whitewash Waiver, subscribe for their full entitlement under the Rights cum Warrants Issue of 347,336,085 Rights Shares and further subscribe for excess rights entitlement up to an additional 103,764,344 Rights Shares.

Dato Yap may renounce his rights entitlements in favour of Olander Ltd and in such an event, Dato Yap has, undertaken to procure that Olander Ltd will subscribe in full for the total provisional allotments of the Rights Shares with Warrants which Dato Yap is entitled to subscribe for under the Rights cum Warrants Issue.

In addition, Phan Foo Beam had also provided an Irrevocable Undertaking that she will procure that Olander Ltd votes in favour of the resolutions relating to the Rights cum Warrants Issue, and subscribes for its full entitlement under the Rights cum Warrants Issue, and to further subscribe for excess rights entitlement as set out above.

The Irrevocable Undertakings are subject to:

- (a) the Company obtaining the Whitewash Waiver from the Council;
- (b) approval for the Rights cum Warrants Issue being obtained at the EGM;
- (c) approval for the Whitewash Resolution being obtained at EGM;
- (d) the lodgment of the Offer Information Statement relating to the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Authority;
- (e) the listing and quotation notice for, among others, the Rights Shares being obtained from the SGX-ST and not withdrawn or revoked prior to the completion of the Rights cum Warrants Issue, and if such approval is subject to conditions, such conditions being acceptable to the Company; and
- (f) the Company setting off the subscription monies payable by the Undertaking Shareholders (as applicable) with a portion of the Indebtedness.

In view of the Irrevocable Undertakings by the Undertaking Shareholders and the amount to be raised from the Rights cum Warrants Issue under the Minimum Subscription Scenario, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

Pursuant to the Minimum Subscription Scenario and assuming there is no change to the Existing Share Capital as at the Latest Practicable Date, Dato Yap's aggregate direct and deemed shareholding interest in the Company will increase from 33.5% to 71.1% immediately following the allotment and issue of such Rights Shares and excess Rights Shares or 79.0% upon the full exercise of all 300,733,619 Warrant Shares by the Concert Party Group.

3. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The pro forma financial effects of the Rights cum Warrants Issue set out below are purely for illustrative purposes and do not reflect the future actual financial results or positions of the Group after the completion of the Rights cum Warrants Issue.

The pro forma financial effects of the Rights cum Warrants Issue have been prepared based on the audited consolidated financial statements of the Group for FY2016 and on the following assumptions: (a) the Rights cum Warrants Issue will be fully subscribed for and paid by Eligible Shareholders and an aggregate of 1,037,643,438 Rights Shares will be allotted and issued at the Rights Issue Price; and (b) that the Warrants are exercised by the Warrant Holders and the Warrant Shares had been issued in FY2016.

Share Capital

As at the Latest Practicable Date, there are no other share options or convertible securities under which the Company has an obligation to issue additional Shares.

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	No. of Shares	S\$	No. of Shares	S\$
Issued and paid-up share capital as at 30 September 2016	345,881,146	41,181,846	345,881,146	41,181,846
Add: Rights Shares	451,100,429	22,555,021	1,037,643,438	51,882,172
Issued and paid-up share capital after the issuance of Right Shares but before Warrant Shares	796,981,575	63,736,867	1,383,524,584	93,064,218
Add: Warrant Shares	300,733,619	15,036,681	691,762,292	34,588,115
Issued and paid-up share capital after the issuance of Rights Shares and Warrant Shares	1,097,715,194	78,773,548	2,075,286,876	127,652,133

NTA

Assuming that the Rights cum Warrants Issue had been completed on 30 September 2016, the effect of the Rights cum Warrants Issue on the NTA and NTA per Share of the Group as at 30 September 2016 would have been as follows.

	As at 30 September 2016	
	Minimum Subscription Scenario	Maximum Subscription Scenario
NTA (S\$)	38,433,000	38,433,000
Add: Adjustments for net proceeds from Rights Shares (S\$)	22,555,021 ¹	51,882,172 ²
Adjusted NTA after issuance of Rights Shares but before the Warrant Shares (S\$)	60,988,021	90,315,172
Add: Adjustments for the net proceeds from Warrant Shares (S\$)	15,036,681	34,588,115
Adjusted NTA after issuance of Rights Shares and Warrant Shares (S\$)	76,024,702	124,903,287
Issued Shares before Rights Cum Warrants Issue	345,881,146	345,881,146
NTA per Share (cents)	11.11	11.11
Issued Shares after issuance of Rights Shares	796,981,575	1,383,524,584
Adjusted NTA per Share after issuance of Rights Shares (cents)	7.65	6.53
Issued Shares after issuance of Rights Shares and Warrant Shares	1,097,715,194	2,075,286,876
Adjusted NTA per Share after issuance of Rights Shares and Warrant Shares (cents)	6.93	6.02

Notes:

1 Proceeds will be in the form of settlement of a portion of the Indebtedness.

2 S\$22.6 million of the proceeds will be in the form of settlement of a portion of the Indebtedness.

EPS

Assuming that the Rights cum Warrants Issue had been completed on 1 October 2015, the effect of the Rights cum Warrants Issue on the EPS of the Group for FY2016 would have been as follows.

	FY2016	
	Minimum Subscription Scenario	Maximum Subscription Scenario
Net profit attributable to owners of the Company (S\$)	3,318,000	3,318,000
Weighted average number of Shares before Rights Cum Warrant Issue ('000)	345,881,146	345,881,146
Weighted average number of Shares after issuance of Rights Shares and Warrant Shares ('000)	1,097,715,194	2,075,286,876
Basic and diluted EPS before issuance of Rights Shares (cents)	0.96	0.96
Basic and diluted EPS after issuance of Rights Shares and Warrant Shares (cents)	0.30	0.16

The basic and diluted EPS are the same as there are no potentially dilutive securities as at 30 September 2016.

Gearing

Assuming that the Rights cum Warrants Issue had been completed on 30 September 2016, the effects of the Rights cum Warrants Issue on the gearing of the Group are as follows:

	As at 30 September 2016	
	Minimum Subscription Scenario	Maximum Subscription Scenario
Total Borrowings (S\$)	7,087,000	7,087,000
Shareholders' Equity before Rights Cum Warrants Issue (S\$)	38,158,000	38,158,000
Add: Proceeds from Rights Shares (S\$)	22,555,021 ¹	51,882,172 ²
Adjusted Shareholders' Equity after issuance of Rights Shares but before Warrant Shares (S\$)	60,713,021	90,040,172
Add: Proceeds from Warrant Shares (S\$)	15,036,681	34,588,115
Adjusted Shareholders' Equity after issuance of Rights Shares and Warrant Shares (S\$)	75,749,702	124,628,287
Gearing (times)		
Before the Rights cum Warrants Issue	0.18	0.18
After issuance of Rights Shares but before Warrant Shares	0.12	0.08
After issuance of Right Shares and Warrant Shares	0.09	0.06

Notes:

1 Proceeds will be in the form of settlement of a portion of the Indebtedness.

2 S\$22.6 million of the proceeds will be in the form of settlement of a portion of the Indebtedness.

4. REVIEW OF PAST PERFORMANCE

4.1 Profit and Loss Statement

A summary of the Group's audited consolidated profit and loss statement for the last three financial years and the unaudited consolidated income statements of the Group for the nine-month period ended 30 June 2017 and 30 June 2016 is set out below.

(SGD'000)	FY2014	Full Year FY2015	FY2016	Unaudited 9M2016	Unaudited 9M2017
<u>Continuing operations</u>					
Revenue	8,983	8,345	8,987	6,383	861
Other income	219	146	594	13	—
Construction costs	(4,997)	(4,991)	(5,396)	(4,366)	—
Raw materials and consumables used	(5)	(56)	—	—	—
Employee benefits expense	(605)	(560)	(607)	(256)	(128)
Depreciation of property, plant and equipment	(768)	(3)	(3)	(3)	(3)
Other expenses	(685)	(798)	(727)	(364)	(295)
Finance costs	(196)	(228)	(254)	(187)	(225)
Share of results of associates	78	83	(1)	100	—
Profit before tax	2,024	1,938	2,593	1,320	210
Income tax expense	(162)	(191)	(128)	(35)	(15)
Profit from continuing operations	1,862	1,747	2,465	1,285	195
<u>Discontinued operations</u>					
(Loss)/Profit from discontinued operations	(27)	164	2,684	55	—
Total profit for the year/period	1,835	1,911	5,149	1,340	195
Actuarial gain on defined benefit plans	16	6	—	—	—
Translation differences on consolidation:					
Net currency translation differences of foreign subsidiaries	(456)	544	(414)	300	(191)
Reclassification upon disposal of a subsidiary and its associates	—	—	(614)	—	—

(SGD'000)		Full Year		Unaudited	Unaudited
	FY2014	FY2015	FY2016	9M2016	9M2017
Share of other comprehensive income of associates	–	–	3	–	–
Other comprehensive income, net of tax	(440)	550	(1,025)	300	(191)
Total comprehensive income for the year/period	1,395	2,461	4,124	1,640	4
Profit attributable to:					
Equity holders of the company	642	767	3,318	401	187
Non-controlling interests	1,193	1,144	1,831	939	8
	1,835	1,911	5,149	1,340	195
Total comprehensive income attributable to:					
Equity holders of the company	229	1,221	2,577	551	(4)
Non-controlling interests	1,166	1,240	1,547	1,089	8
	1,395	2,461	4,124	1,640	4
Earnings per share (cents)					
– Basic	0.04	0.22	0.96	0.22	0.06
– Fully diluted	0.04	0.22	0.96	0.22	0.06

FY2015 versus FY2014

The Group's revenue decreased by approximately 7% to S\$8.34 million in FY2015 from S\$8.98 million in FY2014. The decrease was partly due to some rental income being recognized as part of discontinued operations in FY2015 following the disposal of a subsidiary and its associate companies on 30 May 2016.

Other expenses increased by approximately 18% from \$0.68 million in FY2014 to S\$0.80 million in FY2015 largely attributable to foreign exchange losses. Finance costs increased by approximately 16% from S\$0.19 million in FY2014 to S\$0.22 million mainly due to increased utilization of bank borrowings to finance property development and construction activities in Philippines. Depreciation decreased by approximately 99% from S\$0.76 million in FY2014 to S\$0.003 million in FY2015 due mainly to its costs recognized under discontinued operations in FY2015.

Based on the above, the Group's profit from continuing operations decreased by approximately 6% to S\$1.75 million in FY2015 from S\$1.86 million in FY2014. The profit attributable to shareholders of the Company was S\$0.76 million in FY2015 compared to S\$0.64 million in FY2014 while profit attributable to non-controlling interests was S\$1.14 million and S\$1.19 million respectively.

FY2016 versus FY2015

The Group had restated certain comparative figures in the consolidated statement of comprehensive income to conform with the disclosure requirements of Singapore Financial Reporting Standard 105 Non-Current Assets Held for Sale and Discontinued Operations.

The Group's revenue increased by approximately 8% to S\$8.99 million in FY2016 from S\$8.34 million in FY2015, mainly attributable to the increased activities arising from the property development and construction business in the Philippines. Other income increased from S\$0.15 million in FY2015 to S\$0.59 million in FY2016 mainly due to fair value gain of S\$0.42 on investment properties. Finance cost increased by approximately 11% from S\$0.23 million in FY2015 to S\$0.25 million in FY2016 mainly due to higher interest rates charged by the banks. Other expenses decreased by approximately 9% from \$0.79 million in FY2015 to S\$0.73 million in FY2016 largely attributable to lower foreign exchange loss. Based on the above, Profit from continuing operations increased approximately by 41% to S\$2.46 million in FY2016 from S\$1.75 million in FY2015.

On 30 May 2016, the Company announced the disposal of its entire interest in the share capital of CAM Mechatronic (Philippines), Inc. and its associate companies, namely CAM Ventures Development Inc and ALI (collectively the **"Disposed Group"**). The Group's profit from the discontinued operations, derived from the Disposed Group, was S\$2.68 million in FY2016 compared to S\$0.2 million in FY2015.

After including profit from discontinued operations, the Group's profit after tax was S\$5.15 million in FY2016 compared to S\$1.91 million in FY2015. The profit attributable to shareholders of the Company was S\$3.32 million in FY2016 compared to S\$0.77 million in FY2015 while profit attributable to non-controlling interests was S\$1.83 million and S\$1.14 million respectively.

9M2016 versus 9M2017

The Group's revenue decreased by 86% from S\$6.33 million in 9M2016 to S\$0.86 million in 9M2017. The decrease was due to the completion of its property development project in the Philippines in the FY2016. The revenue for 9M2017 was mainly from rental income derived from the Group's investment properties in Philippines and Pasir Gudang, Johor, Malaysia. In line with the reduced development activity, construction costs and employees benefit expenses have also decreased accordingly.

Other expenses which comprised of items such as professional fees, quit rents and assessments, administrative costs etc., had also decreased from S\$0.36 million in 9M2016 to S\$0.30 million in 9M2017 due mainly to the reduced development activities in 9M2017. The increase in interest expense from S\$0.19 million in 9M2016 to S\$0.22 million in 9M2017 was due mainly to higher utilization of bank borrowings during 9M2017.

Based on the above, the Group's profit from continuing operations decreased by approximately 85% to S\$0.19 million in 9M2017 from S\$1.28 million in 9M2016. The profit attributable to shareholders of the Company was S\$0.19 million in 9M2017 compared to S\$0.40 million in 9M2016 while profit attributable to non-controlling interests was S\$0.008 million and S\$0.94 million respectively.

4.2 Balance Sheet

A summary of the Group's audited consolidated balance sheets as at 30 September 2014, 30 September 2015, 30 September 2016 and the unaudited consolidated balance sheet of the Group as at 30 June 2017 are set out below.

(SGD'000)	Full Year			Unaudited As at 30 June 2017
	2014	As at 30 Sept 2015	2016	
ASSETS				
Current Assets				
Cash and bank balances	2,380	1,427	138	80
Fixed deposits with financial institutions	770	369	—	—
Trade receivables	1,118	1,005	1,783	149
Other receivables	228	237	2,817	2,817
Construction work-in-progress	433	1,841	—	—
Assets classified as held for sale	—	—	—	3,102
Prepaid land lease	153	169	—	—
Amount due from associates	401	1,112	—	—
Total current assets	5,483	6,160	4,738	6,148
Non-Current Assets				
Trade receivables	—	—	19,983	—
Other receivables	17	15	12,265	10,280
Prepaid land lease	4,553	4,741	—	2,258
Investments in associates	5,078	7,361	7,363	7,363
Amount due from associates	21,347	36,876	18,700	23,053
Property, plant and equipment	5,332	5,305	9	6
Investment properties	3,402	2,821	3,294	23,395
Deferred tax assets	4	5	—	—
Total non-current assets	39,733	57,124	61,614	66,355
Total Assets	45,216	63,284	66,352	72,503
LIABILITIES AND EQUITY				
Current Liabilities				
Amount due to associate	475	1,325	—	—
Trade payables	2,604	722	1,020	318
Other payables	1,012	768	1,256	1,592
Bank Borrowings	801	2,504	2,282	2,361
Obligations under finance lease	—	112	—	—
Current tax liabilities	138	304	143	44
Total current liabilities	5,030	5,735	4,701	4,315
Non-Current Liabilities				
Obligations under finance lease	—	15	—	—
Bank Borrowings	3,399	5,522	4,805	3,735
Trade payables	—	583	645	—
Other payables	979	13,157	17,135	24,459

(SGD'000)	Full Year			Unaudited
	As at 30 Sept			As at
	2014	2015	2016	30 June 2017
Amount due to associates	–	–	1,118	1,157
Deferred tax liabilities	47	50	–	–
Total non-current liabilities	4,425	19,327	23,218	30,026
Equity				
Share capital	41,182	41,182	41,182	41,182
Retained earnings/ (Accumulated losses)	(4,560)	(3,787)	467	654
Translation reserve	(3,198)	(2,750)	(3,491)	(3,682)
Asset revaluation reserve	936	936	–	–
Shareholders' interests	34,360	35,581	38,158	38,154
Non-controlling interests	1,401	2,641	275	8
Total equity	35,761	38,222	38,433	38,162
Total liabilities and equity	45,216	63,284	66,352	72,503

30 September 2015 versus 30 September 2014

Current Assets

Current assets increased by approximately S\$0.68 million from S\$5.48 million as at 30 September 2014 to S\$6.16 million as at 30 September 2015. The increase was largely attributable to the increase of S\$1.41 million in construction work-in-progress arising from its new core business of property development, construction and management.

Non-Current Assets

Non-current assets increased by approximately S\$17.39 million from S\$39.73 million as at 30 September 2014 to S\$57.12 million as at 30 September 2015. The increase was largely attributable to the investment in associates which increased from S\$5.08 million to S\$7.36 million and about S\$2.2 million due mainly to the subscription of additional shares and interest in the then associated company, CBS and amount due from associated companies increasing from S\$21.34 million to S\$36.88 million due to progress billings from the sale of development properties as well as shareholder's loan to associated companies.

Current Liabilities

Current liabilities increased by approximately S\$0.71 million from S\$5.03 million as at 30 September 2014 to S\$5.74 million as at 30 September 2015, largely attributable to the increase in bank borrowings from S\$0.80 million to S\$2.50 million due mainly to further drawdown of loans from a financial institution to finance the Group's property development and construction business in the Philippines and the increase in amount due to associates from S\$0.47 million to S\$1.33 million, offset by decrease in trade payables of S\$1.88 million.

Non-Current Liabilities

Non-current liabilities increased by approximately S\$14.90 million from S\$4.43 million as at 30 September 2014 to S\$19.33 million as at 30 September 2015, largely attributable to the increase in other payables of S\$12.17 million arising from amount owing to a related party of S\$9.90 million for additional shares subscription in and advances to CBS and S\$3.13 million amount owing to non-controlling interests as a result of loans extended by them to the Group and increase in long term bank borrowings of S\$2.12 million.

30 September 2016 versus 30 September 2015

Current Assets

Current assets decreased by approximately S\$1.42 million from S\$6.16 million as at 30 September 2015 to S\$4.74 million as at 30 September 2016. The decrease was largely attributable to the decrease in construction work-in-progress from S\$1.84 million to nil due to completion of property development and construction projects in, offset by the increase in trade receivables of S\$0.78 million and the increase in other receivables of S\$2.58 million due to reclassification of amounts owing by a former subsidiary company.

Non-Current Assets

Non-current assets increased by approximately S\$4.49 million from S\$57.12 million as at 30 September 2015 to S\$61.61 million as at 30 September 2016. The increase was mainly attributable to the increase in trade receivables from nil to S\$19.98 million arising from the reclassification of balances to trade receivables upon the disposal of a subsidiary company and its associated companies, which resulted in the amount due from associates decreasing from S\$36.9 million to S\$18.7 million. Other receivables also increased by S\$12.25 million due mainly to reclassification of the amount owing by a former subsidiary.

Current Liabilities

Current liabilities decreased by approximately S\$1.04 million from S\$5.74 million as at 30 September 2015 to S\$4.70 million as at 30 September 2016, mainly attributable to the decrease in amount due to associates from S\$1.33 million to nil as a result of repayment as well as reclassification of amounts to non-current and the decrease in bank borrowings of S\$0.22 million, offset by the increase in other payables of S\$0.49 million and the increase in trade payable of S\$0.29 million respectively.

Non-Current Liabilities

Non-current liabilities increased from S\$19.33 million as at 30 September 2015 to S\$23.22 million as at 30 September 2016, largely attributable to the increase in other payables from S\$13.1 million to S\$17.1 million due mainly to a non-controlling party's share of the dividends declared by a subsidiary.

30 June 2017 versus 30 September 2016

Current Assets

Current assets increased by approximately S\$1.41 million from S\$4.74 million as at 30 September 2016 to S\$6.15 million as at 30 June 2017. The increase was largely attributable to non-current investment property of S\$3.1 million being reclassified as assets held for sale due to its disposal to third parties, offset by decrease in trade receivables of S\$1.63 million arising from the repayment by its former associated company, ALI, by way of an offset against the purchase consideration for the 16 units of factory buildings in the Amplefield SME Park within the Lima Technology Center – Special Economic Zone, Batangas, Philippines (“**SME Units**”).

Non-Current Assets

Non-current assets increased by approximately S\$4.74 million from S\$61.61 million as at 30 September 2016 to S\$66.36 million as at 30 June 2017. The increase was mainly due to the increase in investment properties from S\$3.29 million to S\$23.39 million from the acquisition of the 16 SME Units from ALI and the increase in amount due from associates from S\$18.70 million to S\$23.05 million due mainly to assignment of debts from an associate company to the Company, offset by the decrease in trade receivables from S\$19.98 million to nil due to repayment by ALI by the way of an offset against the consideration from the sale of the 16 SME Units by ALI to the Group as well as decrease in other receivables from S\$12.26 million to S\$10.28 million.

Current Liabilities

Current liabilities decreased by approximately S\$0.38 million from S\$4.70 as at 30 September 2016 to S\$4.32 million as at 30 June 2017. The decrease was largely attributable to decrease in trade payables of S\$0.70 million due mainly to payment to suppliers, offset by increase in other payables of S\$0.34 million due mainly to accruals and provisions for professional fees, expenses and cost.

Non-Current Liabilities

Non-current liabilities increased by approximately S\$11.25 million from S\$23.22 million as at 30 September 2016 to S\$30.03 million as at 30 June 2017. The increase was largely attributable to increase in other payables of S\$7.32 million due mainly to consideration payable of S\$0.34 million to Regionaland Pte Ltd for the assignment of deposit in relation to the subscription of shares in ADI as announced on 19 December 2016 and the assignment of debts amounting to S\$6.60 million by associate companies.

4.3 Cashflow

A summary of the audited consolidated cash flow statements of the Group for FY2014, FY2015, FY2016 and the unaudited consolidated cash flow statements of the Group for the nine-month period ended 30 June 2017 are set out below.

(SGD'000)	Full Year			Unaudited
	FY2014	FY2015	FY2016	9M2017
Cash Flows from Operating Activities				
Profit before tax from continuing operations	2,024	1,938	2,593	210
Profit/(loss) before tax from discontinuing operations	(27)	181	2,684	—
Adjustments:				
Allowance for doubtful debts – non-trade	7	—	—	—
Depreciation of property, plant and equipment	768	632	441	3
Fair value loss on investment properties	97	—	(417)	—
Interest expense	196	254	254	225

(SGD'000)	Full Year			Unaudited
	FY2014	FY2015	FY2016	9M2017
Property, plant and equipment written off	49	–	–	–
Share of results of associates	(78)	(83)	1	–
Interest income	(8)	(6)	(1)	–
Gain on disposal of property, plant and equipment	–	–	(67)	–
Unrealised foreign exchange gain	(155)	(437)	(1,211)	–
Operating gain before working capital changes	2,873	2,479	4,344	438
(Increase)/decrease in receivables	555	140	(5,542)	889
(Increase)/decrease in construction WIP	(401)	(1,354)	1,841	–
Increase/(decrease) in payables	214	(1,465)	1,382	173
Cash generated from/(used in) operations	3,241	(200)	2,115	1,500
Income tax paid	(29)	(57)	(274)	(119)
	–	–	–	–
Net cash from/(used in) operating activities	3,212	(257)	1,841	1,381
Cash Flows from Investing Activities				
Amount owing by associates	477	–	–	–
Interest received	8	6	1	–
Investments in associates	(5,000)	–	–	–
Proceeds on disposal of subsidiary and associates, net of cash disposed	–	–	(1,631)	–
Proceeds on disposal of PPE	1	–	–	–
Purchase of property, plant and equipment	(524)	(211)	(772)	–
Net cash used in investing activities	(5,038)	(205)	(2,402)	–
Cash Flows from Financing Activities				
Net proceeds from issuance of shares	20,429	–	–	–
Amount due from associates	(18,740)	(6,725)	(396)	–
Decrease in fixed deposits pledged	420	401	320	–
Increase in amount due to non-controlling interest	86	2,079	–	–
Decrease in loan from a director	(1,054)	–	–	–
Proceeds from bank borrowings	3,050	4,887	1,805	465
Repayments of bank borrowings	(571)	(1,163)	(2,058)	(1,672)
Payments of interest on bank borrowings	(48)	(243)	(242)	(225)

(SGD'000)	Full Year			Unaudited
	FY2014	FY2015	FY2016	9M2017
Payments of interest on loan from a director	(127)	–	–	–
Proceeds from finance lease obligations	–	224	–	–
Repayments of finance lease obligations	(14)	(99)	(127)	–
Net cash from/(used in) financing activities	3,431	(639)	(698)	(1,432)
Net increase/(decrease) in cash and cash equivalents	1,605	(1,101)	(1,259)	(51)
Cash and cash equivalents at beginning of the year	757	2,380	1,427	138
Effects of exchange rates change on cash and cash equivalents	18	148	(30)	(7)
Cash and cash equivalents at end of the year	2,380	1,427	138	80

FY2014

Net cash from operating activities

Net cash generated from operating activities was S\$3.36 million, due mainly to an operating cash flow before movement in working capital of S\$2.90 million, and an operating gain from working capital of S\$0.47 million from the decrease in receivables of S\$0.55 million.

Net cash from investing activities

Net cash used in investing activities was S\$5.04 million, mainly attributable to investment in associates of S\$5.00 million via subscription of new shares in CBS and additional purchase of property, plant and equipment of S\$0.52 million, offset by amount due to associates of S\$0.47 million.

Net cash from financing activities

Net cash generated from financing activities was S\$3.48 million, which was due to the net proceeds of S\$20.43 million raised from rights issue, offset by the increase in amount due from associates of S\$18.74 million as a result of advances made to the associate company as well as net proceeds from bank borrowings of S\$2.48 million.

Based on the above, cash and cash equivalents increased from S\$0.75 million at the beginning of FY2014 to S\$2.38 million at the end of FY2014.

FY2015

Net cash from operating activities

Net cash used in operating activities was S\$0.26 million in FY2015, which was a result of operating cash flows before working capital changes of S\$2.48 million, together with net working capital outflows of S\$2.68 million, due to increase in construction work-in-progress of S\$1.35 million as well as decrease in payables of S\$1.47 million due to payments to suppliers.

Net cash from investing activities

Net cash used in investing activities in FY2015 was S\$0.21 million, attributed mainly to capital expenditure on property, plant and equipment.

Net cash from financing activities

Net cash used in financing activities was S\$0.64 million in FY2015 largely due to increase in amount due from associates of S\$6.73 million due mainly to advances to an associate company, offset by net proceeds of S\$3.72 million from bank borrowings and increase in amount owing to non-controlling interests of S\$2.08 million arising from loans made by them to the Group.

Based on the above, cash and cash equivalents decreased from S\$2.38 million at the beginning of FY2015 to S\$1.43 million at the end of FY2015.

FY2016

Net cash from operating activities

Net cash generated from operating activities was S\$1.84 million in FY2016 which was a result of operating gain before working capital changes of S\$4.34 million, and net working capital outflows of S\$2.23 million. The working capital outflows were mainly due to increase in receivables of S\$5.5 million as a result of progress billings to ALI, offset by the decrease in construction work-in-progress of S\$1.84 million and increase in payables of S\$1.38 million.

Net cash from investing activities

Net cash used in investing activities in FY2016 was S\$2.40 million, which was attributed mainly to capital expenditure of S\$0.77 million and net cash outflow from the disposal of a former subsidiary and associated companies of S\$1.68 million.

Net cash from financing activities

Net cash used in financing activities was S\$0.70 million mainly due to the net repayment of bank borrowings of S\$0.25 million and interest on bank borrowings of S\$0.24 million and the increase in amount due from associates of S\$0.39 million.

Based on the above, cash and cash equivalents decreased from S\$1.43 million at the beginning of FY2016 to S\$0.14 million at the end of FY2016.

9M2017

Net cash from operating activities

Net cash generated from operating activities was S\$1.38 million in 9M2017, which was a result of operating gain before working capital changes of S\$0.44 million, and net working capital inflows of S\$1.06 million. The working capital inflows were mainly due to decrease in receivables of S\$0.89 million.

Net cash from investing activities

There was no cash flow generated from or used in investing activities.

Net cash from financing activities

Net cash used in financing activities was S\$1.43 million and was due mainly to repayment of bank borrowings and interest.

Notwithstanding the cash bank balance of S\$0.08 million as at 30 June 2017, the Board is of the view that the disposal of an investment property as announced on 25 April 2017 will ensure that the Group has sufficient working capital to pay its debts as and when they fall due.

4.4 Working Capital

The working capital of the Group as at 30 September 2014, 30 September 2015, 30 September 2016, 30 June 2016 and as at 30 June 2017 are set out below.

Working Capital (SGD'000)	Full Year			Unaudited	Unaudited
	As at 30 September			As at 30 June 2016	As at 30 June 2017
	2014	2015	2016		
Total current assets	5,483	6,160	4,738	6,093	6,148
Total current liabilities	5,030	5,735	4,701	5,714	4,315
Working capital	453	425	37	379	1,833

30 September 2015 versus 30 September 2014

Total current liabilities increased in FY2015 due mainly to increase in bank borrowings. The Group's working capital reduced slightly from S\$0.45 million to S\$0.42 million.

30 September 2016 versus 30 September 2015

Total current assets reduced by S\$1.42 million to S\$4.74 million as at 30 September 2016 due mainly to lower cash at bank. Total current liabilities decreased by S\$1.0 million due mainly to decrease in amount due to associate companies. The Group's working capital was further reduced to S\$37,000 as at 30 September 2016.

30 June 2017 versus 30 June 2016

Total current assets increased from S\$6.09 million to S\$6.15 million while total current liabilities dropped from S\$5.71 million to S\$4.31 million. The resultant working capital increased from S\$0.38 million to S\$1.8 million accordingly as at 30 June 2017.

5. THE WHITEWASH RESOLUTION

5.1 Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the Council's consent, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, he is required to make a mandatory general offer for all the remaining shares in the company which he does not already own or control.

Application to the Council

As at the Latest Practicable Date, the Concert Party Group holds in aggregate 33.5% of the Existing Share Capital of the Company. The Rights Shares with Warrants and Excess Rights Shares with Warrants (subject to availability) to be issued to the Concert Party Group pursuant to the Irrevocable Undertakings may result in the Concert Party Group acquiring more than 1% of the voting rights of the Company.

Assuming the Minimum Subscription Scenario, the shareholding of the Concert Party Group will increase from approximately 33.5% to 71.1% immediately following the allotment and issue of such Rights Shares and excess Rights Shares (subject to availability) or 79.0% upon the exercise of 300,733,619 Warrants by the Concert Party Group. Please refer to Section 5.2 for further details of the potential dilution arising from the Rights cum Warrants Issue.

Accordingly, an application was made by the Company to the Council for the Whitewash Waiver, being a waiver of Olander Ltd's obligation to make a mandatory general offer for all the Shares not owned or controlled by the Concert Party Group as a result of the Rights cum Warrants Issue. On 12 September 2017, the Council granted the Whitewash Waiver subject to the satisfaction of certain conditions, as set out in Section 5.3 of this Circular.

5.2 Potential Dilution

There will be no dilution impact on the Independent Shareholders in the event all Eligible Shareholders subscribe for their pro-rata entitlements under the Rights cum Warrants Issue. The maximum dilution impact on the Independent Shareholders will occur in the event that the Undertaking Shareholders are the only Shareholders to subscribe for their pro-rata Rights Shares entitlements and excess Rights Shares pursuant to their Irrevocable Undertakings under the Minimum Subscription Scenario.

In such event, the shareholding of the Undertaking Shareholders will increase from an aggregate of 33.5% to 71.1% after the issuance of the Rights Shares and further increase to 79.0% assuming the Undertaking Shareholders exercise all of their Warrants. Under such circumstances, the shareholdings of the Independent Shareholders would be correspondingly diluted from 66.5% to 28.9% after the issuance of the Rights Shares and further diluted to 21.0% assuming all of the Undertaking Shareholders' Warrants are exercised.

For illustrative purposes only, the following table sets out the potential dilution effects of the Rights cum Warrants Issue on existing Shareholdings as a result of Olander Ltd acquiring the Rights Shares pursuant to the Irrevocable Undertakings under the Minimum Subscription Scenario.

		As at the Latest Practicable Date				Immediately after the Rights cum Warrants Issue but before the exercise of the Warrants				Immediately after the Rights cum Warrants Issue and after the exercise of the Warrants			
		Number of Rights Shares and Excess Rights Shares subscribed for		Direct interest Number of Shares	Deemed interest Number of Shares	% ¹	Direct interest Number of Shares	Deemed interest Number of Shares	% ²	Direct interest Number of Shares	Deemed interest Number of Shares	% ³	
Olander Ltd	277,868,868	451,100,429	92,622,956	26.8	–	–	543,723,385	–	68.2	844,457,004	–	76.9	–
Dato Yap	69,467,217	Nil ⁶	23,155,739	6.7	92,622,956 ⁴	26.8	23,155,739	543,723,385	2.9	23,155,739	844,457,004	2.1	76.9
Phan Foo Beam	Nil	Nil	Nil	Nil	92,622,956 ⁵	26.8	Nil	543,723,385	Nil	Nil	844,457,004	Nil	76.9

Notes:

- 1 Calculated based on the Existing Share Capital.
- 2 Calculated based on 796,981,575 total issued Shares assuming the Minimum Subscription Scenario, and that the Concert Party Group does not exercise any of its Warrants into Warrant Shares after the completion of the Rights cum Warrants Issue.
- 3 Calculated based on 1,097,715,194 total issued Shares assuming the Minimum Subscription Scenario, and that the Concert Party Group exercises its Warrants into Warrant Shares after the completion of the Rights cum Warrants Issue.
- 4 Dato Yap is deemed interested in the Shares held by Olander Ltd through his 50% shareholding interest in Olander Ltd.
- 5 Phan Foo Beam is deemed interested in the Shares held by Olander Ltd through her 50% shareholding interest in Olander Ltd.
- 6 Pursuant to Dato Yap's Irrevocable Undertaking, Dato Yap will renounce his provisional allotments of the Rights Shares in favour of Olander Ltd.

As at the Latest Practicable Date, the Concert Party Group does not hold any instruments convertible into, rights to subscribe for and options in respect of Shares.

5.3 Whitewash Waiver

The Whitewash Waiver obtained on 12 September 2017 is subject to the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Rights cum Warrants Issue, approve the Whitewash Resolution by way of a poll, to waive their rights to receive a general offer from Olander Ltd;
- (b) the Whitewash Resolution is separate from the other resolutions;
- (c) the Concert Party Group as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Concert Party Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the 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 date and the date Independent Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six months prior to the Announcement date, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Rights cum Warrants Issue, including the Irrevocable Undertakings;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of Olander Ltd acquiring the Rights Shares pursuant to the Irrevocable Undertakings;
 - (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 Olander Ltd and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to Olander Ltd as a result of its acquisition of the Rights Shares pursuant to the Irrevocable Undertakings;
 - (v) (with specific and prominent reference) the fact that the acquisition of the Rights Shares pursuant to the Irrevocable Undertakings by Olander Ltd could result in the Concert Party Group holding shares carrying over 49.0% of the voting rights of the Company and the fact that the Concert Party Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

- (vi) that Independent Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Olander Ltd at the highest price paid by the Concert Party Group for the Shares in the six months preceding the commencement of the offer;
 - (g) this Circular stating that the Whitewash Waiver granted by the Council to Olander Ltd is subject to the conditions stated in Sections 5.3(a) to (f) above;
 - (h) Olander Ltd obtains the Council's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
 - (i) to rely on the Whitewash Resolution, the acquisition by Olander Ltd of the Rights Shares pursuant to the Irrevocable Undertakings must be completed within three months from the approval of the Whitewash Resolution,
- (collectively, the **"SIC Conditions"**).

For the avoidance of doubt, the Concert Party Group and parties not independent of it will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution at the EGM.

5.4 Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from Olander Ltd for the remaining Shares not already owned or controlled by the Concert Party Group as a result of the Rights cum Warrants Issue.

Independent Shareholders should note that:

- (a) **by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from Olander Ltd at the highest price paid by the Concert Party Group for the Shares in the six months preceding the commencement of the offer which the Concert Party Group would have otherwise been obliged to make in accordance with Rule 14 of the Code; and**
- (b) **the issue of Rights Shares upon the exercise of the Warrants to Olander Ltd pursuant to the Irrevocable Undertakings may result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company and the Concert Party Group would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer.**

5.5 Advice from the IFA

The IFA has been appointed to advise the Non-conflicted Directors for the purposes of making recommendations to the Independent Shareholders on the Whitewash Resolution. The IFA Letter is reproduced in Appendix A to this Circular.

In arriving at its opinion in respect of the Whitewash Resolution, the IFA has reviewed and examined all factors which it considers to be pertinent in its assessment, including the following key considerations:

- (a) purpose of the Rights cum Warrants Issue and use of proceeds;
- (b) the Rights Shares and Warrants being offered to Eligible Shareholders on a pro-rata basis;
- (c) inter-conditionality of the Rights cum Warrants Issue and the Whitewash Resolution;
- (d) assessment of the Rights Issue Price and the Warrants Exercise Price;
- (e) potential financial effects of the Rights cum Warrants Issue; and
- (f) dilution impact of the Rights cum Warrants Issue for Independent Shareholders.

Based on the IFA's analysis and after having considered carefully the information available to it as at the Latest Practicable Date, the IFA is of the view that the financial terms of the Rights cum Warrants Issue are fair, reasonable and not prejudicial, and the Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders, when considered in the context of the Rights cum Warrants Issue. Accordingly, the IFA has advised the Non-conflicted Directors to recommend that the Independent Shareholders vote in favour of the Whitewash Resolution.

Shareholders are advised to read the IFA Letter set out in Appendix A to this Circular in its entirety and consider carefully the recommendations of the Non-conflicted Directors in relation to the Whitewash Resolution.

6. THE PROPOSED IPT MANDATE

6.1 Background

The Group is primarily involved in property development, construction, and facility provision, and also carries out property investment and trading services.

As at the Latest Practicable Date, Dato Yap is the Company's Controlling Shareholder and has an aggregate direct and deemed interest of approximately 33.5% shareholding interest in the Company. Accordingly, Dato Yap and his Associates, including Mr. Yap Weng Yau, who is an Executive Director of the Company and the son of Dato Yap, are interested persons of the Company under Chapter 9 of the Catalist Rules.

As at the Latest Practicable Date, Dato Yap is the major shareholder of Regionaland Pte Ltd, which owns 97.0% of Amanland Pte Ltd, which in turn is the sole shareholder of SVC. Dato Yap and his spouse also hold the entire issued share capital of Olander Ltd in equal proportions. Accordingly, SVC, Amanland Pte Ltd, Regionaland Pte Ltd and Olander Ltd are Associates of Dato Yap and are each also an "interested person" under Chapter 9 of the Catalist Rules. It is expected that the Group will enter into transactions with the aforementioned parties on a recurrent basis and in the ordinary course of business from time to time.

In view of the above, the Company wishes to seek the approval of Shareholders at the EGM (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalist Rules) for the adoption of the general mandate for interested person transactions (the “**Proposed IPT Mandate**”) in respect of future transactions that the Group may enter into with the Mandated Interested Persons, as more particularly set out in Section 6.5 of this Circular.

6.2 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies that are defined as an “entity at risk” proposes to enter into a transaction with an “interested person”, an immediate announcement or an immediate announcement and shareholders’ approval is required in respect of that transaction if its value is equal to, or more than, certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3.0% of the group’s latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group’s latest audited NTA.

Further, shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5.0% of the group’s latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5.0% of the group’s latest audited NTA.

The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction below S\$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

For the purpose of Chapter 9 of the Catalist Rules:

an “**entity at risk**” means:

- (a) the listed company;
- (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalyst Rules;

an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and

a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

Rule 920 of the Catalyst Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons. A general mandate is also subject to annual renewal.

For illustration purposes, based on the audited consolidated financial statements of the Group for FY2016, the audited NTA of the Group was approximately S\$38.43 million. Accordingly, in relation to the Group and for the purposes of Chapter 9 of the Catalyst Rules for the current financial year, Shareholders’ approval is required where:

- (a) the interested person transaction is of a value equal to, or more than, approximately S\$1.92 million, being 5% of the latest audited NTA value of the Group; or
- (b) the interested person transaction, when aggregated with other transactions entered into with any of the interested persons of the same group during the same financial year, is of a value equal to, or more than, approximately S\$1.92 million.

6.3 Rationale and Benefits of the Proposed IPT Mandate

CBVN is principally involved in the provision of construction and construction management services and is licensed to design, build, operate and transfer different types of infrastructure-related activities in Vietnam. SVC had previously awarded to CBVN (a) a civil and structural contract of USD23.0 million for the main infrastructure construction works, (b) a mechanical and electrical contract of USD9.0 million covering 63.8 hectares of the Land on 6 May 2014 and 14 July 2014 respectively, and (c) design of and main infrastructure construction works of S\$233.0 million on 24 November 2014 on the remaining 300 hectares of the Land (the “**Contracts**”). As at the date of this Circular, save for approximately 3% of the USD23.0 million (approximately USD0.7 million) civil and structural contract works which have been completed, CBVN has not carried out works for the rest of the awarded Contracts in view of cost escalations arising from protracted delays of land handovers by farmers and construction materials. Save for the Contracts as disclosed above, no further contracts have been awarded by SVC to CBVN as at the date of this Circular. For the avoidance of doubt, the Contracts did not constitute interested person transactions under Chapter 9 of the Catalyst Rules at the time of award of the Contracts as CBVN was not an entity at risk at the relevant time. At the time of award of the Contracts, CBS, the sole shareholder of CBVN, was an associated company of the Company which the Company had no control over. In the event of any change in terms and conditions of the Contracts that resulting in the re-entry of the new contracts, such new contracts will be subject to the same review and guidelines under the Proposed IPT Mandate.

On 28 August 2017, the Company had announced the termination of the joint development agreement dated 30 May 2017 between CBVN and SVC to jointly develop mixed properties on 63.8 hectares of the Land. Notwithstanding the aforesaid, CBVN will continue to partake in the construction development of the Designated Land Parcels having been appointed as a principal contractor by SVC, responsible only for the design, procurement, consultancy and construction activities for the proposed development plan of 61 shop houses and 348 villas rather than as a co-developer and will no longer be involved in the marketing and sale of property units and bear the project development risk. In addition, it is envisaged that CBVN may for its operations, need to procure certain specialised equipment and materials, including but not limited to building and construction equipment or materials. The ability to enter into such transactions with SVC, which owns such specialised equipment and materials pursuant to the Proposed IPT Mandate, would allow the Group more flexibility in obtaining these products efficiently.

Taking into consideration the factors above, the Group envisages that it would, in the ordinary course of business, continue to enter into the Mandated Transactions with the Mandated Interested Persons from time to time. In view of the time-sensitive nature of commercial transactions, and the need for smooth and efficient conduct of business, it would be advantageous for the Group to obtain a Shareholders' mandate to enter into the Mandated Transactions, provided that all such transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Proposed IPT Mandate, if approved by the Shareholders, will not require the need for the Company to announce the entry into each Mandated Transaction and/or convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry into such Mandated Transactions, where applicable. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad hoc basis, improve administrative efficacy considerably, and will allow manpower resources and time to be channelled towards attaining other business objectives available to the Group. Shareholders will be updated on the value of such Mandated Transactions through the Company's interim and full-year financial statements and in its annual report.

6.4 Validity Period of the Proposed IPT Mandate

The Proposed IPT Mandate will take effect from the passing of the ordinary resolution, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Persons.

6.5 Class of Interested Persons

The Proposed IPT Mandate applies to the Mandated Transactions (as described in Section 6.6 below) which are carried out between the Group and the following persons or entities:

- (a) SVC;
- (b) Amanland Pte Ltd;

(c) Regionaland Pte Ltd; and

(d) Olander Ltd,

(collectively, the “**Mandated Interested Persons**”).

Transactions with other interested persons which do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

6.6 Categories of Mandated Transactions

The Group envisages that in the ordinary course of their business, a wide range of transactions between the Group and the Mandated Interested Persons are likely to occur from time to time. The transactions falling within the ambit of the Proposed IPT Mandate would include, but are not limited to the provision of or obtaining of the following products and services in construction (including but not limited to building and infrastructure):

- (a) project development and/or management services, including but not limited to application for relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with relevant authorities, liaison with consultants and contractors, supervision of work and the engagement and provision of financial and administrative support services related to such projects;
- (b) equipment including but not limited to construction and building equipment;
- (c) building and construction services under construction contracts;
- (d) design consultancy services (covering architectural, structural, mechanical, process, civil, electrical, land surveying and quantity surveying);
- (e) materials including but not limited to building materials; and
- (f) general building, construction, engineering and technical services,

(collectively, the “**Mandated Transactions**”).

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the Proposed IPT Mandate. The Proposed IPT Mandate will also not cover any transaction by any entity in the Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

6.7 Review Procedures for Interested Person Transactions

The Group has in place internal control systems to ensure that transactions with the Mandated Interested Persons are made on normal commercial terms, and are consistent with the Group’s usual business practices and policies. The Audit Committee of the Company will also review and approve the Mandated Transactions, and to ensure that all Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Group or the minority shareholders.

The following guidelines and review procedures will be implemented after having regard to the nature of Mandated Transactions and the criteria for establishing review procedures, which is to ensure that such review procedures are adequate and/or commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms, are in the interest of the Company and are not prejudicial to the interests of the Company and minority shareholders.

(a) **Guidelines**

- (i) all Mandated Transactions shall be conducted in accordance with the Group's usual business practices and policies, consistent or comparable with the usual margins or historical margins or costs (where applicable), rates (including commission) or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Mandated Interested Persons compared to those extended to or received from unrelated third parties after taking into account the speed of and cost for timely response and mobilisation, credit terms, quality, requirements, specifications, scope, size, complexity and resources required for implementation of the projects for which Mandated Interested Persons are providing and/or obtaining goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks;
- (ii) when purchasing any products or obtaining any services from a Mandated Interested Person, in order to ensure that the interests of the Group or the minority shareholders are not disadvantaged, comparison will be made with at least two quotations from unrelated/independent third party(ies) as a basis for comparison, from independently verifiable and reliable sources as approved by the Audit Committee from time to time ("**Approved Independent Sources**"), with advice from relevant employees of the Company with management responsibilities comprising personnel from the finance department and other relevant departments.

The list of Approved Independent Sources will be maintained by the relevant departments in the Group, and shall be reviewed by the Audit Committee periodically. The purchase price or fee or rates for the products or services, after taking into account factors mentioned in paragraph (i) above, shall not be higher than the most favourable price or fee of the two other quotations (wherever possible or available) from the Approved Independent Sources. Credit terms of the purchases will be comparable to those offered by unrelated third parties. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time of goods or services, industry norms, specifications, scope, size, complexity and resources required for implementation of the projects for which Mandated Interested Persons are providing goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions, array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration;

- (iii) when selling any products or supplying any services to a Mandated Interested Person, the price or fee or profit margins and terms of two other successful transactions of a similar nature (or comparable nature) with non-interested persons will be used as comparison to ensure that the interests of the Group or the minority shareholders are not disadvantaged. The price or fee or margin for the supply of products or services shall not be lower than the lowest price or fee of the two other successful transactions with non-interested persons, taking into account all pertinent factors, including but not limited to speed of and cost for timely response and mobilisation, quantity, credit records of the customer, terms of sale or supply, strategic purpose of the transaction, specifications, scope, size, complexity and resources required for implementation of the projects for Mandated Interested Persons, preferential or relatively advantageous access to assets and buyers, asset type, restrictions, array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks and other qualitative considerations; and
- (iv) in circumstances where it is impractical or impossible to obtain comparable prices of contemporaneous transactions of similar goods or services due to the nature of the goods or services to be purchased or provided, any two Directors of the Company with no interest, direct or indirect, in the Proposed IPT Mandate will, subject to the approval thresholds as set out in Section 6.7(b) of this Circular, take such necessary steps which would include but is not limited to (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided by the Mandated Interested Persons are fair and reasonable; and (2) evaluate and weigh the benefits of, and rationale for transacting with the Mandated Interested Persons, taking into account factors such as, but not limited to, the nature of the services, track record, delivery schedules, requirements and specifications of the Group or the customer, duration of contract, quality, reliability, previous working experience taking into account mobilisation cost and timely response, specifications, scope, size, complexity and resources required for implementation of the projects for which Interested Persons are providing and/or obtaining goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and structure for investments, array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks, project restrictions and structure or the results of and returns from the underlying projects.

(b) Approval Thresholds

The following approval procedures will be implemented to supplement existing internal control procedures for the Mandated Transactions to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms. For the avoidance of doubt, where the approving party as stipulated herein is interested in the transaction to be approved, he/she will inform the Audit Committee and such disclosures should be documented. In the event any equivalent person with the relevant experience and responsibility, as stated below for the various thresholds cannot be determined, the approving authority shall be decided by the Audit Committee.

Individual and aggregate transactions review and approval thresholds shall be as follows:

- (i) where the value of the Mandated Transactions is equal to or more than S\$100,000 but less than 3.0% of the Group's latest audited NTA, all subsequent Mandated Transactions shall require the prior approval of either the Chief Financial Officer of the Company ("**CFO**") (or equivalent person) or Executive Director of the Group ("**ED**").
- (ii) where the value of the Mandated Transactions is equal to or more than 3.0% but less than 5.0% of the Group's latest audited NTA, all subsequent Mandated Transactions shall require the prior approval of both CFO (or equivalent person) or the ED and; at least one (1) Director, who is not interested in the transaction and a member of the Audit Committee. Mandated Transactions that have been approved by the Audit Committee need not be aggregated for the purpose of such approval.
- (iii) where the Mandated Transactions is equal to or more than 5.0% of the Group's latest audited NTA, all subsequent Mandated Transactions will be subject to the prior approval of the Audit Committee and recommendation of the CFO (or equivalent person) or the ED. If a member of the Audit Committee is interested in any Mandated Transactions, he shall abstain from participating in the review of that particular transaction. Mandated Transactions that have been approved by the Audit Committee need not be aggregated for the purpose of such approval. For avoidance of doubt, the Audit Committee shall be responsible for such approvals.

All approvals must strictly follow the review procedures as stipulated in Sections 6.7(a) and (b) of this Circular and must be documented. The documentation, including the reasons for approval where necessary, must be accompanied with supporting documents to serve as audit trails, which will be subject to internal and/or external audit.

In addition, the CFO (or equivalent person), will review (and document such reviews) all Mandated Transactions (including Mandated Transactions that are less than S\$100,000 in value) and its register on a quarterly basis or such other periods as approved by the Audit Committee.

The threshold limits set out above are adopted by the Company after taking into account, inter alia, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at after considering the operational efficiency for the day-to-day business operations of the Group and the internal control for Mandated Transactions. The threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Company for the Mandated Transactions. The Audit Committee will review the threshold limits annually to ensure that they are not prejudicial to the interests of the Company and its minority shareholders.

(c) **Additional Controls**

In addition to the guidelines and review procedures set out above, the following approval procedures will be implemented to supplement existing internal control procedures for the Mandated Transactions to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to minority shareholders:

(i) *Maintain registers of interested persons and Mandated Transactions*

The finance department of the Group will maintain and update a list of interested persons, and the CFO (or equivalent person) shall be responsible for the overall maintenance of the register (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons will be reviewed quarterly by the CFO (or equivalent person) (who shall also not be interested in any of the Mandated Transactions) and who are duly delegated to do so by the Audit Committee. The list of Mandated Interested Persons which is maintained shall be reviewed by the Audit Committee at least on a quarterly basis.

The finance department will also maintain a register of all transactions carried out with the Mandated Interested Persons, including those below S\$100,000 in value ("**IPT Register**"). The Mandated Transactions Register will record information pertinent to the Mandated Transactions such as but not limited to, the list of Mandated Interested Persons, the nature of the Mandated Transactions, the basis and rationale for the entry into the transactions, the pricing and terms of the two other transactions of a similar nature with non-interested persons which were used for comparison, as well as the approving authority. The IPT Register shall be prepared, maintained, monitored and reviewed on a monthly basis by the CFO (or equivalent person) of the Group who is not interested in the Mandated Transactions. This is to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the Proposed IPT Mandate. All relevant non-quantitative factors will also be taken into account and recorded in the IPT Register. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit Committee. In addition, any exceptions or departures from the procedures shall be reported and highlighted by the finance department to the Audit Committee immediately.

The CFO (or equivalent person) will obtain signed letters of confirmation from the Directors, key management of the Company, the Controlling Shareholders on a periodic basis (of not more than quarterly or such other period as may be determined by the Audit Committee) with respect to their interest in any transactions with the Group.

(ii) *Review by Audit Committee*

The Audit Committee will review all Mandated Transactions at least on a quarterly basis to ensure that the established guidelines and review procedures for the Mandated Transactions have been complied with and the relevant approvals have been obtained, as well as monitoring and administration are adequate, sufficient and adhered to, in ensuring that the Mandated Transactions are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders. All relevant non-quantitative factors will also be taken into account. Such review includes the

examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.

The Audit Committee will also review the established guidelines and review procedures of the Mandated Transactions and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders. If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate or insufficient to meet such objectives, the Company will seek a fresh mandate from the Shareholders based on new guidelines and review procedures for the Mandated Transactions. During the period prior to obtaining a fresh mandate from Shareholders, all Mandated Transactions will be subject to prior review and approval by the Audit Committee.

In the event that a member of the Audit Committee is interested in any Mandated Transactions, he/she shall abstain from participating in the review of the particular transaction.

The Audit Committee will review the letters of confirmation from key management personnel, Controlling Shareholders and the Directors of the Group on a periodic basis (annual basis or such other period as may be determined by the Audit Committee) and the minutes of such review and its outcome shall be taken.

(iii) *Review by Internal Auditors*

The Group's annual or periodic (such periods as may be decided by the Audit Committee) internal audit plan may incorporate a review of all new Mandated Transactions, including the established review procedures for monitoring of such Mandated Transactions, entered into during the current financial year pursuant to the Proposed IPT Mandate and consistent with the Code of Corporate Governance 2012. The approval thresholds as stipulated in this Circular may be delegated with the approval of the Audit Committee which will be duly documented together with the bases for such approval.

Subject to the above paragraph, the Group's internal auditor shall on such periods as required by the Audit Committee, subject to adjustment in frequency, depending on factors such as, inter alia, substantial increment of aggregate transactional value, report to the Audit Committee on all Mandated Transactions, and the basis of such transactions, entered into with the Mandated Interested Persons during the preceding period. The Audit Committee shall review such Mandated Transactions at its periodic meetings (not less than twice or such other frequency a year as decided by the Audit Committee) except where Mandated Transactions are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

(iv) *Review by External Auditors*

The Audit Committee shall on an annual basis, and as and when it deems fit, engage such auditors or professionals as may be required and the scope of such review shall be decided by the Audit Committee.

(v) *Further Compliance*

The Directors will ensure that all disclosure, approval and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalyst Rules and accounting standards, are complied with.

6.8 Disclosure in Financial Results Announcement and Annual Report

The Company will announce the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the Proposed IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Catalyst Rules and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Person(s) pursuant to the Proposed IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the Proposed IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalyst Rules.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (excluding transactions less than S\$100,000)

6.9 IFA's Opinion

The Company has appointed the IFA to opine, for the purposes of Chapter 9 of the Catalyst Rules, on whether the guidelines and review procedures of the Company for determining the pricing and terms of the Mandated Transactions as set out in Section 6.7 of this Circular, if adhered to, are sufficient to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Having regard to considerations set out in the IFA Letter, the IFA is of the opinion that the adoption of the Proposed IPT Mandate and the procedures as set out in Section 6.7 of this Circular, is in the interest of the Company and that the review procedures (including the additional controls) for determining the transaction prices pursuant to the Proposed IPT Mandate as set out in Section 6.7 of this Circular, if adhered to fully, are sufficient to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. Accordingly, the IFA has advised the Directors who are not interested in the Proposed IPT Mandate to recommend that the Independent Shareholders vote in favour of the Proposed IPT Mandate.

The IFA Letter is reproduced and appended as Appendix A to this Circular and Shareholders are advised to read the IFA Letter carefully.

6.10 Statement from the Audit Committee on the Proposed IPT Mandate

Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed IPT Mandate, the Audit Committee has reviewed the guidelines and review procedures, as set out in Section 6.7 of this Circular and proposed by the Company for determining the terms of the Mandated Transactions, and is satisfied that the review procedures for the Mandated Transactions, are sufficient to ensure that the Mandated Transactions will be carried out in accordance with the Company's normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7. PROPOSED SHARE ACQUISITION

7.1 Background

On 4 April 2017, the Company announced that the Purchaser or ADI had on 4 April 2017 entered into a conditional agreement with the Vendor (the "**ALI Agreement**"), pursuant to which the Purchaser has agreed to buy and the Vendor has agreed to sell, 4,997 issued and paid-up ordinary shares ("**Sale Shares**") representing 40% equity interest in ALI, free from all encumbrances and together with all the rights, dividends, benefits and entitlements attached to the Sale Shares. As at the date of this Circular, the Vendor is holding the Sale Shares in trust for the Purchaser pending the completion of formal transfer and registration in the name of the Purchaser.

7.2 Information on the Vendor

CAM is a company incorporated in the Republic of Philippines. It was formerly a subsidiary of the Company until the Company, had on 30 May 2016, disposed of the entire equity interest in CAM to CMP Mechatronics Inc.

Dato Yap and Mr. Woon Ooi Jin are both directors of CAM. In addition, Dato Yap and Mr. Woon Ooi Jin each hold 1 ordinary share in the issued and paid up share capital of CAM, which has an issued and paid up share capital of 48 million ordinary shares.

7.3 Information on ALI

ALI is a company incorporated in the Republic of Philippines and has a subscribed share capital of 12,500 shares of par value Peso 100 each, of which 6,875 shares have been fully paid up. It is principally engaged in investment in real estate properties in the Philippines, and owns land parcels with an aggregate size of 48,000 square metres in Amplefield SME Park within Lima Technology Centre, Lipa City, Batangas, Philippines.

7.4 Consideration

The Sale Shares will be acquired for Peso 499,700 (approximately S\$14,000), payable by the Company, upon demand, by way of cash (the "**Consideration**"). The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations, taking into account the par value of the Sale Shares of Peso 499,700, the negative asset value as at 28 February 2017 of ALI attributable to the Sale Shares of Peso 800,000 (equivalent to about S\$23,000) and loss before tax incurred by ALI.

7.5 Rationale for the Proposed Share Acquisition

The Company had previously held 99.9% equity interest in CAM, which in turn owns 40% equity interest in CAM Venture Development Inc (“**CAM VD**”) and ALI respectively. CAM and CAM VD were part of the manufacturing operations of the Group and at the point of disposal, consisted mainly of plant and machinery no longer in use by the Group following the cessation of the Group’s manufacturing operations in June 2014.

Subsequent to a disposal by the Company of CAM, and accordingly, of its 40% equity interest in ALI (which was held by CAM) in May 2016, ALI owed ADI Peso 836 million (equivalent to S\$23.9 million) for the construction of 16 units of factory buildings in the Amplefield SME Park (“**SME Units**”). To mitigate any risk of non-payment by ALI, ADI acquired the SME Units from ALI in a deed of absolute sale dated 27 September 2017. The SME Units were valued at Peso 742.0 million, equivalent to S\$19.5 million, based on an independent market valuation carried out by Santos Knight Frank, Inc, dated 4 September 2017 (the “**Valuation Report**”).

The Board had assessed that ALI would be unlikely to make immediate repayment of the amounts owing to ADI unless the SME Units were substantially sold at the right price. The Board also noted that pending any sale, the SME Units were being leased out and the percentage net lettable area leased out had increased from 22% in May 2016 to 71% in December 2016. As such, the Board had assessed that it would be more beneficial to the Group to acquire the SME Units from ALI by setting off the amounts owing from ALI. This would give the Group direct control over the sale and cash flows (rental income) from the SME Units, and mitigate any risk of non-payment by ALI. The Group may also benefit from any potential future capital appreciation.

After the acquisition of the 16 SME Units by the Group, the Board had assessed that it would be beneficial to have an influence over the land on which the SME Units reside, to be able to better manage the access and surrounding infrastructure to increase the value and attractiveness of the SME Units to both lessees and potential buyers. As ALI owns and controls the land upon which the SME Units reside, the Board is of the view that it is pertinent to acquire a 40% equity stake in ALI. With this stake, the Company can appoint two of the five directors on the board of ALI, and will have the ability to participate in the financial and operating policy decisions of ALI as opposed to the Company holding just the 16 SME Units with no representation on the board of ALI.

Upon completion of the Proposed Share Acquisition, ALI will become an indirect associated company of the Company.

7.6 Conditions precedent

Pursuant to the terms of the ALI Agreement, the Proposed Share Acquisition is subject to and conditional upon the following conditions having been fulfilled (or waived) by the relevant party:

- (a) the approval of the directors of the Vendor and the Purchaser for all resolutions as may be required to give effect to the ALI Agreement; and
- (b) the receipt of approval by the Shareholders for all resolutions as may be required to give effect to the ALI Agreement.

7.7 Financial Effects of the Proposed Share Acquisition

The pro forma financial effects set out below are purely for illustrative purposes and do not reflect the future actual financial results or positions of the Group after the completion of the Proposed Share Acquisition.

NTA per Share

Assuming the Proposed Share Acquisition had been completed on 30 September 2016, the effect of the Proposed Share Acquisition on the NTA per Share of the Company as at 30 September 2016 would have been as follows.

	Before the Proposed Share Acquisition	Immediately after the Proposed Share Acquisition
NTA (S\$)	38,433,000	38,433,000
NTA per Share (cents) ¹	11.1	11.1

Note:

- 1 NTA per Share is calculated based on 345,881,146 Shares (excluding treasury shares) as at 30 September 2016. The NTA remains unchanged before and immediately after the Proposed Share Acquisition under equity accounting and no provision was made or required for impairment of the Sale Shares.

EPS

For the purpose of computing the financial effects of the Proposed Share Acquisition on the EPS for FY2016, the Proposed Share Acquisition is assumed to have been completed on 1 October 2015.

	Before the Proposed Share Acquisition	Immediately after the Proposed Share Acquisition
Earnings attributable to shareholders (S\$)	3,318,000	3,331,000
EPS ¹ (cents)	0.959	0.0963

Note:

- 1 EPS is calculated based on the weighted average number of Shares (excluding treasury shares) of 345,881,146 for the financial year ended 30 September 2016.

7.8 Relative figures under Chapter 10 of the Catalist Rules

Based on the unaudited consolidated financial statements of the Group for the nine-month period ended 30 June 2017, the relative figures for the Proposed Share Acquisition computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets disposed of, compared with the Group's net asset value	Not applicable. This is an acquisition.
(b)	Net loss attributable to the Sale Shares of approximately S\$23,000, compared with the Group's net profits of approximately S\$195,000 ¹	(11.8)%

Rule 1006	Bases	Relative Figures
(c)	Aggregate value of the consideration given of S\$14,000, compared with the Company's market capitalisation of approximately S\$31.48 million as at 3 April 2017 based on the total number of issued shares excluding treasury shares ²	0.04%
(d)	Number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue	Not applicable as no shares will be issued by the Company pursuant to the Proposed Share Acquisition.
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Proposed Share Acquisition is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- 1 Computed based on the loss before tax of approximately S\$23,000 attributable to the Sale Shares, compared to the Group's unaudited profit before tax (excluding profit from discontinued operations) of approximately S\$195,000 for the nine-month period ended 30 June 2017.
- 2 Computed based on the Consideration of S\$14,000 and the market capitalisation of the Company of approximately S\$31.48 million, which is determined by multiplying the issued share capital of the Company of 345,881,146 Shares with the volume weighted average price of such shares transacted on 3 April 2017 of S\$0.091 per Share, being the day preceding the date of the ALI Agreement.

As the relative figure under Rule 1006(b) is a negative figure, the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd., had consulted the SGX-ST and pursuant to the consultation, the Company is seeking Shareholders' approval for the Proposed Share Acquisition.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below and in this Circular, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Rights cum Warrants Issue, the Whitewash Resolution, the Proposed IPT Mandate or the Proposed Share Acquisition, other than through their respective shareholdings in the Company.

	As at the Latest Practicable Date			
	Direct Interest		Deemed Interest	
	No. of Shares	%¹	No. of Shares	%¹
Directors				
Albert Saychuan Cheok	500,000	0.14	—	—
Yap Weng Yau	—	—	—	—
Phan Chee Shong	—	—	—	—
Woon Ooi Jin	—	—	—	—
Ng Chin Hoo	11,000,344	3.18	—	—
Chong Kum Fatt	205,000	0.06	—	—

	As at the Latest Practicable Date			
	Direct Interest		Deemed Interest	
	No. of Shares	% ¹	No. of Shares	% ¹
Substantial Shareholders (other than Directors)				
Olander Ltd.	92,622,956	26.78	—	—
Dato Yap ²	23,155,739	6.69	92,622,956	26.78
Phan Foo Beam ³	—	—	92,922,956	26.78

Notes:

- 1 The percentage is based on the Existing Share Capital.
- 2 Dato Yap is deemed to be interested in 92,622,956 Shares held by Olander Ltd. by virtue of his 50% shareholding in Olander Ltd.
- 3 Phan Foo Beam is deemed to be interested in 92,622,956 Shares held by Olander Ltd. by virtue of her 50% shareholding in Olander Ltd.

9. DIRECTORS' RECOMMENDATIONS

9.1 Rights cum Warrants Issue

The Directors, having considered the principal terms of the Rights cum Warrants Issue, the rationale, use of proceeds and financial effects of the Rights cum Warrants Issue, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Shareholders and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution 1 relating to the Rights cum Warrants Issue as set out in the Notice of EGM.

9.2 Whitewash Resolution

The Non-conflicted Directors, having considered, among others, the rationale for and the intended use of proceeds from the Rights cum Warrants Issue as set out in Section 2 of this Circular and the advice of the IFA as set out in the IFA Letter as enclosed in **Appendix A**, are of the opinion that the 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 Ordinary Resolution 2 relating to the Whitewash Waiver as set out in the Notice of EGM. The Whitewash Resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of poll to approve the same.

9.3 Proposed IPT Mandate

The Directors, save for Mr Yap Weng Yau who has abstained from making recommendations on the Proposed IPT Mandate, are of the opinion that the Proposed IPT Mandate is in the interests of the Company and is not prejudicial to the interests of the Company and its Shareholders. Accordingly, the Directors (save for Mr Yap Weng Yau) recommend that Shareholders vote in favour of the Ordinary Resolution 3 relating to the Proposed IPT Mandate at the EGM as set out in the Notice of EGM.

9.4 Proposed Share Acquisition

The Directors, save for Mr. Woon Ooi Jin who has abstained from any discussion relating to the Proposed Share Acquisition, are of the opinion that the Proposed Share Acquisition is in the best interests of the Company. Accordingly, the Directors (save for Mr. Woon Ooi Jin) recommend that Shareholders vote in favour of the Ordinary Resolution 4 relating to the Proposed Share Acquisition as set out in the Notice of EGM.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at RELC International Hotel, Room 602, Level 6, 30 Orange Grove Road, Singapore 258352 on 15 November 2017 at 1.00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the ordinary resolutions as set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for the EGM. Completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register maintained by the CDP at least 72 hours before the EGM.

12. ABSTENTION FROM VOTING

- 12.1 Pursuant to the SIC Conditions, the Concert Party Group and parties not independent of them will abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 2 relating to the Whitewash Resolution and shall not accept appointments as proxies for voting on Ordinary Resolution 2.
- 12.2 Dato Yap and Mr Yap Weng Yau shall abstain and shall procure their respective Associates and nominees (including Olander Ltd.) to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 3 relating to the Proposed IPT Mandate. The foregoing persons shall not accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 3.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Whitewash Resolution, the Proposed IPT Mandate, the Proposed Share Acquisition, 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 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 such sources and/or reproduced in this Circular in its proper form and context.

14. MANAGER'S RESPONSIBILITY STATEMENT

To the best of PrimePartners Corporate Finance Pte. Ltd.'s knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Company and its subsidiaries, and PrimePartners Corporate Finance Pte. Ltd. is not aware of any facts the omission of which would make any statement in this Circular misleading.

15. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Share Acquisition.

16. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Eligible Shareholders, subject to, *inter alia*, approval of Shareholders being obtained in respect of the resolutions approving the Rights cum Warrants Issue and the Whitewash Waiver as set out in the Notice of EGM. Acceptances and applications under the Rights cum Warrants Issue can only be made in the manner as prescribed in the Offer Information Statement.

17. CONSENT

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 herein of its name, the IFA Letter and all references thereto, in the form and context which they appear in this Circular.

PrimePartners Corporate Finance Pte. Ltd., the Manager of the Rights cum Warrants Issue, has given and has not withdrawn its consent to the issue of this Circular with the inclusion herein of its name, the statements in the sections entitled “Manager’s Responsibility Statement” of the Circular and all references thereto, in the form and context which they are included in this Circular.

18. MATERIAL LITIGATION

To the best of the Company’s knowledge and belief, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Company, may have or have had in the last 12 months before the date of this Circular, a material effect on the financial position or results of the Company.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by the Shareholders during normal business hours (from 9.00 a.m. to 5.30 p.m.) at the registered office of the Company at 101A, Upper Cross Street, #11-16 People’s Park Centre, Singapore 058358 from the date of this Circular up to and including the date of the EGM:

- (a) the Letters of Undertaking;
- (b) the Valuation Report;
- (c) the ALI Agreement; and
- (d) the letters of consent referred to in Section 17 above.

Yours faithfully
For and on behalf of the Board of
AMPLEFIELD LIMITED

Woon Ooi Jin
Executive Director

APPENDIX A – IFA LETTER

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE NON-CONFLICTED DIRECTORS AND NON-INTERESTED DIRECTORS OF AMPLEFIELD LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.

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

160 Robinson Road #21-05
SBF Center
Singapore 068914

To:

The Non-conflicted Directors and Non-Interested Directors (both defined herein)
Amplefield Limited
101A, Upper Cross Street
#11-16 People's Park Centre
Singapore 058358

31 October 2017

- (I) **PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS OF AMPLEFIELD LIMITED (THE "COMPANY") TO RECEIVE A MANDATORY GENERAL OFFER FROM OLANDER LTD FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP, AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE (THE "WHITEWASH RESOLUTION"); AND**
- (II) **PROPOSED ADOPTION OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS ("PROPOSED IPT MANDATE")**

*Unless otherwise defined or where the context otherwise requires, the definitions used in the circular dated 31 October 2017 ("**Circular**") shall apply throughout this Letter (as defined herein).*

1. INTRODUCTION

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to the directors of the Company who as at the date of this letter ("**Letter**" or "**IFA Letter**") are not members of and independent of the Concert Party Group (as defined herein) ("**Non-conflicted Directors**") for the purposes of making the recommendation in relation to the Whitewash Resolution and Non-Interested Directors (defined later) for the Proposed IPT Mandate. We note from the Circular that the Non-conflicted Directors for the Whitewash Resolution, who are considered independent of the Concert Party Group comprise namely Mr Albert Saychuan Cheok, Mr Ng Chin Hoo and Mr Chong Kum Fatt.

This Letter sets out, *inter alia*, our views and evaluation of the Whitewash Resolution which has been proposed as an ordinary resolution in the notice of the extraordinary general meeting ("**EGM**") of the Company as set out in the Circular to the registered holders ("**Shareholders**") of the ordinary shares ("**Shares**") in the capital of the Company, which if passed by Shareholders other than (i) Olander Ltd and the parties acting in concert with it, including Dato Sri Yap Teiong Choon ("**Dato Yap**") and his spouse, Phan Foo Beam (collectively, the "**Concert Party Group**"); and (ii) parties not independent of the persons mentioned in (i) ("**Independent Shareholders**") would result in a waiver by the Independent Shareholders of their rights to receive a mandatory general offer from the Concert Party Group in connection with the Rights cum Warrants Issue (defined later). Likewise, it contains our recommendations to the Non-conflicted Directors in relation to the Whitewash Resolution.

In addition, this Letter sets out, *inter alia*, our views and evaluation of the Proposed IPT Mandate, which is being proposed as an ordinary resolution in the notice of EGM as set out in the Circular. The Proposed IPT Mandate will be subject to the approval by Shareholders other than Shareholders who

are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Listing Manual Section B: Rule of Catalist ("**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the Proposed IPT Mandate as set out in Section 6 of the Circular.

Likewise, it contains our recommendations to Directors who are not interested in the Proposed IPT Mandate ("**Non-Interested Directors**") for determining whether the review procedures, as set out in Section 6.7 of the Circular, for determining transaction prices and/or the terms, are sufficient to ensure that the transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority shareholders of the Company ("**Minority Shareholders**"). We note from the Circular that Non-Interested Directors for the purposes of making a recommendation for the Proposed IPT Mandate comprises all the Directors save for Mr Yap Weng Yau.

This Letter is prepared for inclusion in the Circular in connection with, *inter alia*, the Whitewash Resolution and the Proposed IPT Mandate. Unless otherwise defined or where the context otherwise requires, the definition 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

On 30 June 2017 (the "**Announcement Date**"), the Company announced that it is proposing to undertake a renounceable non-underwritten rights cum warrants issue of up to 1,037,643,438 new Shares (the "**Rights Shares**") at an issue price of S\$0.05 for each Rights Share (the "**Rights Issue Price**") and up to 691,762,292 free detachable warrants (the "**Warrants**"), with each Warrant carrying the right to subscribe for one (1) Share (the "**Warrants Shares**") at an exercise price of S\$0.05 for each Warrant Share (the "**Warrant Exercise Price**"), on the basis of three Rights Shares and two Warrants for every one Share held by Eligible Shareholders (as defined in the Circular) as at a books closure date to be determined ("**Books Closure Date**"), fractional entitlements to be disregarded (the "**Rights cum Warrants Issue**").

By way of illustration, an eligible Shareholder who holds 100 Shares and subscribes for his full rights entitlements, he will be entitled to 300 Rights Shares and 200 Warrants. We note from the Circular that the basis for the Rights cum Warrants Issue comprises three (3) Rights Shares and two (2) free Warrants for every one Share held by Eligible Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

As at 16 October 2017 (the "**Latest Practicable Date**"), the Company's controlling Shareholder ("**Controlling Shareholder**"), Dato Yap, has direct and deemed interest (held through Olander Ltd) in an aggregate of 115,778,695 Shares, equivalent to approximately 33.5% of the issued and paid-up share capital of the Company of 345,881,146 ("**Existing Share Capital**"). Olander Ltd is owned in equal proportions by Dato Yap and his spouse, Phan Foo Beam. Accordingly, Phan Foo Beam is deemed interested in Shares held by Olander Ltd.

1.2. PROPOSED IPT MANDATE

The Company and its subsidiaries (the "**Group**") is primarily involved in property development, construction, and facility provision, and also carries out property investment and trading services.

As at the Latest Practicable Date, Dato Yap, is the Controlling Shareholder who has an aggregate direct and deemed interest of approximately 33.5% shareholding interest in the Company. Accordingly, Dato Yap and his Associates, including Mr. Yap Weng Yau, who is an Executive Director of the Company and the son of Dato Yap, are interested persons of the Company under Chapter 9 of the Catalist Rules.

As at the Latest Practicable Date, Dato Yap is the major shareholder of Regionaland Pte Ltd, which owns 97.0% of Amanland Pte Ltd, which in turn is the sole shareholder of SVC. Dato Yap and his spouse also hold the entire issued share capital of Olander Ltd in equal proportions. Accordingly, SVC, Amanland Pte Ltd, Regionaland Pte Ltd and Olander Ltd are Associates of Dato Yap and are each

also an "interested person" under Chapter 9 of the Catalyst Rules. It is expected that the Group will enter into transactions with the aforementioned parties on a recurrent basis and in the ordinary course of business from time to time.

In view of the above, the Company wishes to seek the approval of Shareholders at the EGM (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalyst Rules) for the Proposed IPT Mandate in respect of future transactions that the Group may enter into with the Mandated Interested Persons, as more particularly set out in Section 6.5 of the Circular.

2. TERMS OF REFERENCE

ACA has been appointed by the Company to advise the Non-conflicted Directors and Non-Interested Directors in respect of (1) the Whitewash Resolution and (2) the Proposed IPT Mandate respectively. We were neither a party to the negotiations entered into by the Company in relation to the Rights cum Warrants Issue, the Whitewash Resolution and the Proposed IPT Mandate (collectively, the **"Selected Transactions"**), nor were we involved in the deliberation leading up to the decision on the part of the directors of the Company (**"Directors"**) to enter into the Selected Transactions and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the transactions contemplated in the Circular, (the **"Proposed Transactions"**) for the Group or the purpose for the Rights cum Warrants Issue or the use of proceeds from the Rights cum Warrants Issue or the possibilities or feasibilities of the completion of the Rights cum Warrants Issue or the determination of the parties acting in concert for the purposes of the Whitewash Resolution or when the Shares may be traded other than to form an opinion, strictly and solely on the bases set out herein on whether the financial terms of the Rights cum Warrants Issue being the subject of the Whitewash Resolution are fair and reasonable, and not prejudicial to the interests of the Independent Shareholders. In addition, we also do not by this Letter, or otherwise, advise or form any judgment on the merits of the Proposed IPT Mandate contemplated in the Circular or the determination of the interested persons and entities' at risk purposes of the Proposed IPT Mandate, other than to form an opinion, strictly and solely on the bases set out herein on whether the review procedures, as set out in Section 6.7 of the Circular, for determining transaction prices and/or the terms, are sufficient to ensure that the transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of or the terms of the Rights cum Warrants Issue and/or the Whitewash Resolution as may have been issued by the Company 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, and we have not made such evaluation or comment. 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 use of proceeds or ability of the Group to fulfil all its obligations or the adequacy of the proceeds from the Rights cum Warrants Issue to fulfill the same or the resolutions to be approved at the EGM other than the Whitewash Resolution. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (the **"Management"**) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. In addition, our terms of reference do not require us to evaluate or comment on the strategic or commercial/financial/legal/operational/compliance merits of the Proposed IPT Mandate (including the reliability of the sources for the transactions as well as the pricing as compared to third party sources) or on the future prospects or value of the Company or the Group. In addition, we are not required to comment and have not commented on the reliability as well as the implementation of the system for review and monitoring of the Mandated Transactions (defined later). In addition, we do not and are not required to determine or confirm the nature or the types of Mandated Transactions or the Mandated Interested Persons (defined later) or the disclosure of the Mandated Transactions that the Company or the Group is involved in. Although, there are certain controls and procedures in determining Mandated Interested Persons, we are not required to and had not commented on or evaluated the methods or the procedures for determining Mandated Interested Persons. Likewise we are not required to comment on or evaluate the methods or procedures used

by the Company in the context of possible changes in the nature of operations. Such evaluations or comments remain the sole responsibility of the Directors and Management.

In the course of our evaluation, we have held discussions with Directors and Management and/or, where applicable, their professional advisers including its consultants or advisers or auditors *inter alia*, regarding their assessment of the rationale for the Rights cum Warrants Issue and the Proposed IPT Mandate and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by Directors, the Management and/or, where applicable, the professional advisers including its consultants or advisers or auditors of the Company, including information contained in the Circular. 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 used for the purposes of our evaluation. 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 ended 30 June 2017 ("**9M2017**") for the Company and 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 Rights cum Warrants Issue and the Proposed IPT Mandate or, where applicable, other 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 June 2017. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after 30 June 2017 or the completion of the transactions stipulated in the Circular or the sufficiency of the Group's working capital. Accordingly, 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 Rights cum Warrants Issue or the Whitewash Resolution or the Proposed IPT Mandate, 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 use of the proceeds, or the sufficiency of the Rights cum Warrants Issue to address the concerns of the Company or the Group, or subsequent to the Proposed IPT Mandate or the possibility or probability that the Group can improve their profitability after the Rights cum Warrants Issue or the level of subscriptions for the Rights cum Warrants Issue and the Proposed IPT Mandate.

Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment and investment properties) or contracts 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 reports dated 6 September 2017 ("**Independent Valuer's Report**") issued by Santos Knight Frank, Inc. (formerly CB Richard Ellis Phils., Inc.) (the "**Independent Valuer**") in respect of the market value of the Group's investment properties (consisting of buildings and other land improvement and its appurtenant building equipment only of that site identified as the "AMPLEFIELD LAND PHILS., INC. COMPOUND" located at the corner of Jose P. Rizal Street and Main Boulevard, within Lima Technology Center, Barangay Bugtong na Pulo, Malvar, Batangas, Philippines) (collectively, the "**Appraised Assets**" as at 4 September 2017 ("**Valuation Date**"). Directors and Management have confirmed that for the purposes of the Proposed Transactions, they have commissioned the Independent Valuer to

determine the market value of the Group's Appraised Assets and are satisfied with *inter alia* the bases, assumptions and methodology as adopted by the Independent Valuer as well as the selection of the Appraised Assets for valuation. 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 and investment properties) including, *inter alia* the contracts 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 save for the Appraised Assets, 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 audited financial statements for the Company and the Group as at 30 September 2016 and the unaudited financial statements for the Company and the Group as at 30 June 2017 are true and fair. 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 valuation or appraisal of assets and liabilities including, *inter alia* the contracts that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information 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 and the audited financial statements for the Group for 30 September 2016 and the unaudited financial statements for the Group for 9M2017, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

Our opinion in this 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.

Non-conflicted Directors and Non-Interested Directors (as well as Independent Shareholders and Shareholders other than those who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalyst Rules) for the Proposed IPT Mandate as set out in Section 6 of the Circular), should note that our evaluation is based solely on publicly available information and other information provided by the Company, the Directors as well as those disclosed in the Circular as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance for the Company or the Group after 30 June 2017 or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the 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 and contained therein. The Directors have confirmed to ACA that all material information including but not limited to shareholding or concert parties or plans or prospects or proposals or rationale involving the Rights cum Warrants Issue, the Whitewash Resolution, the Proposed IPT Mandate or the Company or Group or the transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Company and the Group 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 (including the use of the proceeds from the Rights cum Warrants Issue), 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.

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 Whitewash Resolution or the Proposed IPT Mandate or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Rights cum Warrants Issue or the Whitewash Resolution or the Proposed IPT Mandate or the other transactions or resolutions stipulated in the Circular where applicable or voting for or voting against the Rights cum Warrants Issue, Whitewash Resolution or the Proposed IPT Mandate or the other transactions or resolutions stipulated in the Circular where applicable 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 Non-conflicted 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 Letter or the Rights cum Warrants Issue or the Whitewash Resolution or the Proposed IPT Mandate or the Company or the Group or the Shares or the Right Shares or the Warrants or the Warrant Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Non-conflicted Director, and as such the Non-conflicted 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 Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Whitewash Resolution or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Non-conflicted Directors and the Non-Interested Directors in connection with and for the sole purposes of their evaluation of the Whitewash Resolution and the Proposed IPT Mandate respectively. 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 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 that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Whitewash Resolution and the Proposed IPT Mandate and at the forthcoming EGM. 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 RIGHTS CUM WARRANTS ISSUE

3.1 Information on the Rights cum Warrants Issue

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis of three Rights Shares and two free Warrants for every one Share held by Eligible Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the Existing Share Capital of 345,881,146 Shares as of the Latest Practicable Date, the Company is proposing to issue up to 1,037,643,438 Rights Shares at the Rights Issue Price of S\$0.05 for each Rights Share, and up to 691,762,292 Warrants, with each Warrant carrying the right to subscribe for one Warrant Share at the Warrant Exercise Price of S\$0.05. By way of illustration, an Eligible Shareholder who holds 100 Shares and subscribes for his full rights entitlements, will be entitled to 300 Rights Shares and 200 Warrants.

The Rights Shares are payable in full upon acceptance of the provisional allotments of the Rights Shares with Warrants and/or application in excess of their provisional allotments of Rights Shares with Warrants ("**Excess Applications**") for the Rights Shares with Warrants in excess of the provisional allotments of Eligible Shareholders to the extent that they are not subscribed by Eligible Shareholders ("**Excess Rights Shares with Warrants**"). The Rights Shares, when allotted and issued, will 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 issue of the Rights Shares.

The Rights Issue Price and the Warrant Exercise Price of S\$0.05 represents a discount of approximately 5.66% to the closing price of S\$0.053 per Share on the SGX-ST on 30 June 2017 (being the last market day on which the Shares were transacted on the SGX-ST immediately prior to the announcement of the Rights cum Warrants Issue ("**Announcement**")), and a discount of approximately 1.48% to the theoretical ex-rights price ("**TERP**") of S\$0.0508 (being the theoretical market price of each Share assuming the completion of the Rights cum Warrants Issue, and which is calculated based on the closing price of S\$0.053 per Share for trades done on the SGX-ST on 30 June 2017, being the last market day prior to the Announcement).

As at the Latest Practicable Date, the Existing Share Capital comprised 345,881,146 Shares and there are no outstanding convertible securities issued by the Company for which new Shares will be issued. In the event that there is no change in the number of Shares, as at the Books Closure Date, up to 1,037,643,438 Rights Shares will be issued pursuant to the Rights cum Warrants Issue. Assuming that all the Rights Shares and Warrants are fully subscribed, an aggregate of 691,762,292 Warrants (and accordingly, up to 691,762,292 Warrant Shares) may be issued pursuant to the Rights cum Warrants Issue.

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

Fractional entitlements of Rights Shares with Warrants will be disregarded in arriving at Eligible Shareholders' entitlements and together with provisional allotments which are not taken up for any reason, shall be aggregated and used to satisfy Excess Applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company subject to applicable laws, the Catalist Rules and the Irrevocable Undertakings (as defined herein).

In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders of the Company ("**Substantial Shareholders**") who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants. The Company will also not make any allotment and issuance of any

Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

Provisional allotments of Rights Shares with Warrants which would otherwise have been made to Foreign Shareholders (as defined in the Circular) will be dealt with in the manner described in Section 2.5 of the Circular.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue including the procedures for acceptances, renunciation of and applications for the Rights Shares with Warrants will be contained in an Offer Information Statement (as defined in the Circular) to be despatched by the Company to Eligible Shareholders in due course subsequent to Shareholders' approval at the EGM.

3.2 Conditions to the Rights cum Warrants Issue

The conditions for the Rights cum Warrants Issue are stated in Section 2.4 of the Circular and have been reproduced in italics below. Independent Shareholders are advised to read Section 2.4 of the Circular carefully and its entirety.

“2.4 Conditions to the Rights cum Warrants Issue

The Rights cum Warrants Issue, is subject to the following conditions, among others:

- (a) the Whitewash Waiver being granted by the Council and such grant not having been revoked or withdrawn as at the date of completion of the Rights cum Warrants Issue;*
- (b) the receipt of the listing and quotation notice of the SGX-ST for the dealing in, listing of and quotation of the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST, and such approval not having been withdrawn;*
- (c) approval of (i) the Shareholders for the Rights cum Warrants Issue and the allotment and issue of the Rights Shares, Warrants and the Warrant Shares, and (ii) the Independent Shareholders for the Whitewash Resolution, at the EGM; and*
- (d) the lodgment of the Offer Information Statement relating to the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Authority.*

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

As of the date of this Circular, the Company has yet to make an application, through the Sponsor, for the admission to and the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on Catalist. An application will be made upon Shareholders approving the resolutions relating to the Rights cum Warrants Issue, and the Company will make an announcement in due course to notify Shareholders on the status of the application.

Pursuant to the Catalist Rules, the SGX-ST normally requires a sufficient spread of holdings to provide an orderly market in the securities and as a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants.”

3.3 Irrevocable Undertakings

As at the Latest Practicable Date, the Controlling Shareholder of the Company, Dato Yap, and his concert parties, have an aggregate direct and deemed interest in 115,778,695 Shares, equivalent to 33.5% of the Existing Share Capital.

To demonstrate their commitment to the Company and their support for the Rights cum Warrants Issue, Dato Yap and Olander Ltd (in which Dato Yap and his spouse, Phan Foo Beam each own 50% shareholding interests of), had by the letters of undertaking dated 30 June 2017 ("**Letters of Undertaking**"), irrevocably undertaken, *inter alia*, to:

- (a) vote in favour of the resolutions relating to the Rights cum Warrants Issue; and
- (b) subject to the Company obtaining the Whitewash Waiver (defined later), subscribe for their full entitlement under the Rights cum Warrants Issue of 347,336,085 Rights Shares and further subscribe for excess rights entitlement up to an additional 103,764,344 Rights Shares.

Dato Yap may renounce his rights entitlements in favour of Olander Ltd and in such an event, Dato Yap has, undertaken to procure that Olander Ltd will subscribe in full for the total provisional allotments of the Rights Shares with Warrants which Dato Yap is entitled to subscribe for under the Rights cum Warrants Issue.

In addition, Phan Foo Beam had also provided an Irrevocable Undertaking that she will procure that Olander Ltd votes in favour of the resolutions relating to the Rights cum Warrants Issue, and subscribes for its full entitlement under the Rights cum Warrants Issue, and to further subscribe for excess rights entitlement as set out above.

The Irrevocable Undertakings are subject to:

- (a) the Company obtaining the Whitewash Waiver from the Securities Industry Council ("**SIC**");
- (b) approval for the Rights cum Warrants Issue being obtained at the EGM;
- (c) approval for the Whitewash Resolution being obtained at EGM;
- (d) the lodgment of the Offer Information Statement relating to the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore;
- (e) the listing and quotation notice for, among others, the Rights Shares being obtained from the SGX-ST and not withdrawn or revoked prior to the completion of the Rights cum Warrants Issue, and if such approval is subject to conditions, such conditions being acceptable to the Company; and
- (f) the Company setting off the subscription monies payable by Dato Yap, Phan Foo Beam and Olander Ltd (the "**Undertaking Shareholders**") (as applicable) with a portion of the aggregate outstanding amounts of S\$23.7 million owed by the Group to Dato Yap and his associated companies ("**Indebtedness**").

In view of the undertakings of the Undertaking Shareholders as set out in the Letter of Undertakings pursuant to which the Undertaking Shareholders have irrevocably undertaken, *inter alia*, to (a) to vote in favour of the resolutions relating to the Rights cum Warrants Issue; and (b) subscribe for all the 347,336,085 Rights Shares, and further subscribe for excess rights entitlement up to an additional 103,764,344 Rights Shares under the Rights cum Warrants Issue, and any one of the undertakings shall be referred to as an "Irrevocable Undertaking" (the "**Irrevocable Undertakings**") by the Undertaking Shareholders and the amount to be raised from the Rights cum Warrants Issue under the Minimum Subscription Scenario, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

Assuming no Eligible Shareholders will subscribe for their rights relevant entitlements to the Rights Shares other than the Undertaking Shareholders pursuant to their Irrevocable Undertakings, being the

subscription for their provisional allotments of Rights Shares of approximately 347,336,085 Rights Shares, and up to 103,764,344 excess Rights Shares, subject to the provisions of allotment of the Excess Rights Shares with Warrants, (the "**Minimum Subscription Scenario**"), the gross proceeds raised from the issue of Rights Shares and Warrants, would be approximately S\$22.6 million. There will be no cash inflow to the Company as the proceeds raised from Dato Yap's and Olander Ltd's provisional allotment and subscription of Rights Shares in full would be set off against a portion of the Indebtedness under the Minimum Subscription Scenario. **Shareholders should note that notwithstanding the Irrevocable Undertakings, there will be no cash inflow to the Company pursuant to the subscriptions from the Undertaking Shareholders under the Minimum Subscription Scenario, as the subscription of entitled and excess Rights Shares by the Undertaking Shareholder will be used to offset a portion of the Indebtedness.**

The Directors are of the reasonable opinion that a minimum amount of S\$22.6 million under the Minimum Subscription Scenario ("**Minimum Gross Proceeds**"), must be raised from the Rights cum Warrants Issue as the purpose of the Rights cum Warrants Issue is primarily to repay the Indebtedness.

In the event that the Company only raises the Minimum Gross Proceeds, the Company may set off the remaining Indebtedness, amounting to S\$1.1 million as at the Latest Practicable Date, from any combination of its available cash balances and external bank financing arrangements. In respect of the other intended uses of proceeds from the Rights cum Warrants Issue, the Company may also similarly fund the construction projects and the costs of exploration of and investment in new project opportunities from any combination of its available cash balances and external bank financing arrangements.

Pursuant to the Minimum Subscription Scenario and assuming there is no change to the Existing Share Capital as at the Latest Practicable Date, Dato Yap's aggregate direct and deemed shareholding interest in the Company will increase from approximately 33.5% to 71.1% immediately following the allotment and issue of such Rights Shares and excess Rights Shares or 79.0% upon the full exercise all of 300,733,619 Warrant Shares by the Concert Party Group. Under such circumstances, the shareholdings of the Independent Shareholders would be correspondingly diluted from approximately 66.5% to 28.9% after the issuance of the Rights Shares and further diluted to approximately 23.1% assuming all of their Warrants are exercised.

4. THE WHITEWASH RESOLUTION

4.1 Rule 14 of the Code

Under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), except with the SIC's consent, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, he is required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control.

As at the Latest Practicable Date, the Concert Party Group holds in aggregate 33.5% of the Existing Share Capital of the Company. The Rights Shares with Warrants and Excess Rights Shares with Warrants (subject to availability) to be issued to the Concert Party Group pursuant to the Irrevocable Undertakings may result in the Concert Party Group acquiring more than 1% of the voting rights of the Company.

Assuming the scenario where it is assumed that the Rights cum Warrants Issue is completed with the subscription only by the Undertaking Shareholders (and no other Eligible Shareholders) of all the 347,336,085 Rights Shares that the Undertaking Shareholders are entitled to subscribe for under the Rights cum Warrants Issue, and for 103,764,344 excess Rights Shares, to obtain the sum of approximately S\$22.6 million ("**Minimum Subscription Scenario**"), the shareholding of the Concert Party Group will increase from approximately 33.5% to 71.1% immediately following the allotment and issue of such Rights Shares and excess Rights Shares (subject to availability) or 79.0% upon the

exercise of 300,733,619 Warrants by the Concert Party Group.

Accordingly, an application was made by the Company to the SIC for *inter alia*, a waiver of Olander Ltd's obligation to make a mandatory general offer for all the Shares not owned or controlled by the Concert Party Group as a result of the Rights cum Warrants Issue pursuant to the Irrevocable Undertakings ("**Whitewash Waiver**"). On 12 September 2017, SIC granted the Whitewash Waiver subject to the satisfaction of certain conditions, as set out in Section 5.3 of the Circular.

4.2 Whitewash Waiver

The Whitewash Waiver obtained on 12 September 2017 is subject to the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Rights cum Warrants Issue, approve the Whitewash Resolution by way of a poll, to waive their rights to receive a general offer from Olander Ltd;
- (b) the Whitewash Resolution is separate from the other resolutions;
- (c) the Concert Party Group as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Concert Party Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the 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 Date and the date Independent Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six months prior to the Announcement Date, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
 - (i) details of the Rights cum Warrants Issue, including the Irrevocable Undertakings;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of Olander Ltd acquiring the Rights Shares pursuant to the Irrevocable Undertakings;
 - (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 Olander Ltd and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to Olander Ltd as a result of its acquisition of the Rights Shares pursuant to the Irrevocable Undertakings;
 - (v) (with specific and prominent reference) the fact that the acquisition of the Rights Shares pursuant to the Irrevocable Undertakings by Olander Ltd could result in the Concert Party Group holding shares carrying over 49.0% of the voting rights of the Company and the fact that the Concert Party Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (vi) that Independent Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Olander Ltd at the highest price paid by the Concert Party Group for the Shares in the six months preceding the commencement of the offer;

- (g) the Circular stating that the Whitewash Waiver granted by the SIC to Olander Ltd is subject to the conditions stated in Sections 5.3(a) to (f) above;
- (h) Olander Ltd obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition by Olander Ltd of the Rights Shares pursuant to the Irrevocable Undertakings must be completed within three months from the approval of the Whitewash Resolution,

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

For the avoidance of doubt, the Concert Party Group and parties not independent of it will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution at the EGM.

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from Olander Ltd for the remaining Shares not already owned or controlled by the Concert Party Group as a result of the Rights cum Warrants Issue.

Independent Shareholders should note that:

- (a) **by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from Olander Ltd at the highest price paid by the Concert Party Group for the Shares in the six months preceding the commencement of the offer which the Concert Party Group would have otherwise been obliged to make in accordance with Rule 14 of the Code; and**
- (b) **the issue of Rights Shares upon the exercise of the Warrants to Olander Ltd pursuant to the Irrevocable Undertakings may result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company and the Concert Party Group would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer.**

5. EVALUATION OF THE WHITEWASH RESOLUTION

For the purposes of evaluating the financial terms of the Whitewash Resolution, we have relied upon the following general bases as well as others set out in this Letter:

- (a) As at the Latest Practicable Date, the Company had issued and paid up ordinary Share capital of approximately S\$ 41,182,000 comprising of 345,881,146 Shares.
- (b) As at Latest Practicable Date, the Company has no convertible securities.

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

- (i) Purpose of the Rights cum Warrants Issue and use of proceeds;
- (ii) The Rights Shares and Warrants being offered to Eligible Shareholders on a pro-rata basis;
- (iii) Inter-conditionality of the Rights cum Warrants Issue and the Whitewash Resolution;
- (iv) Assessment of the Rights Issue Price and the Warrants Exercise Price;
- (v) Potential financial effects of the Rights cum Warrants Issue; and
- (vi) Dilution impact of the Rights cum Warrants Issue for Independent Shareholders.

These factors are discussed in greater in the ensuing sections.

In our assessment of the Whitewash Resolution, we have applied certain valuation ratios in assessing the reasonableness of the Whitewash Resolution. 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 cashflow and performance. The numbers used and computations performed are usually based on historical financial statements and as such as limited as predictors of earnings.
- (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. The numbers used and computations performed are usually based on historical financial statements and as such as limited as predictors of earnings.
- (iii) **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 liabilities and obligations of that company with the balance available for distribution to its shareholders.
- (iv) **Price-to-NTA (“P/NTA”)** The P/NTA ratio 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 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 companies with properties, as their tangible asset backings are perceived as providing support for the value of their shares.

The P/NTA ratio is based on a company’s NTA value recorded in its financial statements, and usually on a historical basis, which may or may not be adjusted for the revaluation of a company’s key assets to their current market values. Where the values of certain key assets are adjusted to reflect their market values, the NTA figures derived are referred to as Appraised NTA.

5.1 Purpose of the Rights cum Warrants Issue and use of proceeds

The purpose for the Rights cum Warrants Issue and the use of proceeds has been extracted from Section 2.2 of the Circular and are set out in italics below. We recommend that Non-conflicted 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.

"2.2 Purpose of the Rights cum Warrants Issue and Use of Proceeds"

*The Company intends to utilise the proceeds from the Rights cum Warrants Issue primarily to reduce the Indebtedness and consequently strengthen the financial position and capital base of the Group and to be less reliant on external sources of funding. The Company further intends to utilise the proceeds to finance current and future construction projects, in particular, construction works on a 363.8 hectare plot of land at Le Minh Xuan Ward, Binh Chanh District, Ho Chi Minh City, Vietnam (the "**Land**"). Any balance of the proceeds will primarily be used for exploration of an investment in new project opportunities under the Group's property development and construction business, and for general working capital purposes.*

*On 28 August 2017, the Company had announced that CBN, a wholly-owned subsidiary company of CBS, which in turn is a 75% subsidiary of the Company, was appointed as principal contractor by SVC for the design, procurement, consultancy and construction activities on 9.32 hectares of certain parcels of the Land (the "**Designated Land Parcels**"). Part of the gross proceeds from the Rights cum Warrants Issue will be utilised by way of a loan to CBS to finance both the current and future construction contracts awarded/to be awarded by SVC. SVC has been granted a Master Investment License by the Vietnamese authorities to develop a township comprising of high-rise and low-rise retail, commercial, sports, gaming, leisure and recreational complexes, educational and medical properties/facilities for sale to both farmers affected by the development of the Land and third party buyers. CBN will therefore, subject to approval of the Proposed IPT Mandate, enter into transactions with SVC as an "entity at risk" under Chapter 9 of the Catalist Rules. Please refer to Section 6 of this Circular for more information.*

The Rights cum Warrants Issue will also provide Eligible Shareholders with the opportunity to further participate in the equity of the Company through the opportunities to subscribe for their pro rata entitlements to participate in the growth and expansion plan of the Group's other property development and construction business. The Rights cum Warrants Issue will also increase the number of Shares in issue and accordingly, potentially increase the level of trading liquidity of the Shares after the Rights cum Warrants Issue.

*Assuming all Eligible Shareholders subscribe to their provisional allotments of Rights Shares (the "**Maximum Subscription Scenario**") in full, the gross proceeds, before the exercise of the Warrants to be raised will be approximately S\$51.9 million. After excluding the portion of the Indebtedness to be offset by Dato Yap's and Olander Ltd's provisional allotment and subscription of the Rights Shares in full, the gross proceeds accrued to the Company will be approximately S\$29.3 million.*

*Assuming no Eligible Shareholders will subscribe for their rights relevant entitlements to the Rights Shares other than the Undertaking Shareholders pursuant to their Irrevocable Undertakings, being the subscription for their provisional allotments of approximately 347,336,085 Rights Shares, and up to 103,764,344 excess Rights Shares, subject to the provisions of allotment of the Excess Rights Shares with Warrants, (the "**Minimum Subscription Scenario**"), the gross proceeds before the exercise of the Warrants to be raised would be approximately S\$22.6 million. There will be no cash inflow to the Company as the proceeds raised from Dato Yap's and Olander Ltd's provisional allotment and subscription of Rights Shares in full would be set off against a portion of the Indebtedness under the Minimum Subscription Scenario.*

The table illustrates the proceeds raised from the Rights cum Warrants Issue for both

scenarios.

Up to S\$34.6 million (based on 691,762,292 Warrants) and S\$15.0 million (based on 300,733,619 Warrants) may be raised from the exercise of all the Warrants under the Maximum Subscription Scenario and Minimum Subscription Scenario respectively.

	Gross Proceeds	Gross Proceeds after setting off Indebtedness	Net Proceeds	Net Proceeds subsequent to the exercise of Warrants
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Maximum Subscription Scenario	51,882	29,327	28,682	63,270
Minimum Subscription Scenario	0 ¹	0	0 ²	15,037

Notes:

- 1 There will be no cash inflow to the Company as the Indebtedness shall be offset by Dato Yap's and Olander Ltd's provisional allotment and subscription of Rights Shares with Warrants in full.
- 2 The costs and expenses with respect to the Rights cum Warrants Issue of approximately S\$0.6 million will be funded by internal funding of the Company.

Under the Maximum Subscription Scenario, the maximum net proceeds from the Rights cum Warrants Issue will be approximately S\$51.3 million, after deducting estimated professional fees and related expenses with respect to the Rights cum Warrants Issue of approximately S\$0.6 million. The intended use of such net proceeds (in the following order of priority) are set out below.

Use of Proceeds	Maximum Subscription Scenario	
	Amount (S\$ million)	%
Set off of a portion of the Indebtedness	22.6	44.0
To partially finance the current and future construction projects of the Designated Land Parcels by way of a loan to be extended to CBS	15.0	29.2
Exploration of and investment in new project opportunities under the Group's property development and construction business	6.0	11.8
General working capital requirements	7.7	15.0
Maximum net proceeds arising from the Rights cum Warrants Issue, before the exercise of the Warrants	51.3	100.0

As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards funding the working capital and/or such other purposes as the Directors may deem fit

Up to approximately S\$34.6 million may be raised from the exercise of all the Warrants

Shareholders should note that notwithstanding the Irrevocable Undertakings, there will be no cash inflow to the Company pursuant to the subscriptions from the Undertaking Shareholders under the Minimum Subscription Scenario, as the subscription of entitled and excess Rights Shares by the Undertaking Shareholders will be used to offset a

portion of the Indebtedness.

Notwithstanding the above, the Company may repay the remaining Indebtedness, amounting to S\$1.1 million as at the Latest Practicable Date, from any combination of its available cash balances and external bank financing arrangements. In respect of the other intended uses of proceeds from the Rights cum Warrants Issue, the Company may also similarly fund the construction projects and the costs of exploration of and investment in new project opportunities from, among others, the Company's debt and equity resources, including but not limited to internal and/or external funds, fund raising, bank borrowings, progressive billings from sale and other sources.

Pending the deployment of the net proceeds from the Rights cum Warrants Issue, such proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments or used for other purposes on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

After taking into consideration the Irrevocable Undertakings provided and assuming a Minimum Subscription Scenario, the Company has decided to proceed with the Rights cum Warrants Issue on the basis that it will not be underwritten by any financial institution. As at the date of this Circular, the Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Company is sufficient to meet its present requirements, and the funds raised from the Rights cum Warrants Issue would be sufficient to enable the Company to meet its obligations and continue as a going concern. Notwithstanding the above and taking into consideration the potential net proceeds under the Maximum Subscription Scenario, the Company is undertaking the Rights cum Warrants Issue to provide the Group with financial flexibility to support its financial position and capital base of the Group and to fund the growth of its property development and construction business.

The Company will announce any material disbursement of the proceeds from the Rights cum Warrants Issue as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and its 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 annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation."

We note that under the Maximum Subscription Scenario, the gross and net proceeds to be raised will be approximately S\$51.9 and S\$51.3 million respectively. Excluding Dato Yap's and Olander Ltd's provisional allotment and subscription of Rights Shares with Warrants in full which will be offset by the Indebtedness, the gross and net proceeds will be approximately S\$29.3 and S\$28.7 million respectively.

5.2 Financial Highlights

(a) Historical financial performance and position of the Group

The Group was previously engaged in components manufacturing, precision machining, precision assembly and the holding of investment properties in the Philippines and Malaysia.

On 11 April 2014, the Group had diversified its business into property investment and property development business of the Company which would include the holding of investments in property-related assets, and trading in and development of property for sale ("**Property Development Business**") and construction and building materials business of the Company which would include excavation, piling, substructures and superstructures works, architectural works, aluminium cladding and curtain walling, mechanical and electrical works, interior fitting-out works and external works for residential projects such as condominiums, apartment buildings, landed housing and public housing and the processing, distribution or sales of building materials ("**Construction Business**") ("**Diversification**"), after obtaining Shareholders' approval.

On 30 May 2016, the Company disposed of its entire interest in equity and share capital of CAM Mechatronic (Philippines), Inc. and its associates, CAM Ventures Development, Inc. and Amplefield Land (Philippines), Inc. (collectively the “Disposal Group”) for a consideration of \$1,800,000.

The following are extracts from the audited consolidated financial statements of the Group for FY2014, FY2015, FY2016 and the unaudited consolidated financial statements for 9M2016 and 9M2017.

Summary of income statements

Figures in S\$'000 ⁽¹⁾	Unaudited 9M2017⁽²⁾	Unaudited 9M2016⁽²⁾	Audited FY2016⁽²⁾	Audited FY2015⁽²⁾⁽³⁾	Audited FY2014
Revenue	861	6,383	8,987	8,345	8,983
Other income	-	13	594	146	219
Total operating expenses ⁽⁴⁾	(178)	(4,705)	(6,006)	(5,610)	(6,375)
Finance costs	(225)	(187)	(254)	(228)	(196)
Share of associates	-	100	(1)	83	78
Profit before income tax	210	1,320	2,593	1,938	2,024
Profit attributable to equity holders of the Company from continuing operation	187	401	634	603	642

Notes:

- (1) Figures and computation presented in this section are subjected to rounding.
- (2) Figures presented are for continuing operations only as the Company disposed the Disposal Group in FY2016.
- (3) Figures for FY2015 have been restated and segregated into continuing and discontinued operations
- (4) Total operating expenses comprise of raw materials and consumables used, employee benefits expenses, depreciation on property, plant and equipment and rental expenses.

Summary of statements of financial position

Figures in S\$'000 ⁽¹⁾	Unaudited 9M2017	Audited FY2016	Audited FY2015	Audited FY2014
Non-current assets	66,355	61,614	57,124	39,733
Current assets	6,148	4,738	6,160	5,483
Non-current liabilities	30,026	23,218	19,327	4,425
Current liabilities	4,315	4,701	5,735	5,030
Total borrowings	6,126	7,087	8,153	4,200
Equity holders of the Company	38,154	38,158	35,581	34,360
Net working capital	1,833	37	425	453
Indebtedness	23,700	16,870	13,194	979

Note:

- (1) Figures and computation presented in this section are subjected to rounding.

Summary of statements of cash flows

Figures in S\$'000 ⁽¹⁾	Unaudited 9M2017	Unaudited 9M2016	Audited FY2016	Audited FY2015	Audited FY2014
Net cash generated/(used) in operating activities	1,381	1,662	1,841	(257)	3,164
Net cash used in investing activities	-	(570)	(2,402)	(205)	(5,038)
Net cash generated/(used) from financing activities	(1,432)	(1,911)	(698)	(639)	3,479
Net increase/(decrease) in cash and cash equivalents	(51)	(819)	(1,259)	(1,101)	1,605
Cash and cash equivalents at end of the period	80	124	138	1,427	2,380

Note:

(1) *Figures and computation presented in this section are subjected to rounding.*

We note the following:

(i) Revenue

The Group recorded revenue of approximately S\$8.9 million, S\$8.3 million and S\$9.0 million in FY2014, FY2015 and FY2016 respectively which was mainly derived from the progress billings arising from the Group's property development business in the Philippines. For 9M2017, the Group recorded revenue of approximately S\$0.9 million as compared to approximately S\$6.3 million in 9M2016 due to the completion of its property development project in the Philippines in FY2016. The revenue for 9M2017 was mainly from rental income from the Group's investment properties in Pasir Gudang, Johor, Malaysia as well as from the newly acquired factory buildings in Philippines.

The Group also recorded other income of approximately S\$0.2 million and S\$0.1 million in FY2014 and FY2015 respectively mainly due to gain in exchange. The Group subsequently recorded an increase in other income of approximately S\$0.6 million in FY2016 mainly due to fair value gain on investment properties of approximately S\$0.4 million and gain in exchange of approximately S\$0.15 million.

(ii) Expenses

The Group's total operating expenses (comprising of raw materials and consumables used, employee benefits expenses, depreciation on property, plant and equipment and rental expenses) recorded was approximately S\$6.4 million, S\$5.6 million and approximately S\$6.0 million in FY2014, FY2015 and FY2016 respectively. We note that the decline of approximately S\$0.8 million in FY2015 was mainly due to the decline in depreciation of property, plant and equipment. The consolidated statement of income for FY2015 was restated and segregated into both continuing operations and discontinued operations to reflect the completion of the Disposal Group on 30 May 2016. In FY2016, there was an increase in total operating expenses of approximately S\$0.4 million mainly due to the increase in construction costs, which rose in tandem with the progress billings for the construction.

In 9M2017, the Group's total operating expenses was approximately S\$0.2 million as compared to approximately S\$4.7 million in 9M2016 mainly due to the completion of the construction for the property development project in the Philippines.

The Group recorded finance costs (comprising interest expense on bank borrowings, loan from a director and former director) of approximately S\$0.2 million, S\$0.2 million and S\$0.3 million in FY2014, FY2015 and FY2016 respectively. For 9M2016 and 9M2017, the Group recorded finance costs of approximately S\$0.2 million.

Profit After Tax Attributable to Equity Holders

The Group recorded profit after tax attributable to equity holders of the Company from continuing operations of approximately S\$0.6 million for FY2014, FY2015 and FY2016. For 9M2017, the Group recorded profit after tax attributable to equity holders of the Company from continuing operations of approximately S\$0.2 million as compared to S\$0.4 million mainly due to the completion of its property development project in the Philippines in FY2016.

(ii) Assets and liabilities

The Group's total assets amounted to approximately S\$72.5 million as at 30 June 2017. The Group's non-current assets of approximately S\$66.4 million comprise mainly, *inter alia*, investment properties of approximately S\$23.4 million which arose from the acquisition of 16 units SME buildings from Amplefield Land Phils. Inc, amount due from associates of approximately S\$23.1 million (comprise of loans and advances to Citybuilders Pte Ltd of

approximately S\$18.7 million and assignment of debts from Olander to the Company of approximately S\$4.4 million), other receivables of approximately S\$10.3 million (comprised mainly of (i) approximately S\$10.1 million due from former subsidiary, CAM Mechatronic (Philippines), Inc. and (ii) approximately S\$0.18 million due from former associate company Cam Venture Development Inc.), investment associates of approximately S\$7.4 million and prepaid land lease of approximately S\$2.3 million. The prepaid land lease relates to the payment of the 26 years lease on the land at Amplefield SME Park. The Group's current assets of approximately S\$6.1 million comprised of non-current assets classified held for sale of approximately S\$3.1 million for an investment property which is impending disposal to third parties, other receivables of approximately S\$2.8 million, trade receivables of approximately S\$0.1 million (accrued rental income) and cash and bank balances of approximately S\$80 thousand.

The Group's total liabilities amounted to approximately S\$34.3 million as at 30 June 2017. The Group's non-current liabilities of approximately S\$30.0 million comprise mainly, *inter alia*, other payables of approximately S\$24.5 million (comprising *inter alia*, amount due to related parties of approximately S\$16.7 million arising from loans made in favour of the Group and amount payable to former non-controlling interest of approximately S\$7.2 million), secured bank borrowings of approximately S\$3.8 million and amount due to associates of approximately S\$1.2 million. The Group's current liabilities of approximately S\$4.3 million comprise mainly, *inter alia*, secured bank borrowings of approximately S\$2.4 million, other payables of approximately S\$1.6 million to sundry creditors and trade payables of approximately S\$0.3 million.

We note that the Indebtedness arose mainly due to (i) loans and advances, dividends receivables (in trust) and assignment of deposits of approximately S\$7.3 million from Regionaland Pte Ltd, the holder of non-controlling interests in Amplefield Development, Inc. ("AD") and (ii) loans and advances, assignment of other payables by Taipan Equity Sdn. Bhd. and Citybuilders Pte. Ltd. of approximately S\$16.4 million from Olander Ltd over the period under review (FY2014 to 9M2017) which are in the ordinary course of business.

(iii) Net working capital and Shareholders' equity

The Group's net working capital was approximately S\$0.5 million as at 30 September 2014 and 30 September 2015. It declined to approximately S\$37 thousand as at 30 September 2016. Subsequently, the Group's net working capital increased to approximately S\$1.8 million as at 30 June 2017 which was mainly due to the increase in current assets of approximately S\$1.4 million arising from the reclassification of the investment property from non-current to current assets which is impending disposal to third parties, offset by a decline in the trade receivables of approximately S\$1.6 million. In addition, the current liabilities also decreased by approximately S\$0.4 million which was due to the decline in trade payables of approximately S\$0.7 million, offset partially by an increase in other payables of approximately S\$0.3 million.

Shareholders' equity increased from approximately S\$34.4 million as at 30 September 2014 to approximately S\$35.6 million as at 30 September 2015, and subsequently increased to approximately S\$38.2 million as at 30 September 2016 and as at 30 June 2017 mainly due to an increased in retained earnings for FY2015.

(iv) Cash flow from operations

The Group's recorded net cash generated from operating activities of approximately S\$3.2 million in FY2014 and approximately S\$1.8 million in FY2016 whilst the Group recorded net cash used in operating activities of approximately S\$0.3 million in FY2015. For 9M2017, the Group recorded net cash generated from operating activities of approximately S\$1.4 million.

(v) Outlook

In the Group's results announcement for 9M2017, the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the

Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:-

"The Group will continue with its focus on its core business of property development, construction and facilities provider in the region. Notwithstanding the completion of the Group's construction and development activities in the Philippines, the Group will continue to look for suitable business projects to generate further revenue."

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the audited financial statements for the Group for FY2016 and the unaudited financial statements for the Group for 9M2017, there has been no material changes to the Group's business, assets and liabilities, financial position, condition and performance.

5.3 The Rights Shares with Warrants being offered to Eligible Shareholders on a pro-rata basis

The Rights cum Warrants Issue is being offered on a pro-rata basis, subject to rounding, to all Eligible Shareholders. Eligible Shareholders (including the Undertaking Shareholders) are at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

In the allotment of Excess Rights Shares with Warrants, preference will be given to Eligible Shareholders in satisfaction of their application for Excess Rights Shares with Warrants (if any), provided that where there are insufficient Excess Rights Shares with Warrants to allot to each applicant, the Company shall allot the Excess Rights Shares with Warrants to Eligible Shareholders such preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for Excess Rights Shares with Warrants, or if eligible, rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants.

Hence, Independent Shareholders are not prejudiced in their subscription of Rights Shares with Warrants or the allocation of their application for the Excess Rights Shares with Warrants. Likewise, the rights of Shareholders' ability to accept, decline or otherwise renounce or trade their provisional allotment of Rights Shares with Warrants or apply for Excess Rights Shares with Warrants is not affected or varied after approval of the Whitewash Resolution.

We note from Section 2.5 of the Circular that for practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Rights cum Warrants Issue is only made in Singapore and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders or in any jurisdictions outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. No provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance of the provisional allotments of the Rights Shares with Warrants or application for the Excess Rights Shares with Warrants by Foreign Shareholders will be valid.

In addition, we note from Section 2.5 of the Circular that arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their **OWN RISK BY ORDINARY POST**. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount

shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, CDP or the Share Registrar or their respective officers in connection therewith.

5.4 Inter-conditionality of the Rights cum Warrants Issue and the Whitewash Resolution

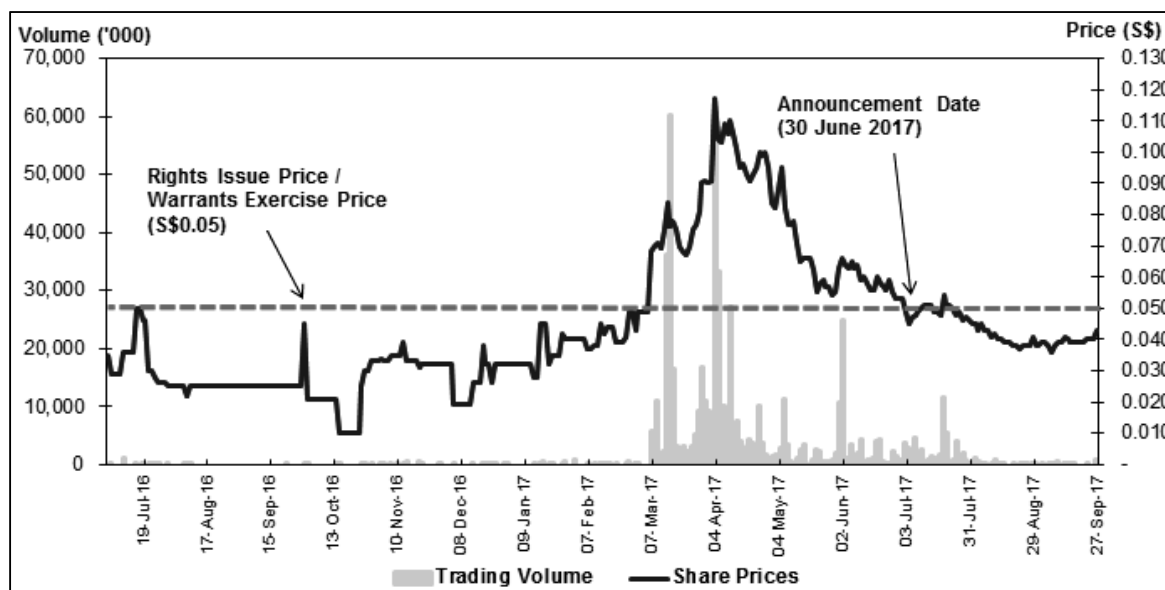
We note from Section 1.3 of the Circular that the resolutions in respect of the Rights cum Warrants Issue and the Whitewash Resolution are inter-conditional of each other. If any of the ordinary resolutions for the Rights cum Warrants Issue and the Whitewash Resolution are not passed, neither of these resolutions would be carried out.

5.5 Assessment of the Rights Issue Price for the Rights Shares and the Warrants Exercise Price of the Warrants

In assessing the Rights Issue Price and the Warrant Exercise Price, we have considered the historical trading performance of Shares, the Group's net assets value ("NAV") or net tangible assets ("NTA") as well as, valuation statistics of the Selected Comparable Companies (defined later), salient statistics of selected rights cum warrants issues and selected rights issues involving whitewash by companies listed on the SGX-ST and valuation of the Warrants.

(a) Share Price Analysis

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from the 1 July 2016 (being the Trading Day 12 months prior to the Announcement Date) and ending on the Latest Practicable Date is set out below:—



Source: SGX-ST

For the period commencing from 1 July 2016 and ending on the Announcement Date (being 30 June 2017), we note that the Shares were traded for 137 Trading Days out of a total 251 Market Days during the period. The closing price for the Shares were above the Rights Issue Price and Warrants Exercise Price for 80 Market Days out of the 251 Market Days (or approximately 31.9%), in line with the Rights Issue Price and Warrants Exercise Price for 2 Market Days out of the 251 Market Days (or approximately 0.8%) and below the Rights Issue Price and Warrants Exercise Price for 169 Market Days out of the 251 Market Days (or approximately 67.3%).

We note that for the period commencing from 3 July 2017 (being the Market Day immediately after the Announcement Date) till 9 October 2017 (being the last Trading Day prior to the Latest Practicable

Date), the closing prices for the Shares were above the Rights Issue Price and Warrants Exercise Price for 6 Market Days out of the 74 Market Days (or approximately 8.1%), in line with the Rights Issue Price and Warrants Exercise Price for 2 Market Days out of the 74 Market Days (or approximately 2.7%), and was below the Rights Issue Price and Warrants Exercise Price for 66 Market Days out of the 74 Market Days (or approximately 70.3%). The price for the Shares closed at S\$0.042 on 9 October 2017, being the last Trading Day prior to the Latest Practicable Date.

As a general market comparison and observation, the FTSE ST Catalist Index (“**FTSE ST Catalist**”) increased by approximately 7.6% for the period commencing from 1 July 2016 and ending on the Announcement Date (30 June 2017), and subsequently declined by approximately 3.6% from 30 June 2017 to the Latest Practicable Date. For the same period commencing from 1 July 2016 and ending on 30 June 2017, being the Announcement Date, the closing prices for the Shares increased by approximately 51.4% and subsequently declined by approximately 20.8% from 30 June 2017 till the Latest Practicable Date. We observed that the Shares appear to have outperformed the FTSE ST Catalist for the 12 months period prior to the Announcement Date and subsequently underperformed the FTSE ST Catalist for the period commencing from 30 June 2017 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 of the Shares.

The volume-weighted closing price (“**VWCP**”), the highest and lowest transacted prices and trading volume for the Shares from 1 July 2016 to the Latest Practicable Date are set out below:–

	VWCP per Share (\$\$) ⁽¹⁾	Premium/ (Discount) of the Rights Issue Price/Warrants Exercise Price over/from the VWCP per Share (%)	Lowest transacted price (\$\$)	Highest transacted price (\$\$)	Average daily trading volume ⁽²⁾ (000)	Average daily trading volume as % of free-float ⁽³⁾ (%)
For the period prior to and including the Announcement Date (30 June 2017)						
Last 12 months	0.0866	(42.3)%	0.005	0.119	2,014	0.92%
Last 6 months	0.0871	(42.6)%	0.027	0.119	4,040	1.85%
Last 3 months	0.0929	(46.2)%	0.050	0.119	4,880	2.23%
Last 1 month	0.0623	(19.8)%	0.050	0.073	3,027	1.39%
Last transacted price on 30 June 2017 (being the Announcement Date) ⁽⁴⁾	0.0530	(5.7)%	0.053	0.053	101	0.05%
For the period after the Announcement Date up to the Latest Practicable Date (16 October 2017)						
Till the Latest Practicable Date	0.0489	2.3%	0.036	0.055	752	0.34%
Last transacted price on 9 October 2017 (being the last Trading Day immediately preceding the Latest Practicable Date) ⁽⁵⁾	0.0420	19.0%	0.042	0.042	50	0.02%

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 approximately 218,397,107 Shares or approximately 63.14% of the issued Shares capital (excluding treasury Shares) held by the Substantial Shareholders (including the Undertaking Shareholders) and Directors as at Latest Practicable Date.*
- (4) *This represents the last transacted price instead of VWCP for the Shares on 30 June 2017, being the Announcement Date.*
- (5) *This represents the last transacted price instead of VWCP for the Shares on 9 October 2017, being the last Trading Day immediately preceding 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 Rights Issue Price and the Warrants Exercise Price represents:

- (i) a discount of approximately 5.7% from the last transacted price of S\$0.053 for the Shares on the Catalist on 30 June 2017, being the Announcement Date;
- (ii) a discount of approximately 42.3%, 42.6%, 46.2% and 19.8% from the VWCP for the Shares for the period 12-month, 6-month, 3 month and 1 month prior to and including Announcement Date;
- (iii) a premium of approximately 2.3% over the VWCP for the Shares for the period commencing from the Market Day immediately after the Announcement Date and ending on the Latest Practicable Date; and
- (iv) a premium of approximately 19.0% over the last transacted price of S\$0.042 for the Shares on the Catalist on 9 October 2017, being the last Trading Day immediately preceding the Latest Practicable Date.

For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 1 July 2016 and ending on the Latest Practicable Date, we note that:—

- (i) from 1 July 2016 to 30 June 2017, being the Announcement Date, Shares were traded on 137 Trading Days out of the total 251 Market Days during the period, with the total number of Shares traded being approximately 505.5 million Shares and an average daily trading volume (based on a total of 251 Market Days) of approximately 2.0 million Shares, which represents approximately 0.58% of the issued Share capital as at the Latest Practicable Date or approximately 0.92% of the issued Share capital held by Shareholders other than the Substantial Shareholders (including the Undertaking Shareholders) and Directors as at the Latest Practicable Date.
- (ii) for the period commencing from 3 July 2017, being the Market Day immediately following the Announcement Date till the Latest Practicable Date, Shares were traded on 52 Trading Days out of the total 74 Market Days during the period, with the total number of Shares traded being approximately 55.6 million Shares and an average daily trading volume of approximately 0.8 million Shares, which represents approximately 0.22% of the issued Share capital as at the Latest Practicable Date or approximately 0.34% of the issued Share capital held by Shareholders other than the Substantial Shareholders (including the Undertaking Shareholders) and Directors as at the Latest Practicable Date. We note that the average daily trading volume of Shares as a percentage of the issued Share capital held by Shareholders other than the Substantial Shareholders for the periods prior to and after the Announcement were both relatively low and erratic.
- (iii) We also note that the trading volume for the Shares were exceptionally high (whereby trading volume exceeded 30 million Shares) on the following dates: (1) approximately 36.2 million Shares were traded on 14 March 2017, (2) approximately 60.0 million Shares were traded on 15 March 2017, (3) approximately 57.0 million Shares were traded on 4 April 2017 and (4) approximately 33.3 million Shares were traded on 5 April 2017. We noted that SGX-ST had also on 4 April 2017 enquired the Company with regards to the unusual price movements in the price of the Company's Shares, whereby the Company responded that is not aware of any information not previously announced concerning itself, its subsidiaries or associated company,

which might explain the trading. However, the Company highlighted that it had entered into a binding agreement to acquire 40% equity interest in Amplefield Land (Philippines) Inc on the same day and also have stated that it was unable to conclusively attribute that the information aforementioned to the trading activity and confirms that it is in compliance with the listing rules and in, particular, Catalist Rule 703. We note that, subsequent to 6 April 2017 or thereabouts, daily closing prices and trading volumes for the Shares were generally on a decline.

In the event that the number of traded Shares for the above dates were excluded, the discount implied by the Rights Issue Price and the Warrants Exercise Price from the VWCP for the period 12-months prior to and including the Announcement Date, would have been lower at approximately 38.7% for the Shares as compared to a discount of 42.3% if such trades were not excluded.

We note that trading for the Shares appear to be relatively erratic and that the number of Shares traded during the 12-month period analysed prior to and after the Announcement Date is relatively low as compared to the number of issued Shares (excluding treasury Shares) as at the Latest Practicable Date. However, the trading activities for the Shares appear to be relatively active in the context of number of Market Days wherein Shares were traded as it is noted that for the 12-month period prior to the Announcement Date, the Shares were traded on 137 Trading Days out of the 251 Market Days. 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. Whilst historical transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of number of Shares traded on daily basis), they nonetheless represent the prices for transactions between willing buyer and willing seller.

We also note that the prices for the Shares have declined by approximately 20.8% from the Announcement Date till the Latest Practicable Date and the number of Shares that were traded on a daily basis for the period commencing on the Market Day after the Announcement Date till the Latest Practicable Date is significantly lower as compared to the number of Shares that were traded on a daily basis during the 1 year period prior to the Announcement Date. It is likely that for the period after the Announcement Date, the decline in the prices for the Shares and the significantly lower number of Shares traded on daily basis may have been attributed to or is in anticipation of the proposed Rights cum Warrants Issue and/or the Irrevocable Undertakings. The relatively weaker performance of the Shares as compared to the FTSE ST Catalist, may *inter alia*, be a reflection of the prospects or demand for the Shares after the Announcement Date.

Non-conflicted Directors should note that there is no assurance that the average number of Shares traded on a daily basis subsequent to the Announcement Date will be maintained or that the transacted prices after the completion of Rights cum Warrants Issue (or if the proposed Rights cum Warrants Issue lapses) will be at the same levels (or the theoretical ex-rights levels) and this may *inter alia* due to the fact that economic and market conditions as well as the Group or the Company's financial performance, position and prospects may change or perceived differently.

Non-conflicted Directors should note that past trading performance for the Shares may not be relied upon as an indication or promise or prospects of its trading performance in the future.

(b) NAV and NTA Analysis of the Group

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 the hypothetical sale of assets in a non- orderly manner or over a short period of time. In addition, 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, minority interest 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 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 (where applicable) 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 Rights Issue Price and the Warrants Exercise Price, in relation to the NAV and NTA per Share of the Group as at 30 June 2017, we have reviewed the unaudited statement of financial position of the Group as 30 June 2017 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 June 2017 as well as 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 which ought to be disclosed in such unaudited statement of financial position as at 30 June 2017 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, 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 June 2017, save as disclosed in the unaudited financial statements of the Group as at 30 June 2017 and 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 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 June 2017 are true and fair. Lastly, the Directors confirmed that, to the best of their knowledge or belief, 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 or misleading in any respect.

Consolidated unaudited balance sheet as at 30 June 2017⁽¹⁾		S\$'000
<u>Non-current assets</u>		
Other receivables		10,280
Investment in associates		7,363
Amount due from associates		23,053
Prepaid land lease		2,258
Property, plant and equipment		6
Investment properties (" Investment Properties ")		23,395
		66,355
<u>Current assets</u>		
Cash and bank balances		80
Trade receivables		149
Other receivables		2,817
Non-current assets classified held for sale		3,102
		6,148
<u>Current liabilities</u>		
Trade payables		318
Other payables		1,592
Bank borrowings- secured		2,361
Current tax liabilities		44
		4,315
<u>Non-current liabilities</u>		
Amount due to associates		1,157
Trade payables		645
Other payables		24,459
Bank borrowings- secured		3,765
		30,026
NAV including non-controlling interests as at 30 June 2017		38,162
Less: Non-controlling interests		(8)
NAV attributable to equity holders of the Company as at 30 June 2017		38,154
Less: Intangible assets		-
NTA as at 30 June 2017		38,154
NAV and/or NTA per Share as at 30 June 2017⁽²⁾		0.11
Rights Issue Price/Warrants Exercise Price (S\$)		0.05
Discount of Rights Issue Price/Warrants Exercise Price from the Group's NAV and/or NTA per Share as at 30 June 2017		(54.7)%

Notes:

- (1) The figures above are based on the Group's unaudited financial statements for 9M2017. Figures and computations above are subject to rounding.
- (2) Figures are computed based on the Company's issued Share capital of 345,881,146 Shares as at the Latest Practicable Date.

From the above table, we note that the Group had NAV and/or NTA attributable to equity holders of the Company of approximately S\$38.2 million based on the unaudited consolidated financial statements as at 30 June 2017 or approximately S\$0.11 per Share (based on the Company's issued Share capital as at the Latest Practicable Date). The Rights Issue Price of S\$0.05 and the Warrants Exercise Price of S\$0.05, represents a discount of approximately 54.7% from the Group's NAV and/or NTA per Share as at 30 June 2017.

Revalued NAV and NTA

In our evaluation of the Rights Issue Price and the Warrants 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 was recorded in the unaudited balance sheet of the Group as at 30 June 2017. The Directors and Management have confirmed that for the purposes of the Proposed Transactions, they have commissioned the Independent Valuer to determine the market value of the Group's Appraised Assets (which comprises mainly Investment Properties) and are satisfied with *inter alia* the bases, assumptions and methodology as adopted by the Independent Valuer as well as the selection of the Appraised Assets for valuation. We recommend that the Non-conflicted Directors advise Shareholders to note and review carefully the contents of the Valuation Report (which is made available for inspection) in its entirety including the assumptions made and the basis for the assumptions. The Appraised Assets accounted for approximately 32.3% and 35.3% of the Group's total assets and total non-current assets as at 30 June 2017 respectively. Other assets of the Group wherein no valuation was commissioned includes *inter alia* other receivables, investment in associates, amount due from associates and current assets and the net book value for these assets, comprises 14.2%, 10.2%, 31.8% and 8.5% of the total book value of the Group's total assets respectively.

We have not made any independent evaluation or appraisal of the Group's assets but have been furnished with the Valuation Report in respect of the market value of the Appraised Assets. With respect to such valuation, we are not experts in the evaluation or appraisal of the Appraised Assets and have relied on the Valuation Report for the market value of the Appraised Assets and opinion of and confirmation from the Directors.

We understand that the Directors having reviewed the Valuation Report (*inter alia*, the assumptions, methodology and bases used and information relied upon by the Independent Valuer) as a whole and are of the opinion that the assumptions, methodology and bases of the Valuation Report are reasonable.

As disclosed by the Company in its announcement dated 27 September 2017, the market value of the Group's Investment Properties as ascribed by the Independent Valuer as at the Valuation Date was approximately Peso 742.0 million (or equivalent to approximately S\$19.5 million based on the relevant exchange rate as at 16 October 2017).

For illustrative purpose only, the revaluation deficit for the Appraised Assets has been calculated and presented in the table below assuming a hypothetical sale of the Appraised Assets at the value ascribed by the Independent Valuer above. Directors have represented and confirmed that, to the best of their knowledge and based on the information made available to them by the Management, there will not be any potential tax liability in the event that Appraised Assets, which is subject to valuation, were sold at their respective market values as ascribed by the Independent Valuer.

Revalued NAV and/or NTA	S\$'000
Market value of the Appraised Assets ascribed by the Independent Valuer	19,500
Less: Net book value of the Appraised Assets as at 30 June 2017 ⁽¹⁾	23,395
Revalued deficit for the Appraised Assets	(3,895)
NAV and/or NTA as at 30 June 2017	38,154
Add: Revalued deficit for the Appraised Assets	(3,895)
Less: potential tax liability in respect of the Appraised Assets ⁽¹⁾	-
Revalued NAV and/or NTA	34,259
Revalued NAV and/or NTA per Share (S\$) ⁽²⁾	0.099
Discount of Rights Issue Price/Warrants Exercise Price from the Revalued NAV and/or NTA per Share	(49.5)%

Notes:

- (1) *The Company has on 27 September 2017 announced that the Independent Valuer has conducted an updated valuation of the Appraised Assets. Accordingly, the value of the purchase consideration for the Appraised Assets has been revised to reflect the latest available market value of approximately S\$19.5 million.*
- (2) *Management has represented and confirmed that there will not be any potential tax liability.*
- (3) *Based on the Company's issued Share capital of 345,881,146 Shares as at the Latest Practicable Date.*

Based on the table above, after taking into account the market value of the Appraised Assets, the Group's Revalued NAV and/or Revalued NTA per Share is approximately S\$0.099. The Rights Issue Price of S\$0.05 and the Warrants Exercise Price of S\$0.05, represents a discount of approximately 49.5% from the Group's Revalued NAV and/or Revalued NTA per Share. We note that as the Rights cum Warrants Issue allows all Eligible Shareholders to participate in the Rights Shares and Warrants, in accordance to their respective shareholdings, the discount of the Rights Issue Price and the Warrants Exercise Price from the Group's Revalued NAV and/or Revalued NTA per Share is similar for all Eligible Shareholders (including the Undertaking Shareholders) and the Independent Shareholders are therefore not prejudiced.

We wish to highlight that although the Revalued NAV and/or Revalued NTA shown above have included the revaluation deficit (as the case may be) on the Appraised Assets, Independent Shareholders should note that as the Group has not realised the surplus or deficit (as the case may be) on the Appraised Assets as at the Latest Practicable Date, there is no assurance that the revaluation deficit (as the case may be) 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 those indicated above.

Adjusted NAV and NTA

We have also considered the following scenarios:

- (i) **"Minimum Subscription Scenario"** – this scenario assumes that no Eligible Shareholders will subscribe for their rights entitlements to the Rights Shares with Warrants and there are no valid applications for excess Right Shares with Warrants, other than the Undertaking Shareholders pursuant to their Irrevocable Undertakings, being the subscription for their provisional allotments of Rights Shares of approximately 347,336,085 Rights Shares with 231,557,390 Warrants, and up to 103,764,344 excess Rights Shares with 69,176,229 Warrants, subject to the provisions of allotment of the Excess Rights Shares with Warrants.
- (ii) **"Maximum Subscription Scenario"** – this scenario assumes that all the Rights Shares will be fully subscribed and an aggregate of 1,037,643,438 Rights Shares with 691,762,292 Warrants will be issued.

The table below presents the Group's Revalued NAV and NTA adjusted with the effects of Rights cum Warrant Issue (the **"Adjusted NAV"** and the **"Adjusted NTA"** respectively) and the respective discounts represented by the Rights Issue Price and the Warrants Exercise Price from the Adjusted NAV and/or NTA:

Adjusted NAV and/or NTA	Minimum Subscription Scenario	Maximum Subscription Scenario
<u>After Rights cum Warrants Issue but before exercise of Warrants</u>		
Number of Shares after issuance of Rights Shares	796,981,575	1,383,524,584
Revalued NAV and/or NTA (S\$'000)	34,259	34,259
Add: Proceeds from Rights Issue (S\$'000)	22,555	51,882
Adjusted NAV and /or NTA (S\$'000)	56,814	86,141
Adjusted NAV and / or NTA per Share (S\$)	0.071	0.062
Discount of Rights Issue Price / Warrants Exercise Price from the Adjusted NAV/ NTA per Share (%)	(29.9)%	(19.7)%
<u>After Rights cum Warrants Issue and exercise of all Warrants</u>		
Number of Shares after issuance of Rights Shares and exercise of the Warrants	1,097,715,194	2,075,286,876
Revalued NAV and /or NTA (S\$'000)	34,259	34,259
Add: Proceeds from Rights Issue (S\$'000)	22,555	51,882
Add: Proceeds from exercise of Warrants (S\$'000)	15,037	34,588
Adjusted NAV and/or NTA (S\$'000)	71,851	120,729
Adjusted NAV and/or NTA per Share (S\$)	0.065	0.058
Discount of Rights Issue Price / Warrants Exercise Price from the Adjusted NAV and/or NTA per Share (%)	(23.6)%	(14.1)%

From the table above and for illustrative purposes only, we note that the Rights Issue Price and Warrants Exercise Price represents a:-

- (i) discount of approximately 29.9% from the Adjusted NAV and/or NTA per Share (after the Rights cum Warrants Issue but before exercise of any Warrant) and discount of approximately 23.6% from the Adjusted NAV and/or NTA per Share (the Rights cum Warrants Issue and exercise of all Warrants) under the Minimum Subscription Scenario.
- (ii) discount of approximately 19.7% from the Adjusted NAV and/or NTA per Share (after the Rights cum Warrants Issue but before exercise of any Warrant) and discount of approximately 14.1% from the Adjusted NAV and/or NTA per Share (after the Rights cum Warrants Issue and exercise of all Warrants) under the Maximum Subscription Scenario.

We note that as the Rights cum Warrants Issue allows all Eligible Shareholders to participate in accordance to their shareholdings, the discount of the Rights Issue Price and the Warrants Exercise Price from the Group's Revalued NAV and/or Revalued NTA per Share after completion of the Rights cum Warrants issue and before/after exercise of all the Warrants (assuming that all Warrants issued are exercised), is similar for all Eligible Shareholders and Independent Shareholders are therefore not prejudiced. This is shown under the Maximum Subscription Scenario above.

However in the event Independent Shareholders do not participate in the Rights cum Warrants Issue in accordance to their respective shareholdings and/or there are no excess applications for Excess Rights Shares with Warrants (as illustrated under the Minimum Subscription Scenario), the discount of the Rights Issue Price and the Warrants Exercise Price from the Group's Revalued NAV and/or Revalued NTA per Share post completion of the Rights cum Warrants Issue and before/after exercise of the Warrants (assuming that all Warrants issued are exercised), is lower as compared to the case wherein all Eligible Shareholders participate in the Rights cum Warrants Issue.

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 values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders.

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 use for 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.

(c) Relative valuation analysis

In assessing the Group and the proposed Rights cum Warrants Issue (in terms of the Rights Issue Price and the Warrants Exercise Price), we have considered the financial performance, position and condition, and valuation statistics of selected comparable companies (the “**Selected Comparable Companies**”) that may, in our view, be broadly comparable to the core businesses of the Group, which are principally engaged in the business of *inter alia* property development and construction.

The Selected Comparable Companies have been identified after a search was carried out on the SGX-ST and evaluation of the companies operating in the same industry as the Group. We have had discussions with 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, and assets as the Group. In addition, accounting policies with respect to the values for which assets or revenue and cost are recorded or the relevant financial period compared may differ from that of the Group.

We advise Non-conflicted 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 markets and businesses 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.

Non-conflicted 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 market capitalisation or relative sentiments of the market for the shares.

Selected Comparable Companies	Market capitalisation (\$ million)	Principal activities
Debao Property Development Limited ("Debao") <i>Listed on SGX-ST</i>	18.0	The group is principally engaged in property development and investment, construction contract, and other segments. It develops residential, commercial, and other properties; and provides property management services and is also involved in construction activities.
Pollux Properties Ltd ("Pollux") <i>Listed on SGX-ST</i>	37.6	The group is principally engaged in property development in Singapore. It acquires and develops residential and commercial properties for sale. And also rents properties, as well as operate serviced apartments.
China Yuanbang Property Holdings Limited ("China Yuanbang") <i>Listed on SGX</i>	13.5	The group is principally engaged in developing, managing and selling residential and commercial properties in the People's Republic of China. It is also involved in tourism and resorts development operations and hotel business.
IPC Corporation Ltd ("IPC") <i>Listed on SGX-ST</i>	43.9	The group is principally engages in property development, investment, reselling properties activities in Singapore, the People's Republic of China, and Japan. It provides hotel management services and does investment in the hospitality segments.

Source: Bloomberg, SGX-ST and respective companies' website

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

Selected Comparable Companies	LTM ROE⁽¹⁾ (%)	LTM net profit margin⁽²⁾ (%)	LTM asset turnover⁽³⁾ (times)	Total liabilities⁽⁴⁾/ shareholder equity⁽⁵⁾ (times)	Total borrowings⁽⁶⁾/ shareholder equity⁽⁵⁾ (times)
Debao	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.1	2.8	1.4
Pollux	4.8%	8.6%	0.3	1.2	0.8
China Yuanbang	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	0.1	6.6	1.8
IPC	n.m. ⁽⁹⁾	n.m. ⁽⁹⁾	0.04	0.1	0.1
MAXIMUM	4.8%	8.6%	0.3	6.6	1.8
MINIMUM	4.8%	8.6%	0.04	0.1	0.1
MEDIAN	4.8%	8.6%	0.1	2.0	1.1
SIMPLE AVERAGE	4.8%	8.6%	0.1	2.7	1.0
The Group	1.1%⁽¹⁰⁾	11.9%⁽¹⁰⁾	0.05	0.9	0.2

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The last twelve months ("LTM") return on equity ("ROE") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.
- (2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.

- (3) *LTM asset turnover is the ratio of the most recent twelve months 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. If any.*
- (5) *Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.*
- (6) *Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.*
- (7) *Debao recorded loss after tax attributable to equity holders of approximately RMB127.7million for the LTM ended 30 June 2017. Hence, Debao's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*
- (8) *China Yuanbang recorded losses after tax attributable to owners of approximately RMB27.7 million for the full year ended 30 June 2017. Hence, China Yuanbang's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*
- (9) *IPC incurred a loss after tax attributable to equity holders of approximately S\$4.9 million for the LTM ended 30 June 2017. Hence, the Group's LTM ROE and LTM net profit margin ratios are negative and not meaningful.*
- (10) *Computed based on the continuing operations of the Group for the LTM.*

For illustrative purposes only, we note the following:—

- (i) All the Selected Comparable Companies, save for Pollux, were loss making with negative LTM ROEs and negative LTM net profit margins. For comparison purpose only, the Group's LTM ROE (based on the continuing operations) of approximately 1.1% is lower than Pollux's LTM ROE of approximately 4.8% whilst the Group's LTM net profit margin (based on the continuing operations) of approximately 11.9% is higher than Pollux's LTM net profit margin of approximately 8.6%.
- (ii) The Group's LTM asset turnover ratio is within range, but lower than both the median and simple average for the Selected Comparable Companies.
- (iii) The Group's total liabilities to shareholders' equity and total borrowings to shareholders' equity are within the range, but lower than both the simple average and median for the Selected Comparable Companies.

In summary, the historical financial performance of the Group as reflected by its LTM ROE and LTM profit margin appears to be more favourable than any of the Selected Comparable Companies (save for Pollux's LTM ROE) whilst the Group's asset turnover appears to be lower than both the median and simple average of the Selected Comparable Companies. Meanwhile, the Group's financial position in terms of financial leverage as reflected by the ratio of total liabilities to shareholders' equity and total borrowings to shareholders' equity appears to be lower and more favourable than both the simple average and median for the Selected Comparable Companies.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Group are based on the price as implied by the closing price as at the Latest Practicable Date, the Rights Issue Price and the TERP pursuant to the proposed Rights cum Warrants Issue. All the valuation statistics are computed on a historical basis using financial data and information obtained from their latest publicly available audited financial statements or annual reports. 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	Mkt capitalisation (\$ m)	LTM EV/ EBITDA⁽¹⁾ (times)	LTM PER⁽²⁾ (times)	Price / NAV⁽³⁾ (times)	Price / NTA⁽⁴⁾ (times)	Discount from NTA (%)
Debao	18.0	31.8	n.m. ⁽⁵⁾	0.1	0.1	(93.4)%
Pollux	37.6	12.2	14.6	0.7	0.7	(29.5)%
China Yuanbang	13.5	33.2	n.m. ⁽⁶⁾	0.1	0.1	(90.2)%
IPC	43.9	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.5	0.5	(47.8)%
MAXIMUM	43.9	33.2	14.6	0.7	0.7	(29.5)%
MINIMUM	13.5	12.2	14.6	0.1	0.1	(93.4)%
MEDIAN	27.8	31.8	14.6	0.3	0.3	(69.0)%
SIMPLE AVERAGE	28.3	25.7	14.6	0.3	0.3	(65.2)%
Group						
Based on the Latest Practicable Date⁽⁸⁾	14.5	10.9	34.6	0.4	0.4	(57.6)%
Based on Rights Issue Price (\$0.05)⁽⁹⁾	17.3	12.4	41.2	0.5	0.5	(49.5)%
Based on TERP (\$0.0508)⁽¹⁰⁾	40.5	12.7	96.4	1.2	1.2	18.2%

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The LTM EV/EBITDA for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Debao and IPC is based on the most recent twelve months period ended 30 June 2017. The EBITDA for Pollux is based on the full year ended 31 March 2017. The EBITDA for China Yuanbang is based on the full year ended 30 June 2017.
- (2) The LTM PERs for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Debao and IPC is based on the most recent twelve months period ended 30 June 2017. The earnings after tax for Pollux is based on the full year ended 31 March 2017. The earnings after tax for China Yuanbang is based on the full year ended 30 June 2017.
- (3) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Debao and IPC is based on the most recent twelve months period ended 30 June 2017. The NAV for Pollux is based on the full year ended 31 March 2017. The NAV for China Yuanbang is based on the full year ended 30 June 2017.
- (4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Debao and IPC is based on the most recent twelve months period ended 30 June 2017. The NTA for Pollux is based on the full year ended 31 March 2017. The NTA for China Yuanbang is based on the full year ended 30 June 2017.
- (5) Debao recorded loss after tax attributable to owners of approximately RMB127.7 million for the LTM ended 30 June 2017. Hence, Debao's LTM PER ratio is negative and not meaningful.
- (6) China Yuanbang recorded losses after tax attributable to owners of approximately RMB27.7 million for the LTM ended 30 June 2017. Hence, China Yuanbang's LTM PER ratio is negative and not meaningful.
- (7) IPC recorded losses after tax attributable to owners of approximately S\$4.9 million and LTM EBITDA of approximately S\$2.5 million for the LTM ended 30 June 2017. Hence, IPC's LTM EV/EBITDA and LTM PER ratio are negative and not meaningful.
- (8) For the Group, the computations for market capitalisation, LTM PER, P/NAV, P/NTA and LTM EV/EBITDA are based on the last transacted price as at the Latest Practicable Date, the existing issued Share capital before the Rights cum Warrants Issue, the Revalued NAV or NTA (please refer to Section 5.5(b) of this Letter) as well as its LTM ended 30 June 2017.

- (9) *For the Group, the computations for market capitalisation, LTM PER, P/NAV, P/NTA and LTM EV/EBITDA are based on the Issue Price and the existing issued Share capital before the Rights cum Warrants Issue, the Revalued NAV or NTA (please refer to Section 5.5(b) of this Letter) as well as its LTM ended 30 June 2017.*
- (10) *For the Group, the computations for market capitalisation, LTM PER, P/NAV, P/NTA and LTM EV/EBITDA are based on the TERP (based on the last transacted price for the Shares of S\$0.053 as at the Announcement Date) and the Adjusted NAV and/or NTA, under the Minimum Subscription Scenario.*

For illustrative purposes only, we note:—

- (i) The market capitalisation of the Group as implied by the closing price as at the Latest Practicable Date or the Rights Issue Price is within range but lower than both the median and simple average of the Selected Comparable Companies. The market capitalisation of the Group as implied by the TERP and based on the enlarged issued Share capital assuming the issuance of the Rights Shares under the Minimum Subscription Scenario but before the exercise of any of the Warrants, is within range and higher than both the median and simple average of the Selected Comparable Companies). We note that the 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 shares of companies with larger market capitalisations.
- (ii) The valuation of the Group as implied by the LTM EV/EBITDA ratio (based on the Rights Issue Price/Warrants Exercise Price or the TERP) is within the range but lower than both the median and simple average of the Selected Comparable Companies (save for IPC with negative LTM EV/EBITDA) whilst the valuation of the Group as implied by the LTM EV/EBITDA ratio (based on the closing price as at the Latest Practicable Date) is lower than any of the Selected Comparable Companies (save for IPC with negative LTM EV/EBITDA). In terms of LTM PER, the Group's LTM PER (based on the closing price as at the Latest Practicable Date, the Rights Issue Price/Warrants Exercise Price or the TERP) is significantly higher as compared to Pollux's LTM PER (whilst the other Selected Comparable Companies are all loss making with negative LTM PER).
- (iii) The valuation of the Group in terms of P/NAV and P/NTA (as implied by the last closing price for the Shares as at the Latest Practicable Date or the Rights Issue Price/Warrants Exercise Price and based on the Revalued NAV/NTA) is within the range and higher than both the median and the average of the Selected Comparable Companies.
- (iv) The valuation of the Group in terms of P/NAV and P/NTA (as implied by the TERP and based on the Adjusted NAV/NTA) is higher than any of the Selected Comparable Companies.

In summary, the valuation of the Group (as implied by the Rights Issue Price/Warrants Exercise Price or the TERP) in terms of LTM EV/EBITDA appears to be within range but lower than both the median and simple average for the Selected Comparable Companies (save for IPC with negative LTM EV/EBITDA), whilst the valuation of the Group in terms of LTM PER is significantly higher and more favourable than Pollux (with the rest of the Selected Comparable Companies having negative LTM PER as they were all loss making during the period reviewed).

In addition, the valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the closing price for the Shares as at the Latest Practicable Date, the Rights Issue Price/Warrants Exercise Price and based on the Revalued NAV and/or NTA) appears to be within range and higher than both the simple average and the median of the Selected Comparable Companies, whilst the valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the TERP and based on the Adjusted NAV and/or NTA) is higher than any of the Selected Comparable Companies. As it is generally accepted that the companies, whose activities are primarily in property development and investment as well as construction, are generally valued on a P/NAV or P/NTA basis, we note that the valuation of the Group based on the closing price as at the Latest Practicable Date, the Rights Issue Price and the Warrants Exercise Price and the TERP are generally more favourable as compared to the Selected Comparable Companies.

(d) Market statistics of Selected Rights cum Warrants Issues and Selected Rights Issues with Whitewash

In assessing the reasonableness of the premium or discount to market prices of the Shares as implied by the Rights Issue Price and Warrants Exercise Price, we have compared it against:

- (i) selected completed precedent rights cum warrants issues announced by companies listed on the SGX-ST (whether Catalist or Mainboard) from January 2015 to the Latest Practicable Date (the “**Selected Rights cum Warrants Issues**”).
- (ii) selected completed precedent rights issues of shares announced by companies listed on the SGX-ST (whether Catalist or Mainboard) from January 2015 to the Latest Practicable Date where the rights issues are renounceable and involve a whitewash waiver (the “**Selected Rights Issues with Whitewash**”).

Our comparisons below are based on the then existing issued and paid-up share capital of the relevant companies as at the date of announcement and does not take into account any potential issuance of shares arising from exercise or conversion of any warrants or options or other convertible securities. The details are listed below:

(i) Selected Rights cum Warrants Issues

Selected Rights cum Warrants Issues	Announcement date	Principal terms of the rights issue	Issue Price for Rights Shares (\$)	Warrants exercise price (\$)	TERP (\$)	Premium/ (Discount) of rights issue price to LTP (%)	Premium/ (Discount) of exercise price to LTP (%)	Premium/ (Discount) of rights issue price to TERP (%)	Premium/ (Discount) of Exercise price to TERP (%)
Electromotive Group Limited	20-Jan-15	1 rights share for every 1 share and 2 warrants for every 1 rights share	0.0045	0.005	0.0058	(35.7)%	(28.6)%	(21.7)%	(13.0)%
Asia-Pacific Strategic Investments Limited	29-Jun-15	2 rights shares for every 1 share and 1 warrant for every 1 rights share	0.005	0.005	0.0170	(87.8)%	(87.8)%	(70.6)%	(70.6)%
Metech International Limited	10-Jul-15	1 rights share for every 2 shares and 1 warrant for every 1 rights share	0.003	0.004	0.0043	(40.0)%	(20.0)%	(30.8)%	(7.7)%
CSC Holdings Limited	17-Aug-15	1 rights share for every 3 shares and 5 warrants for every 1 rights share	0.025	0.010	0.0310	(24.2)%	(69.7)%	(19.4)%	(67.7)%
Chasen Holdings Limited	26-Aug-15	1 rights share for every 2 shares and 2 warrants for every 1 rights share	0.050	0.025	0.0673	(34.2)%	(67.1)%	(25.7)%	(62.9)%
New Silkroutes Group Limited	30-Dec-15	1 rights share for every 4 shares and 1 warrant for every 1 rights share	0.200	0.300	0.4640	(62.3)%	(43.4)%	(56.9)%	(35.3)%
China Flexible Packaging Holdings Limited	29-Apr-16	2 rights share for every 1 share and 1 warrant for every 2 rights share	0.700	1.050	0.7483	(17.2)%	24.3%	(6.5)%	40.3%
Ramba Energy Limited	19-May-16	1 rights share for every 5 shares and 1 warrant for every 1 rights share	0.200	0.200	0.1969	1.9%	1.9%	1.6%	1.6%
GRP Limited	24-May-16	1 rights share for every 2 shares and 1 warrant for every 1 rights share	0.250	0.250	0.2967	(21.9)%	(21.9)%	(15.7)%	(15.7)%
Singapore eDevelopment Limited	27-Jun-16	1 rights share for every 3 shares and 5 warrants for every 1 rights share	0.040	0.040	0.0331	29.0%	29.0%	20.9%	20.9%
AA Group Holdings Limited	28-Jun-16	10 rights shares for every 1 share and 1 warrant for every 1 rights share	0.010	0.012	0.0162	(87.2)%	(84.6)%	(38.2)%	(25.8)%
JEP Holdings Ltd.	11-Oct-16	1 rights share for every 2 shares and 1 warrant for every 2 rights shares	0.020	0.020	0.0251	(27.5)%	(27.5)%	(20.2)%	(20.2)%
Asiaphos Limited	30-Dec-16	1 rights share for every 8 shares and 1 warrant for every 1 right share	0.080	0.080	0.0987	(20.8)%	(20.8)%	(18.9)%	(18.9)%
3Cnergy Limited	13-Mar-17	1 rights share for every 3 shares and 2 warrants for every 1 rights share	0.067	0.100	0.0543	34.0%	100.0%	23.5%	84.3%
Lifebrandz Ltd.	24-Jan-17	2 rights shares for every 1 share and 1 warrant for every 2 rights shares	0.025	0.050	0.0500	(75.0)%	(50.0)%	(50.0)%	0.0%
Viking Offshore and Marine Limited	18-May-17	2 rights shares for every 5 shares and 1 warrant for every 2 rights shares	0.018	0.025	0.0244	(33.3)%	(7.4)%	(26.3)%	2.3%

Selected Rights cum Warrants Issues	Announcement date	Principal terms of the rights issue	Issue Price for Rights Shares (\$)	Warrants exercise price (\$)	TERP (\$)	Premium/ (Discount) of rights issue price to LTP (%)	Premium/ (Discount) of exercise price to LTP (%)	Premium/ (Discount) of rights issue price to TERP (%)	Premium/ (Discount) of Exercise price to TERP (%)
MAXIMUM						34.0%	100.0%	23.5%	84.3%
MINIMUM						(95.9)%	(95.4)%	(79.6)%	(77.0)%
MEDIAN						(33.8)%	(24.7)%	(21.4)%	(14.3)%
SIMPLE AVERAGE						(35.7)%	(26.1)%	(25.5)%	(13.2)%
Group	30-Jun-17	3 Rights Shares for every 1 Share and 2 Warrants for every 3 Rights Shares	0.0500	0.0500	0.0508	(5.7)%	(5.7)%	(1.5)%	(1.5)%

Source: SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions

Notes:

- (1) TERP is calculated based on the share price on the last trading day immediately prior to the date of announcement of the respective Selected Rights cum Warrants Issue and the number of shares following completion of the Selected Rights cum Warrants Issue but prior to exercise of any warrants.
- (2) LTP denominates last trading price for the respective shares on the last trading day immediately prior to the date of announcement of the respective Selected Rights cum Warrants Issue.

For illustrative purpose only, we note from the above that:–

- (i) For the Rights cum Warrants Issue, the Rights Issue Price for each Right Share represents discounts of approximately 5.7% and 1.5% from the LTP of S\$0.053 for each Share and the TERP on the Announcement Date respectively. These discounts are lower than any of the discounts for the Selected Rights cum Warrants Issues (save for Ramba Energy Limited, Singapore eDevelopment Limited and 3Cnergy Limited whereby their issue price for the rights shares are at premium over their respective LTP prior to the announcement and the TERP).
- (ii) For the Rights cum Warrants Issue, the Warrants Exercise Price for each Warrant represents a discount of approximately 5.7% and 1.5% from the LTP of S\$0.053 for the Shares and the TERP on the Announcement Date respectively. These discounts are generally lower than any of the discounts for the Selected Rights cum Warrants Issues (save for China Flexible Packaging Holdings Limited, Ramba Energy Limited, Singapore eDevelopment Limited and 3Cnergy Limited whereby their exercise price for the warrants are at premium over their respective LTP prior to the announcement and the TERP or Lifebrandz Ltd. and Viking Offshore and Marine Limited whereby their exercise price for the warrants are at premium over their respective TERP).

In summary, despite the Rights cum Warrants Issue may appear to be “less attractive” for the Eligible Shareholders to subscribe in terms of pricing *vis a vis* historical market price and TERP as compared to the Selected Rights cum Warrants Issues, it is in general fairly comparable to the Selected Rights cum Warrants Issues considering:-

- (i) The Rights cum Selected Rights cum Warrants Issues is being offered on a pro-rata basis to all Eligible Shareholders (including the Undertaking Shareholders) with same terms and conditions (including *inter alia* the pricing);
- (ii) Eligible Shareholders (including the Undertaking Shareholders) are at liberty to accept, decline or otherwise renounce or trade their provisional allotment of Rights Shares with Warrants and will be able to apply for additional Rights Shares with Warrants in excess of their provisional allotment; and
- (iii) The underlying transaction for which the Whitewash Resolution is sought is a rights issue whereby it is generally accepted that the pricing for such rights issue would generally be at discount. Whilst the pricing of the Rights cum Warrants Issue (in terms of discount for the Rights Issue Price and the Warrants Exercise Price from the LTP and the TERP) is generally less favourable than most of the Selected Rights cum Warrants Issues, there were rights cum warrants issues in the market which were priced above the LTP and/or the TERP (such as Ramba Energy Limited, Singapore eDevelopment Limited, 3Cnergy Limited, Lifebrandz Ltd. and Viking Offshore and Marine Limited).

(ii) Selected Rights Issues with Whitewash

Selected Rights Issues with Whitewash	Announcement date	Principal terms of the rights issue	% holdings of shareholders who undertake to accept their entitlements to the rights shares	% of undertaken rights shares to total rights shares	Financial position prior to the announcement date	Last transacted share market price before announcement or last transacted price on the trading day prior to announcement	Issue size of rights issue as a percentage of market capitalization at announcement date or the trading day prior to announcement	Rights share issue price as a discount to	
								The relevant last transacted share price	Theoretical ex-rights price based on the last transacted share price
KrisEnergy Limited	15-Jun-15	42 rights shares for 100 shares	76.5%	51.2%	Profit	0.445	36.3%	13.5%	9.9%
Moya Holdings Asia Limited	27-Nov-15	5 rights shares for every 4 shares	29.0%	29.0%	Profit	0.035	118.9%	5.7%	2.6%
Joyas International Holdings Limited	8-Mar-16	6 rights shares for every 1 share	49.7%	49.7%	Loss	0.009	233.3%	61.1%	18.6%
IFS Capital Limited	6-May-16	3 rights shares for every 2 shares	40.9%	100.0%	Loss	0.28	117.9%	21.4%	9.8%
Samko Timber Limited	9-Sep-16	5 rights shares for every 7 shares	42.8%	91.3%	Loss	0.085	29.4%	58.8%	45.0%
MAXIMUM			76.5%	100.0%			233.3%	61.1%	45.0%
MINIMUM			29.0%	29.0%			36.3%	5.7%	2.6%
MEDIAN (excluding Samko Timber Limited)			42.8%	51.2%			117.9%	21.4%	9.9%
SIMPLE AVERAGE (excluding Samko Timber Limited)			47.8%	64.2%			107.2%	32.1%	17.2%
Group	30-Jun-17	3 Rights Shares for every 1 Share	33.5%	43.5%	Profit	0.053	283.0%	67.2%⁽²⁾	33.8%⁽²⁾

Source: SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions

Notes:

(1) Exclude P/NTA for Samko Timber Limited as it is deemed an outlier.

(2) Computed based on the Adjusted Rights Issue Price of S\$0.0174 per Share. As the Selected Rights Issues with Whitewash do not involve any issuance of warrants, the Adjusted Rights Issue Price is used for the Rights cum Warrants Issue to illustrate a more meaningful comparison.

(3) Computed based on the Adjusted Rights Issue Price over the Group's Revalued NTA per Share.

For illustrative purpose only, we note from the above that:–

- (i) The issue size for the Rights cum Warrants Issue represents approximately 283.0% of the market capitalisation of the Company, as at the Announcement Date and this is higher than any of the Selected Rights Issues with Whitewash.
- (ii) The percentage of the number of rights shares undertaken as compared to the total number of Rights Shares to be issued and subscribed pursuant to the Irrevocable Undertakings of approximately 43.5% is within range, but lower than the median and the simple average for the Selected Rights Issues with Whitewash.
- (iii) As the Selected Rights Issues with Whitewash do not involve any issuance of warrants, the Adjusted Rights Issue Price which is the Rights Issue Price adjusted with theoretical value of Warrants is being used to illustrate a more meaningful comparison. The Rights Issue Price is approximately 0.2 times the Group's Revalued NTA (based on the Adjusted Rights Issue Price), and is lower than any of the Selected Rights Issues with Whitewash.
- (iv) The Adjusted Rights Issue Price of approximately S\$0.0174 (please refer to Section 5.5(e) for more details of the derivation of the Adjusted Rights Issue Price) as at the Announcement Date represents a discount of approximately 67.2% and 33.8% from the LTP for the Shares as at Announcement Date of S\$0.053 and the TERP of approximately S\$0.0263 respectively. The discounts as implied by the Adjusted Rights Issue Price from the LTP for the Shares as at Announcement Date is higher than any of the Selected Rights Issues with Whitewash, whilst the discount implied by the Adjusted Rights Issue Price from the TERP is within the range, but higher than both the median and simple average for the Selected Rights Issues with Whitewash. The relatively higher discount based on the Adjusted Rights Issue Price should be viewed in conjunction with the fact that the issue size of the Rights cum Warrants Issue is higher than any of the Selected Rights Issues with Whitewash.

In summary, the Rights cum Warrants Issue may appear to be “more attractive” for the Eligible Shareholders to subscribe in terms of pricing *vis a vis* historical market price, TERP and Revalued NTA, however it is generally fairly comparable to the Selected Rights Issues with Whitewash taking into account that the issue size for the Rights cum Warrants Issue (*vis a vis* market capitalization) is bigger than any of the Selected Rights Issues with Whitewash and the percentage of the number of Rights Shares undertaken is lower than both the simple average and median for the Selected Rights Issues with Whitewash. As such, “lower” pricing may be required to attract more subscriptions by the Eligible Shareholders.

We wish to highlight that any inference made from the premium or discount as implied by the issue prices of these rights issues may not be heavily relied upon in making any comparisons with the premium and/or discount implied by the Rights Issue Price and the Warrants Exercise Price and are included for illustrative purposes only as the circumstances, terms and basis for the Selected Rights cum Warrants Issues and Selected Rights Issues with Whitewash may be different from the Rights cum Warrants Issue.

The above table(s) which are by no means representative of the market, capture only the premium over/ discount to the issue price for the rights shares *vis-à-vis* the market share price for the Selected Rights cum Warrants Issues and Selected Rights Issues with Whitewash and does not highlight the bases other than market price in determining an appropriate level of premium/discount to be set in a rights issue in order to induce shareholders to subscribe for the rights shares. Moreover, as the Company may not be directly comparable to the companies under the Selected Rights cum Warrants Issues and Selected Rights Issues with Whitewash in terms of the basis for the rights issue of shares or warrants, the size, market capitalization, volume of shares traded, business activities, cash flow requirement, track record and prospects, financial position and performance, the above comparison merely serves as an illustration.

We also wish to highlight that no consideration is taken into account for other convertible securities (such as free warrants) or debt securities, if any, attached to the rights issue for the said Selected Rights cum Warrants Issues and Selected Rights Issues with Whitewash as well as the requirement of the relevant companies for equity capital or its financial position or performance or prospects.

Furthermore, from a general observation of the tables above, the amount of discounts implied in rights issues (if any) may be affected or influenced by *inter alia*, factors such as the financial condition and performance of the companies listed under the Selected Rights cum Warrants Issues and Selected Rights Issues with Whitewash, share price, the equity capital markets condition, the relative demand and supply conditions for the shares, the general economic conditions and other prevailing conditions at or about the time of the rights issue.

We advise Non-conflicted Directors to note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the selected companies above are not identical to the Group and/or Company. Accordingly, any inference that can be drawn from the comparison of the relevant discount to TERP may not be directly comparable to the Rights cum Warrants Issue and should not be conclusively relied upon.

(e) Theoretical value of the Warrants

We note that the Warrants may be exercised at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth (5th) anniversary of the date of the issue of the Warrants at the Warrants Exercise Price.

Last transacted price based on	Closing price per Share (S\$)	Discount of the Warrants Exercise Price from the closing price (%)	Value of the Warrants	Intrinsic value per Warrant ⁽¹⁾ (S\$)
As at Announcement Date	0.053	(5.7)	In-the-money	0.003
Latest Practicable Date	0.042	19.0	Out-of-the-money	n.m.

Note:

- (1) The intrinsic value is the difference between the last transacted price as at the Announcement Date or the last Trading Day immediately preceding the Latest Practicable Date and the Warrants Exercise Price.

We note that the Warrants Exercise Price of S\$0.05 represents a discount of approximately 5.7% from the last transacted price of S\$0.053 per Share on the SGX-ST as at the Announcement Date which implies that the Warrants would have been in-the-money had they been issued and allotted at that time and have an intrinsic value (being the difference between the last transacted price as at the Announcement Date and the Warrants Exercise Price) of approximately S\$0.003 for each of the Warrant or for an aggregate of approximately S\$2.08 million for all the 691,762,292 Warrants under the Maximum Subscription Scenario (or approximately 11.3% of the Company's market capitalisation as at the Announcement Date). In addition, the Warrants Exercise Price of S\$0.05 represents a premium of approximately 19.0% over the last transacted price of S\$0.042 per Share as at the last Trading Day immediately preceding the Latest Practicable Date, which implies that the Warrants would have been out-of-the-money had they been issued and allotted as at Latest Practicable Date.

Warrants (similar to options) have a theoretical market 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 warrants. Notwithstanding the theoretical market value, the Warrants are to be issued to the Eligible Shareholders at no consideration.

Our key assumptions for computing the theoretical market value of the warrants are as follow:

- (i) Issue date: Announcement Date and Latest Practicable Date.

- (ii) Volatility estimation: Using historical prices of the Shares for the 1-year period prior to the 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 for the benchmark used, being 5-year Singapore Government Securities.
- (iv) Time to expiration: Approximately five (5) years.
- (v) No dividend.

Last transacted price based on	Theoretical market value (S\$)	Total consideration (based on the theoretical market value) (S\$ million)	Market Capitalisation (S\$ million)	Total consideration as percentage of market capitalisation (%)
Announcement Date	0.0489	33.8	18.3	184.5%
As at Latest Practicable Date	0.0376	26.0	14.5	179.0%

Based on the above key assumptions, we have derived the theoretical market value of each Warrant of approximately S\$0.0489 as at the Announcement Date and the total consideration for the issue of all the Warrants under the Maximum Subscription Scenario, is approximately S\$33.8 million (or approximately 184.5% of the Company's market capitalisation of approximately S\$18.3 million as at the Announcement Date).

Meanwhile, the theoretical market value of each Warrant would be approximately S\$0.0376 as at the Latest Practicable Date and the total consideration for the issue of all the Warrants under the Maximum Subscription Scenario would thus be approximately S\$26.0 million (or approximately 179.0% of the Company's market capitalisation of approximately S\$14.5 million as at the Latest Practicable Date).

We note that the estimated amount of proceeds from the exercise of the Warrant (assuming that all the Warrants are exercised) is approximately S\$34.6 million.

Last transacted price based on	Theoretical market value per Warrant (S\$)	Rights Issue Price per Rights Share (S\$)	Adjusted Rights Issue Price per 3 Rights Share (S\$)	Adjusted Rights Issue Price per Rights Share (S\$)	Discount of the adjusted Rights Issue Price from the Group's Revalued NAV and/or NTA (%)
Prior to Announcement Date	0.0489	0.05	0.0522	0.0174	(82.4)
As at Latest Practicable Date	0.0376	0.05	0.0748	0.0249	(74.8)

We note that the Warrants will be issued free to all Eligible Shareholders pursuant to the Rights cum Warrants Issue notwithstanding the theoretical value inherent in the Warrants.

For illustrative purpose only, assuming the Warrants were issued and allotted on the Announcement Date, the theoretical value of each Warrant would be approximately S\$0.0489 (where 2 Warrants will be issued for every three (3) Rights Shares). In the event that the theoretical value of 2 Warrants of approximately S\$0.0489 each is deducted from the Rights Issue Price for every 3 Rights Shares, the Adjusted Rights Issue Price would be S\$0.0174 for every Rights Share (or S\$0.0522 for every 3 Rights Shares). This represents a discount of approximately 82.4% from the Group's Revalued NAV

and/or NTA per Share as at 30 June 2017. Furthermore, in the event the adjusted Rights Issue Price of approximately S\$0.0174 ("**Adjusted Rights Issue Price**") as at the Announcement Date is used, it represents a discount of approximately 67.2% and 33.8% from the prices of the Shares as at Announcement Date of S\$0.053 and the TERP of approximately S\$0.0263 respectively.

The discount as implied by the Adjusted Rights Issue Price, the closing prices as at the Announcement Date or the Latest Practicable Date and their relevant TERP are more favourable for all Eligible Shareholders as compared to the Selected Rights Issues. Accordingly, after adjusting for the theoretical value of the Warrants, the Adjusted Rights Issue Price as at the Latest Practicable Date are favourable.

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\$0.0376 (where 2 Warrants will be issued for every three (3) Rights Shares). In the event that the theoretical value of 2 Warrants of approximately S\$0.0376 each is deducted from the Rights Issue Price for every 3 Rights Shares, the Adjusted Issue Price would be S\$0.0249 for every Rights Share (or S\$0.0748 for every 3 Rights Shares). This represents a discount of approximately 74.8% from the Group's Revalued NAV per Share and/or Revalued NTA Share as at 30 June 2017.

We note that based on the theoretical value of each Warrant as at the Announcement and Latest Practicable Date, the valuation of the Group in terms of Adjusted Rights Issue Price to the Revalued NAV/NTA per Share is within the range of Selected Comparable Companies and is lower than both the median and simple average. As the financial performance for all the Selected Comparable Companies (save for Pollux) are less favourable than the Company, the valuation of the Group in terms of Adjusted Rights Issue Price to Revalued NAV/NTA per Share though comparable, is less favourable as compared to the median and mean for Selected Comparable Companies.

This must be viewed in the context of the Rights cum Warrants Issue that the Company is proposing, as all Eligible Shareholders are entitled to participate on a pro-rata basis, and can (if desired) apply for Excess Rights Shares with Warrants. Further we note from the Circular that, in the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants

Non-conflicted Directors should note that the estimation of the theoretical market values of the Warrants as set out in this section are dependent on various assumptions, including but not limited to the date of issue, Warrants Exercise Price, exercise period, risk free rate, and expected volatility as well as the proposed Rights cum Warrants Issue. Thus, the estimation of the theoretical market value of the Warrants as set out in this section is necessarily limited and serves only as an illustrative guide.

5.6 Potential financial effects of the Rights cum Warrants Issue

The pro-forma financial effects of the Rights cum Warrants Issue and its underlying assumptions are set out in Section 3 of the Circular. We recommended that Independent Shareholders read those pages of the Circular carefully and in its entirety.

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.

“3. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The pro forma financial effects of the Rights cum Warrants Issue set out below are purely for illustrative purposes and do not reflect the future actual financial results or positions of the Group after the completion of the Rights cum Warrants Issue.

The pro forma financial effects of the Rights cum Warrants Issue have been prepared based on the audited consolidated financial statements of the Group for FY2016 and on the following assumptions: (a) the Rights cum Warrants Issue will be fully subscribed for and paid by Eligible Shareholders and an aggregate of 1,037,643,438 Rights Shares will be allotted and issued at the Rights Issue Price; and (b) that the Warrants are exercised by the Warrant Holders and the Warrant Shares had been issued in FY2016.

Share Capital

As at the Latest Practicable Date, there are no other share options or convertible securities under which the Company has an obligation to issue additional Shares.

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	No. of Shares	S\$	No. of Shares	S\$
<i>Issued and paid-up share capital as at 30 September 2016</i>	345,881,146	41,181,846	345,881,146	41,181,846
<i>Add: Rights Shares</i>	451,100,429	22,555,021	1,037,643,438	51,882,172
<i>Issued and paid-up share capital after issuance of Rights Shares but before Warrant Shares</i>	796,981,575	63,736,867	1,383,524,584	93,064,218
<i>Add: Warrant Shares</i>	300,733,619	15,036,681	691,762,292	34,588,115
<i>Issued and paid-up share capital after the issuance of Rights Shares and Warrant Shares</i>	1,097,715,194	78,773,548	2,075,286,876	127,652,133

NTA

Assuming that the Rights cum Warrants Issue had been completed on 30 September 2016, the effect of the Rights cum Warrants Issue on the NTA and NTA per Share of the Group as at 30 September 2016 would have been as follows.

	As at 30 September 2016	
	Minimum Subscription Scenario	Maximum Subscription Scenario
NTA (S\$)	38,433,000	38,433,000
Add: Adjustments for net proceeds from Rights Shares (S\$)	22,555,021 ¹	51,882,172 ²
Adjusted NTA after issuance of Rights Shares but before the Warrant Shares (S\$)	60,988,021	90,315,172
Add: Adjustments for the net proceeds from Warrant Shares (S\$)	15,036,681	34,588,115
Adjusted NTA after issuance of Rights Shares and Warrant Shares (S\$)	76,024,702	124,903,287
Issued Shares before Rights Cum Warrants Issue	345,881,146	345,881,146
NTA per Share (cents)	11.11	11.11
Issued Shares after issuance of Rights Shares	796,981,575	1,383,504,584
Adjusted NTA per Share after issuance of Rights Shares (cents)	7.65	6.53
Issued Shares after issuance of Rights Shares and Warrant Shares	1,097,715,194	2,075,286,876
Adjusted NTA per Share after issuance of Rights Shares and Warrant Shares (cents)	6.93	6.02

Notes:

1 Proceeds will be in the form of settlement of a portion of the Indebtedness.

2 S\$22.6 million of the proceeds will be in the form of settlement of a portion of the Indebtedness.

EPS

Assuming that the Rights cum Warrants Issue had been completed on 1 October 2015, the effect of the Rights cum Warrants Issue on the EPS of the Group for FY2016 would have been as follows.

	FY2016	
	Minimum Subscription Scenario	Maximum Subscription Scenario
Net profit attributable to owners of the Company (S\$)	3,318,000	3,318,000

Weighted average number of Shares before Rights Cum Warrant Issue ('000)	345,881,146	345,881,146
Weighted average number of Shares after issuance of Rights Shares and Warrant Shares ('000)	1,097,715,194	2,075,286,876
Basic and diluted EPS before issuance of Rights Shares (cents)	0.96	0.96
Basic and diluted EPS after issuance of Rights Shares and Warrant Shares (cents)	0.30	0.16

The basic and diluted EPS are the same as there are no potentially dilutive securities as at 30 September 2016.

Gearing

Assuming that the Rights cum Warrants Issue had been completed on 30 September 2016, the effects of the Rights cum Warrants Issue on the gearing of the Group are as follows:

	As at 30 September 2016	
	Minimum Subscription Scenario	Maximum Subscription Scenario
Total Borrowings (S\$)	7,087,000	7,087,000
Shareholders' Equity before Rights Cum Warrants Issue (S\$)	38,158,000	38,158,000
Add: Proceeds from Rights Shares (S\$)	22,555,021 ¹	51,882,172 ²
Adjusted Shareholders' Equity after issuance of Rights Shares but before Warrant Shares (S\$)	60,713,021	90,040,172
Add: Proceeds from Warrant Shares (S\$)	15,036,681	34,588,115
Adjusted Shareholders' Equity after issuance of Rights Shares and Warrant Shares (S\$)	75,749,702	124,628,287
Gearing (times)		
Before the Rights cum Warrants Issue	0.18	0.18
After issuance of Rights Shares but before Warrant Shares	0.12	0.08
After issuance of Right Shares and Warrant Shares	0.09	0.06

Notes:

1 Proceeds will be in the form of settlement of a portion of the Indebtedness.

2 S\$22.6 million of the proceeds will be in the form of settlement of a portion of the Indebtedness."

We note that the potential financial effects of the Rights cum Warrants Issue under the Minimum Subscription Scenario are:

- Unfavourable for the Group's NTA per Share as the Rights Issue Price and Warrants Exercise Price are at discounts to the Group's NTA before the Rights Issue with Warrants. Accordingly,

the Group's NTA per Share will decrease from approximately Singapore 11.11 cents before the Rights cum Warrants Issue to approximately Singapore 7.65 cents after issuance of the Rights Shares and to approximately Singapore 6.93 cents after issuance of the Rights Shares and Warrant Shares.

- Unfavourable for the Group's earnings per Share ("**EPS**") as the Group's EPS will be reduced from approximately Singapore 0.96 cents before the Rights Shares (based on FY2016) to approximately 0.30 cents after the issuance of the Rights Shares and Warrants Shares. This is due to assumptions used as no interest expense is payable for Indebtedness for FY2016.
- Favourable for the Group's gearing as it will decrease from 0.18 times before the Rights cum Warrants Issue to 0.12 times after the Rights Shares but before Warrant Shares to 0.09 times after the Rights Shares and Warrant Shares arising from the increase in equity capital from the issuance of Rights Shares and Warrant Shares.

We note that the potential financial effects of the Rights cum Warrants Issue under the Maximum Subscription Scenario are:

- Unfavourable for the Group's NTA per Share as it will decrease from approximately Singapore 11.11 cents before the Rights cum Warrants Issue to approximately Singapore 6.53 cents after issuance of the Rights Shares and to approximately Singapore 6.02 cents after issuance of the Rights Shares and Warrant Shares.
- Unfavourable for the Group's EPS as the Group's EPS will be reduced from approximately Singapore 0.96 cents before the Rights Shares (based on FY2016) to approximately 0.16 cents after the issuance of the Rights Shares and Warrants Shares.
- Favourable for the Group's gearing as it will decrease from 0.18 times before the Rights cum Warrants Issue to 0.08 times after the Rights Shares but before Warrant Shares to 0.06 times after the Rights Shares and Warrant Shares.

5.7 Dilution impact of the Rights cum Warrants Issue

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	As at the Latest Practicable Date ⁽¹⁾		After the Rights Issue before exercise of Warrants (Minimum Subscription Scenario) ⁽²⁾		After the Rights Issue after exercise of Warrants (Minimum Subscription Scenario) ⁽³⁾	
	Total Interests	%	Total Interests	%	Total Interests	%
Undertaking Shareholders						
Dato Yap ⁽⁴⁾	115,778,695	33.47%	566,879,124	71.13%	867,612,743	79.04%
Phan Foo Bean ⁽⁵⁾	92,622,956	26.78%	543,723,385	68.22%	844,457,004	76.93%
Olander Ltd ^{(4) (5)}	92,622,956	26.78%	543,723,385	68.22%	844,457,004	76.93%
Directors						
Yap Weng Yau	-	0.00%	-	0.00%	-	0.00%
Phan Chee Shong	-	0.00%	-	0.00%	-	0.00%
Woon Ooi Jin	-	0.00%	-	0.00%	-	0.00%
Albert Saychuan Cheek	500,000	0.14%	500,000	0.06%	500,000	0.05%
Ng Chin Hoo	11,000,344	3.18%	11,000,344	1.38%	11,000,344	1.00%
Chong Kum Fatt	205,000	0.06%	205,000	0.03%	205,000	0.02%
Substantial Shareholders (Excluding Directors and Undertaking Shareholders)						
Public Shareholders	218,397,107	63.14%	218,397,107	27.40%	218,397,107	19.90%
Independent Shareholders	230,102,451	66.53%	230,102,451	28.87%	230,102,451	20.96%
TOTAL	345,881,146	100%	796,981,575	100%	1,097,715,194	100%

Notes:

(1) Calculated based on 345,881,146 total issued Shares as at the Latest Practicable Date.

(2) Calculated based on 796,981,575 total issued Shares assuming the Minimum Subscription Scenario, and that the Concert Party Group does not exercise any of its Warrants into Warrant Shares after the completion of the Rights cum Warrants Issue.

(3) Calculated based on 1,097,715,194 total issued Shares assuming the Minimum Subscription Scenario, and that the Concert Party Group exercises all of its Warrants into Warrant Shares after the completion of the Rights cum Warrants Issue.

- (4) *Dato Yap is deemed interested in the Shares held by Olander Ltd through his 50% shareholding interest in Olander Ltd.*
- (5) *Phan Foo Beam is deemed interested in the Shares held by Olander Ltd through her 50% shareholding interest in Olander Ltd.*

Based on the table, we note the following for the Minimum Subscription Scenario:–

- (a) Dato Yap's aggregate direct and deemed percentage shareholding interest in the Company will increase from approximately 33.47% to approximately 71.13% immediately after the completion of the Rights cum Warrants Issue but prior to exercise of any of the Warrants and approximately 79.04% immediately after completion of the Rights cum Warrants Issue and after exercise of all Warrants by the Undertaking Shareholders.
- (b) The Independent Shareholders will have their aggregate percentage shareholding interest in the Company, reduced significantly from approximately 66.53% to approximately 28.87% immediately after the completion of the Rights cum Warrants Issue but prior to exercise of any of the Warrants and 20.96% immediately after completion of the Rights cum Warrants Issue and after exercise of all Warrants by the Undertaking Shareholders.

Consequently, under the Minimum Subscription Scenario, after completion of the Rights cum Warrants Issue and after exercise of all Warrants by the Concert Party Group, the Concert Party Group will be in a position to exercise super majority control of the Company. Super majority control will put the Concert Party Group in a position to be able to pass all special and ordinary resolutions on matters in which the Concert Party Group does not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company. Accordingly, the ability of the Independent Shareholders to vote or veto resolutions (with approvals of at least 75%), and influence the outcome of such resolutions are significantly reduced.

Non-conflicted Directors should note and highlight to Independent Shareholders that subscription of the Rights cum Warrants Issue does not require or oblige them to exercise the Warrants that are issued. Likewise voting for the Whitewash Resolution, does not imply subscription of Rights Shares with Warrants. Eligible Shareholders (other than Undertaking Shareholders) can trade and sell their entitlements of Rights Shares with Warrants, and/or apply for Excess Rights Shares with Warrants.

We note that the Rights cum Warrants Issue will not result in any dilution impact on their percentage shareholdings in the Company in the event that all Shareholders subscribe in full for their respective Rights Shares and Warrants entitlements under the Rights cum Warrants Issue. In this regard, the dilution impact or a reduction in the percentage of shareholding interest, will only occur for Independent Shareholders who do not subscribe in full their respective Rights Shares with Warrants entitlement under the Rights cum Warrants Issue. Likewise the exercise of all Warrants issued to or subscribed for by the Independent Shareholders will ensure that their percentage interest in the enlarged Share capital of the Company (after the issue of the Rights Shares and the Warrant Shares pursuant to the exercise of the Warrants) is maintained.

However, the percentage shareholding interest of the Concert Party Group in the Company, will increase and consequently, the Independent Shareholders' percentage of aggregate shareholding interest in the Company will be reduced in the event that none or an insufficient number of Independent Shareholders, other than the Concert Party Group, subscribe in full for their respective Rights Shares with Warrants entitlement under the Rights cum Warrants Issue.

Whilst Independent Shareholders' subscription and/or application for Excess Rights Shares with Warrants may only be in cash pursuant to the procedures as described in the Circular and the offer information statement to be issued at a later date, we note from the Circular that as there will be no cash inflow to the Company pursuant to the Undertaking Shareholders' Irrevocable Undertakings. Their subscription and/or application for Rights Shares with Warrants and Excess Rights Shares with Warrants, will be effected pursuant to set off arrangements against the aggregate outstanding amounts of S\$22.6 million owed by the Group to Dato Yap and his associated companies. We understand from Directors and Management that these amounts relate primarily to: a) loans and advances as well as dividends receivable from Regionaland Pte Ltd; b) loans and advances as well as assignments relating to Taipan Equity Sdn. Bhd. and Citybuilders Pte. Ltd. dividends receivable from

Olander Ltd; and c) payables to Dato Yap, and have been properly recorded, accounted and were outstanding as at the Latest Practicable Date. Further we understand from Directors and Management that these set off arrangements will benefit the Group as it will lower total liabilities whilst minimising cash outlay and improving leverage as defined in terms of the ratio of total liabilities to shareholders' equity.

6. OTHER CONSIDERATIONS IN RELATION TO THE WHITEWASH RESOLUTION

The following factors should also be considered together with the other comments and issues raised in this Letter and the contents of the Circular.

6.1 Comparison with previous rights issue

The Company had on 29 June 2012 announced a renounceable non-underwritten rights issue, which was subsequently revised on 28 March 2013 whereby the Company announced that the rights issue ("**2013 Rights Issue**") involved issuance of up to 2,767,049,304 rights shares ("**2013 Rights Shares**") at an issue price of S\$0.0075 ("**2013 Issue Price**") for each 2013 Rights Share, on the basis of four (4) 2013 Rights Shares for every one (1) Share held by Shareholders, fractional entitlements to be disregarded. We note that the 2013 Rights Shares was listed and quoted on 22 May 2014.

The following tabulates the discounts of the issue prices to the announcement date, TERP and NAV/NTA for the comparison of past fund raising exercise and the current Rights cum Warrants Issue:-

Date	Terms of rights issue	Issue price of rights share (S\$)	TERP (S\$)	Discount from LTP ^{(1), (2)} (%)	Discount from TERP ⁽²⁾ (%)	Discount from NAV and/or NTA ⁽²⁾ (%)	Discount of Adjusted Rights Issue Price from LTP, TERP (%)	Discount of the Adjusted Rights Issue Price from the Group's Revalued NAV and/or NTA (%)
28 March 2013	4 for 1	0.0075	0.0096	(58.3)	(21.9)	(60.5)	NA	NA
30 June 2017	3 for 1	0.0500	0.0508	(5.7)	(1.5)	(54.7)	(67.2), (33.8)	(82.4)

Notes:

- (1) LTP denominates the last trading price for the Shares on the last trading day immediately prior to the date of announcement for the respective rights issue.
- (2) Discounts represent the discount of the rights issue price from their respective then prevailing LTP, TERP and NAV/NTA.

For illustrative purposes only, we note from the above table that:-

- (i) The Rights Issue Price for the Rights cum Warrants Issue is at a substantial premium of approximately 566.7% over the 2013 Issue Price for the 2013 Rights Issue. The Company had completed a share consolidation exercise of 10 the then existing Shares into 1 consolidated Shares in February 2015. In the event that the 2013 Issue Price is adjusted with the share consolidation, it would be approximately S\$0.075, which is higher than the Rights Issue Price.
- (ii) The Rights Issue Price for the Rights cum Warrants Issue is at a slight discount of approximately 5.7% from the closing price of the Shares on 30 June 2017, being the Announcement Date whilst the 2013 Issue Price for the 2013 Rights Issue represents a higher discount of approximately 58.3% from the closing price of the Shares on 28 March 2013, being the announcement date for the 2013 Rights issue.

- (iii) The Rights Issue Price for the Rights cum Warrants Issue is at a slight discount of approximately 1.5% from the TERP on 30 June 2017, being the Announcement Date whilst the 2013 Issue Price for the 2013 Rights Issue represents a higher discount of approximately 21.9% from the TERP on 28 March 2013, being the announcement date for the 2013 Rights Issue.
- (iv) In the event that value is ascribed to the free Warrants to be issued together with the Rights Shares, the Adjusted Rights Issue Price (after deducting the theoretical value for the Warrants) of approximately S\$0.0174 as at the Announcement Date is at a discount of approximately 67.2% and 33.8% from the LTP and TERP (computed with the Adjusted Rights Issue Price of approximately S\$0.0263) respectively. These discounts for the Rights cum Warrants Issue with Warrants are higher than those for the 2013 Rights Issue.
- (v) The Rights Issue Price for the Rights cum Warrants Issue represents a discount of approximately 54.7% from the Group's unaudited NTA as at 30 June 2017 whilst the 2013 Issue Price represents a discount of approximately 60.5% from the Group's unaudited NTA as at 31 December 2013.
- (vi) In the event that value is ascribed to the free Warrants to be issued together with the Rights Shares, the Adjusted Rights Issue Price (after deducting the theoretical value for the Warrants) of approximately S\$0.0174 as at the Announcement Date is at a discount of approximately 82.4% from the Revalued NAV/NTA per Share. The discount for the Rights cum Warrants Issue after ascribing a value to the Warrants, is higher than those for the 2013 Rights Issue.

The Whitewash Resolution (if approved) will waive the requirements of Concert Party Group to make a mandatory general offer. Non-conflicted Directors should note that as the issue of Rights Shares with Warrants is on a pro-rata basis, and in the event all Eligible Shareholders subscribe for their entitlement of Rights Shares with Warrants, the Concert Party Group's interest in the Company will not change. Accordingly, as the terms for the Rights cum Warrants Issue in terms of discounts (for the Adjusted Rights Issue Price to the TERP and Revalued NAV/NTA per Share) are more favourable and available to all Eligible Shareholders alike, the Rights cum Warrants Issue is more favourable when compared to the 2013 Rights Issue. Further the gross proceeds to be raised from the Rights cum Warrants Issue (under the Maximum Subscription Scenario) of approximately S\$51.9 million is significantly larger than the gross proceeds from the 2013 Rights Issue of S\$20.8 million. It is generally accepted that larger discounts are required for rights issue where proceeds to be raised are relatively larger.

The above comparison has to be assessed in the context of 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 2013 Rights Issue may have been different from the Rights cum Warrants Issue. Hence, the comparison between the 2013 Rights Issue and the Rights cum Warrants Issue above is necessarily limited and meant for illustration purpose.

6.2 Potential takeover offer from third party

Independent Shareholders should note that in the event the Whitewash Resolution is approved, after the Rights cum Warrants Issue, the Concert Party Group would have an interest of more than 50% in the Company. 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 Concert Party Group.

6.3 Implication of the Concert Party Group's controlling interest in the Company

We wish to highlight that as at the Latest Practicable Date, the Concert Party Group has an aggregate interest in 115,778,695 Shares which represents approximately 33.5% of the voting rights of the Company. Depending on the level of subscriptions or applications or acceptance, the Concert Party Group's percentage shareholding interest may increase beyond 50%. In such an event, the Concert

Party Group will be in a position to exercise “super majority control” of the Company, which will put the Concert Party Group in a position to be able to pass all ordinary resolutions or special resolutions on matters in which the Concert Party Group do not have an interest in and which are tabled for Shareholders’ approval at general meetings to be convened by the Company. Accordingly, the ability of the Independent Shareholders to vote and influence the outcome of such resolutions are significantly reduced.

6.4 Pre-emptive rights

As the process for the Rights Issue requires an “offer” first to Shareholders, Independent Shareholders should note that they have a “pre-emptive” right with respect to their ability to subscribe for such Rights Shares with Warrants. Non-conflicted Directors should highlight to Independent Shareholders that voting for or against the Whitewash Resolution individually does not preclude them (on the basis that they are Eligible Shareholders for the Rights cum Warrants Issue) from accepting the Rights Shares with Warrants, declining or otherwise renouncing or trading their provisional allotments of Rights Shares with Warrants or applying (for that matter) additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

However, we note that the Rights cum Warrants Issue and the Whitewash Resolution are inter-conditional on each other. In the event that the Whitewash Resolution is not approved or obtained, the Rights cum Warrants Issue will not take place and *vice versa*. Non-conflicted Directors should note that the Concert Party Group’s ability to subscribe for excess or additional Rights Shares with Warrants will only arise after satisfaction of all acceptances for the Rights Shares with Warrants and application for Excess Rights Shares with Warrants (other than applications from *inter alia* the Concert Party Group).

6.5 Funding alternative

We understand from the Directors that they had considered other funding alternatives, including external borrowing from financial institutions, before eventually deciding to proceed with the Rights cum Warrants Issue.

In view of the Irrevocable Undertakings by the Undertaking Shareholders and the minimum amount to be raised from the Rights cum Warrants Issue, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

6.6 Directors’ recommendations

We note from Section 9.1 of the Circular that the Directors, having considered the principal terms of the Rights Shares and the Warrants and the purpose, use of proceeds and financial effects of the Rights cum Warrants Issue, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Shareholders and accordingly recommend that Shareholders vote in favour of the ordinary resolution 1 relating to the Rights cum Warrants Issue to be proposed at the EGM as set out in the Notice of EGM.

7. PROPOSED IPT MANDATE

The Group is primarily involved in property development, construction, and facility provision, and also carries out property investment and trading services.

As at the Latest Practicable Date, Dato Yap is the Company’s Controlling Shareholder who has an aggregate direct and deemed interest of approximately 33.5% shareholding interest in the Company. Accordingly, Dato Yap and his Associates, including Mr. Yap Weng Yau, who is an Executive Director of the Company and the son of Dato Yap, are interested persons of the Company under Chapter 9 of the Catalist Rules.

As at the Latest Practicable Date, Dato Yap is the major shareholder of Regionaland Pte Ltd, which owns 97.0% of Amanland Pte Ltd, which in turn is the sole shareholder of SVC. Dato Yap and his spouse also hold the entire issued share capital of Olander Ltd in equal proportions. Accordingly, SVC, Amanland Pte Ltd, Regionaland Pte Ltd and Olander Ltd are Associates of Dato Yap and are

each also an "interested person" under Chapter 9 of the Catalist Rules. It is expected that the Group will enter into transactions with the aforementioned parties on a recurrent basis and in the ordinary course of business from time to time.

In view of the above, the Company wishes to seek the approval of Shareholders at the EGM (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Catalist Rules) for the Proposed IPT Mandate in respect of future transactions that the Group may enter into with the Mandated Interested Persons, as more particularly set out in Section 6.5 of the Circular.

7.1 General

As set out in Section 6.6 of the Circular, the Group envisages that in the ordinary course of their business, a wide range of transactions between the Group and the Mandated Interested Persons are likely to occur from time to time. The transactions falling within the ambit of the Proposed IPT Mandate would include, but are not limited to the provision of or obtaining of the following products and services in construction (including but not limited to building and infrastructure):

- (a) project development and/or management services, including but not limited to application for relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with relevant authorities, liaison with consultants and contractors, supervision of work and the engagement and provision of financial and administrative support services related to such projects;
- (b) equipment including but not limited to construction and building equipment;
- (c) building and construction services under construction contracts;
- (d) design consultancy services (covering architectural, structural, mechanical, process, civil, electrical, land surveying and quantity surveying);
- (e) materials including but not limited to building materials; and
- (f) general building, construction, engineering and technical services,

(collectively, the "**Mandated Transactions**").

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the Proposed IPT Mandate. The Proposed IPT Mandate will also not cover any transaction by any entity in the Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

7.2 Rationale and Benefits for the Proposed IPT Mandate

The rationale and benefits for the Proposed IPT Mandate has been extracted from Section 6.3 of the Circular and are set out in italics below. We recommend that Non-conflicted 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:

"6.3 Rationale and Benefits of the Proposed IPT Mandate

CBVN is principally involved in the provision of construction and construction management services and is licensed to design, build, operate and transfer different types of infrastructure-related activities in Vietnam. SVC had previously awarded to CBVN (a) a civil and structural contract of USD23.0 million for the main infrastructure construction works, (b) a mechanical and electrical contract of USD9.0 million covering 63.8 hectares of the Land on 6 May 2014 and 14 July 2014 respectively and (c) design of and main infrastructure construction works of S\$233.0

million on 24 November 2014 on the remaining 300 hectares of the Land (the "Contracts"). As at the date of this Circular, save for approximately 3% of the USD23.0 million (approximately USD0.7 million) civil and structural contract works which have been completed, CBVN has not carried out works for the rest of the awarded Contracts in view of cost escalations arising from protracted delays of land handovers by farmers and construction materials. Save for the Contracts as disclosed above, no further contracts have been awarded by SVC to CBVN as at the date of this Circular. For the avoidance of doubt, the Contracts did not constitute interested person transactions under Chapter 9 of the Catalyst Rules at the time of award of the Contracts as CBVN was not an entity at risk at the relevant time. At the time of award of the Contracts, CBS, the sole shareholder of CBVN, was an associated company of the Company which the Company had no control over. In the event of any change in terms and conditions of the Contracts that resulting in the re-entry of the new contracts, such new contracts will be subject to the same review and guidelines under the Proposed IPT Mandate.

On 28 August 2017, the Company had announced the termination of the joint development agreement dated 30 May 2017 between CBVN and SVC to jointly develop mixed properties on 63.8 hectares of the Land. Notwithstanding the aforesaid, CBVN will continue to partake in the construction development of the Designated Land Parcels having been appointed as a principal contractor by SVC, responsible only for the design, procurement, consultancy and construction activities for the proposed development plan of 61 shop houses and 348 villas rather than as a co-developer and will no longer be involved in the marketing and sale of property units and bear the project development risk. In addition, it is envisaged that CBVN may for its operations, need to procure certain specialised equipment and materials, including but not limited to building and construction equipment or materials. The ability to enter into such transactions with SVC, which owns such specialised equipment and materials pursuant to the Proposed IPT Mandate, would allow the Group more flexibility in obtaining these products efficiently.

Taking into consideration the factors above, the Group envisages that it would, in the ordinary course of business, continue to enter into the Mandated Transactions with the Mandated Interested Persons from time to time. In view of the time-sensitive nature of commercial transactions, and the need for smooth and efficient conduct of business, it would be advantageous for the Group to obtain a Shareholders' mandate to enter into the Mandated Transactions, provided that all such transactions are carried out on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Proposed IPT Mandate, if approved by the Shareholders, will not require the need for the Company to announce the entry into each Mandated Transaction and/or convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry into such Mandated Transactions, where applicable. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad hoc basis, improve administrative efficacy considerably, and will allow manpower resources and time to be channelled towards attaining other business objectives available to the Group. Shareholders will be updated on the value of such Mandated Transactions through the Company's interim and full-year financial statements and in its annual report."

7.3 Class of Mandated Interested Persons

As set out in Section 6.5 of the Circular, the Proposed IPT Mandate applies to the Mandated Transactions (as described in Section 7.4 below) which are carried out between the Group and the and the following persons or entities.

- (a) SVC;
- (b) Amanland Pte Ltd;
- (c) Regionaland Pte Ltd; and

(d) Olander Ltd,

(collectively, the "**Mandated Interested Persons**").

Transactions with other interested persons which do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

7.4 Guidelines and review procedures for the Mandated Transactions

The Group has in place internal control systems to ensure that transactions with the Mandated Interested Persons are made on normal commercial terms, and are consistent with the Group's usual business practices and policies. The audit committee of the Company ("**Audit Committee**") (which currently comprises Mr Albert Saychuan Cheok (chairman), Mr Ng Chin Hoo and Mr Chong Kum Fatt will also review and approve the Mandated Transactions, and to ensure that all Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Group or the Minority Shareholders.

The following guidelines and review procedures will be implemented after having regard to the nature of Mandated Transactions and the criteria for establishing review procedures, which is to ensure that such review procedures are adequate and/or commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms, are in the interest of the Company and are not prejudicial to the interests of the Company and Minority Shareholders.

7.4.1 Guidelines

- (i) all Mandated Transactions shall be conducted in accordance with the Group's usual business practices and policies, consistent or comparable with the usual margins or historical margins or costs (where applicable), rates (including commission) or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Mandated Interested Persons compared to those extended to or received from unrelated third parties after taking into account the speed of and cost for timely response and mobilisation, credit terms, quality, requirements, specifications, scope, size, complexity and resources required for implementation of the projects for which Mandated Interested Persons are providing and/or obtaining goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks;
- (ii) when purchasing any products or obtaining any services from a Mandated Interested Person, in order to ensure that the interests of the Group or the Minority Shareholders are not disadvantaged, comparison will be made with at least two quotations from unrelated/independent third party(ies) as a basis for comparison, from independently verifiable and reliable sources as approved by the Audit Committee from time to time ("**Approved Independent Sources**"), with advice from relevant employees of the Company with management responsibilities comprising personnel from the finance department and other relevant departments.

The list of Approved Independent Sources will be maintained by the relevant departments in the Group, and shall be reviewed by the Audit Committee periodically. The purchase price or fee or rates for the products or services, after taking into account factors mentioned in paragraph (i) above, shall not be higher than the most favourable price or fee of the two other quotations (wherever possible or available) from the Approved Independent Sources. Credit terms of the purchases will be comparable to those offered by unrelated third parties. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time of goods or services, industry norms, specifications, scope, size, complexity and resources required for implementation of the projects for which Mandated Interested Persons are providing goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions, array of services including

its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks will be taken into consideration;

- (iii) when selling any products or supplying any services to a Mandated Interested Person, the price or fee or profit margins and terms of two other successful transactions of a similar nature (or comparable nature) with non-interested persons will be used as comparison to ensure that the interests of the Group or the Minority Shareholders are not disadvantaged. The price or fee or margin for the supply of products or services shall not be lower than the lowest price or fee of the two other successful transactions with non-interested persons, taking into account all pertinent factors, including but not limited to speed of and cost for timely response and mobilisation, quantity, credit records of the customer, terms of sale or supply, strategic purpose of the transaction, specifications, scope, size, complexity and resources required for implementation of the projects for Mandated Interested Persons, preferential or relatively advantageous access to assets and buyers, asset type, restrictions, array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks and other qualitative considerations; and
- (iv) in circumstances where it is impractical or impossible to obtain comparable prices of contemporaneous transactions of similar goods or services due to the nature of the goods or services to be purchased or provided, any two Directors of the Company with no interest, direct or indirect, in the Proposed IPT Mandate will, subject to the approval thresholds as set out in Section 7.4.2 of this Letter, take such necessary steps which would include but is not limited to: (1) relying on corroborative inputs from reasonably experienced market practitioners in order to determine that the terms provided by the Mandated Interested Persons are fair and reasonable; and (2) evaluate and weigh the benefits of, and rationale for transacting with the Mandated Interested Persons, taking into account factors such as, but not limited to, the nature of the services, track record, delivery schedules, requirements and specifications of the Group or the customer, duration of contract, quality, reliability, previous working experience taking into account mobilisation cost and timely response, specifications, scope, size, complexity and resources required for implementation of the projects for which Mandated Interested Persons are providing and/or obtaining goods or services, preferential or relatively advantageous access to assets and buyers, asset type, restrictions and structure for investments, array of services including its specialists nature, local knowledge, track record and standing in the relevant markets, risk for such transactions and the attendant cost in managing such risks, project restrictions and structure or the results of and returns from the underlying projects.

7.4.2 Approval and Review Threshold

The following approval procedures will be implemented to supplement existing internal control procedures for the Mandated Transactions to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms. For the avoidance of doubt, where the approving party as stipulated herein is interested in the transaction to be approved, he/she will inform the Audit Committee and such disclosures should be documented. In the event any equivalent person with the relevant experience and responsibility, as stated below for the various thresholds cannot be determined, the approving authority shall be decided by the Audit Committee.

Individual and aggregate transactions review and approval thresholds shall be as follows:

- (a) Where the value of the Mandated Transactions is equal to or more than S\$100,000 but less than 3.0% of the Group's latest audited NTA, all subsequent Mandated Transactions shall require the prior approval of either the Chief Financial Officer of the Company ("CFO") (or equivalent person) or Executive Director of the Group ("ED").
- (b) Where the value of the Mandated Transactions is equal to or more than 3.0% but less than 5.0% of the Group's latest audited NTA, all subsequent Mandated Transactions shall require the prior approval of both CFO (or equivalent person) or the ED and; at least one (1) Director, who is not interested in the transaction and a member of the Audit Committee. Mandated Transactions

that have been approved by the Audit Committee need not be aggregated for the purpose of such approval.

- (c) Where the Mandated Transactions is equal to or more than 5.0% of the Group's latest audited NTA, all subsequent Mandated Transactions will be subject to the prior approval of the Audit Committee and recommendation of the CFO (or equivalent person) or the ED. If a member of the Audit Committee is interested in any Mandated Transactions, he shall abstain from participating in the review of that particular transaction. Mandated Transactions that have been approved by the Audit Committee need not be aggregated for the purpose of such approval. For avoidance of doubt, the Audit Committee shall be responsible for such approvals.

All approvals must strictly follow the review procedures as stipulated in Sections 7.4.1 and 7.4.2 of this Letter and must be documented. The documentation, including the reasons for approval where necessary, must be accompanied with supporting documents to serve as audit trails, which will be subject to internal and/or external audit.

In addition, the CFO (or equivalent person), will review (and document such reviews) all Mandated Transactions (including Mandated Transactions that are less than S\$100,000 in value) and its register on a quarterly basis or such other periods as approved by the Audit Committee.

The threshold limits set out above are adopted by the Company after taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at after considering the operational efficiency for the day-to-day business operations of the Group and the internal control for Mandated Transactions. The threshold limits act as an additional safeguard to supplement the review procedures which will be implemented by the Company for the Mandated Transactions. The Audit Committee will review the threshold limits annually to ensure that they are not prejudicial to the interests of the Company and its Minority Shareholders.

7.4.3 Additional Controls

In addition to the guidelines and review procedures set out above, the following approval procedures will be implemented to supplement existing internal control procedures for Mandated Transactions to ensure that such transactions are undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to minority shareholders:

(a) Maintain registers of Mandated Interested Persons and Mandated Transactions

The finance department of the Group will maintain and update a list of Mandated Interested Persons, and the CFO (or equivalent person) shall be responsible for the overall maintenance of the register (which is to be updated immediately if there are any changes) to enable identification of Mandated Interested Persons. The list of Mandated Interested Persons will be reviewed quarterly by the CFO (or equivalent person) (who shall also not be interested in any of the Mandated Transactions) and who are duly delegated to do so by the Audit Committee. The list of Mandated Interested Persons which is maintained shall be reviewed by the Audit Committee at least on a quarterly basis.

The finance department will also maintain a register of all transactions carried out with the Mandated Interested Persons, including those below S\$100,000 in value ("**IPT Register**"). The IPT Register will record information pertinent to the Mandated Transactions such as but not limited to, the list of Mandated Interested Persons, the nature of the Mandated Transactions, the basis and rationale for the entry into the transactions, the pricing and terms of the two other transactions of a similar nature with non-interested persons which were used for comparison, as well as the approving authority. The IPT Register shall be prepared, maintained, monitored and reviewed on a monthly basis by the CFO (or equivalent person) of the Group who is not interested in the Mandated Transactions. This is to ensure that they are carried out on normal commercial terms and in accordance with the guidelines and review procedures in the Proposed IPT Mandate. All relevant non-quantitative factors will also be taken into account and recorded in the IPT Register. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary

by the Audit Committee. In addition, any exceptions or departures from the procedures shall be reported and highlighted by the finance department to the Audit Committee immediately.

The CFO (or equivalent person) will obtain signed letters of confirmation from the Directors, key management of the Company, the Controlling Shareholders on a periodic basis (of not more than quarterly or such other period as may be determined by the Audit Committee) with respect to their interest in any transactions with the Group.

(b) Review by Audit Committee

The Audit Committee will review all Mandated Transactions at least on a quarterly basis to ensure that the established guidelines and review procedures for the Mandated Transactions have been complied with and the relevant approvals have been obtained, as well as monitoring and administration are adequate, sufficient and adhered to, in ensuring that the Mandated Transactions are undertaken on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review.

The Audit Committee will also review the established guidelines and review procedures of the Mandated Transactions and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the Mandated Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders. If the Audit Committee is of the view that the guidelines and review procedures have become inappropriate or insufficient to meet such objectives, the Company will seek a fresh mandate from the Shareholders based on new guidelines and review procedures for the Mandated Transactions. During the period prior to obtaining a fresh mandate from Shareholders, all Mandated Transactions will be subject to prior review and approval by the Audit Committee.

In the event that a member of the Audit Committee is interested in any Mandated Transaction, he/she shall abstain from participating in the review of the particular transaction.

The Audit Committee will review the letters of confirmation from key management personnel, Controlling Shareholders and the Directors of the Group on a periodic basis (annual basis or such other period as may be determined by the Audit Committee) and the minutes of such review and its outcome shall be taken.

(c) Review by Internal Auditors

The Group's annual or periodic (such periods as may be decided by the Audit Committee) internal audit plan may incorporate a review of all new Mandated Transactions, including the established review procedures for monitoring of such Mandated Transactions, entered into during the current financial year pursuant to the Proposed IPT Mandate and consistent with the Code of Corporate Governance 2012. The approval thresholds as stipulated in this Letter may be delegated with the approval of the Audit Committee which will be duly documented together with the bases for such approval.

Subject to the above paragraph, the Group's internal auditor shall on such periods as required by the Audit Committee, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all Mandated Transactions, and the basis of such transactions, entered into with the Mandated Interested Persons during the preceding period. The Audit Committee shall review such Mandated Transactions at its periodic meetings (not less than twice or such other frequency a year as decided by the Audit Committee) except where Mandated Transactions are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

(d) Review by External Auditors

The Audit Committee shall on an annual basis, and as and when it deems fit, engage such auditors or professionals as may be required and the scope of such review shall be decided by the Audit Committee.

(e) Further compliance

The Directors will ensure that all disclosure, approval and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with.

7.4.4 Validity period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM, and if approved, will take effect from the passing of the ordinary resolution as set out in the Notice of EGM and (unless revoked or varied by the Company in a general meeting) will continue in force until the date of the next annual general meeting of the Company ("**AGM**") or the date by which the next AGM is required by law to be held, whichever is earlier. Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Persons.

7.4.5 Disclosures

In accordance with the requirements of Chapter 9 of the Catalist Rules, the Company will:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the Proposed IPT Mandate during the financial year (in respect of each financial year that the Proposed IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the Proposed IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

The name of the Mandated Interested Person and the corresponding aggregate value of the Mandated Transactions will be presented in the following format:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)

8. OPINION AND RECOMMENDATION

8.1 WHITEWASH RESOLUTION

In arriving at our recommendation in respect of the 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, position and condition of the Company and the Group, the Group's ability to continue as a going concern and the adequacy of the working capital or the adequacy of the proceeds from the Rights cum Warrants Issue to address the concerns of the Company or the Group.

Our recommendation or opinion is not a recommendation from us for further investments in the Company or the Group or for the Independent Shareholders to subscribe for or apply for any Rights

Shares with Warrants. Our analysis, comments and opinion in this Letter are subject to confirmation from the Directors that notwithstanding the values of the Group's assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or position or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2017 are true and fair; and all material information including but not limited to plans or prospects or proposals or rationale involving the Whitewash Resolution or the Rights cum Warrants Issue stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the 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 purpose of the Rights cum Warrants Issue and use of proceeds as outlined in Section 2.2 of the Circular. In particular, we note that the Company intends to utilise the proceeds from the Rights cum Warrants Issue primarily to reduce the Indebtedness and consequently strengthen the financial position and capital base of the Group and be less reliant on external sources of funding. The Company further intends to utilise the proceeds to finance current and future construction projects, in particular, construction works on a 363.8 hectare plot of the Land. Any balance of the proceeds will primarily be used for exploration of an investment in new project opportunities under the Group's property development and construction business, and for general working capital purposes.
- (b) The historical financial performance, position and condition of the Company. The Group recorded profit after tax attributable to equity holders of the Company from continuing operations of approximately S\$0.7 million, S\$0.6 million, S\$0.6 million and S\$0.2 million for FY2014, FY2015, FY2016 and 9M2017. Shareholders' equity had increased from approximately S\$34.4 million as at 30 September 2014 to approximately S\$35.6 million as at 30 September 2015, and subsequently increased to approximately S\$38.2 million as at 30 September 2016 and as at 30 June 2017 with net working capital of approximately S\$1.8 million as at 30 June 2017. We further note that the Indebtedness amounted to approximately S\$23.7 million as at the Latest Practicable Date.
- (c) The Rights cum Warrants Issue is offered to Eligible Shareholders, with a "right of first refusal" (for their provisional allotments of the Rights Shares with Warrants). Eligible Shareholders can subscribe for their Rights Shares with Warrants if they choose to. Eligible Shareholders also have the option of trading their provisional allotment in the open market as well as applying for Excess Rights Shares with Warrants. In the allotment of Excess Rights Shares with Warrants, preference will be given to Eligible Shareholders in satisfaction of their application for Excess Rights Shares with Warrants (if any), provided that where there are insufficient Excess Rights Shares with Warrants to allot to each applicant, the Company shall allot the Excess Rights Shares with Warrants to Eligible Shareholders such that preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for Excess Rights Shares with Warrants, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

Thus the applications for Excess Rights Shares with Warrants by the Directors and Substantial Shareholder (including the Undertaking Shareholders) will only be accepted by the Company to the extent that there are Rights Shares with Warrants available after all other applications for Excess Rights Shares with Warrants have been satisfied. The Company will also not issue and allot any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise specifically approved by Shareholders in a general meeting.

- (d) The approval of the Whitewash Resolution and the Rights cum Warrants Issue are inter-conditional on each other. If the ordinary resolution for the Rights cum Warrants Issue and/or the Whitewash Resolution is not passed, neither resolutions would be carried out.
- (e) The Rights Issue Price and/or the Warrants Exercise Price (as set out in Section 5 of this Letter) after taking into account *inter alia* the following factors:–
- (i) The Rights Issue Price and/or the Warrants Exercise Price represents a discount of approximately 5.7% from the last transacted price of S\$0.053 for the Shares on Catalyst on 30 June 2017, being the Announcement Date;
 - (ii) The Rights Issue Price and/or the Warrants Exercise Price represents a discount of approximately 42.3%, 42.6%, 46.2% and 19.8% from the VWCP for the Shares for the period 12-month, 6-month, 3 month and 1-month prior to and including Announcement Date;
 - (iii) The Rights Issue Price and/or the Warrants Exercise Price represents a premium of approximately 2.3% over the VWCP for the Shares for the period commencing from the Market Day immediately after the Announcement Date and ending on the Latest Practicable Date; and
 - (iv) The Rights Issue Price and/or the Warrants Exercise Price represents a premium of approximately 19.0% over the last transacted price of S\$0.042 for the Shares on the Catalyst on 9 October 2017, being the last Trading Day prior to the Latest Practicable Date.
 - (v) The Rights Issue Price and/or Warrants Exercise Price represents a discount of approximately 54.7% from the Group's NAV and/or NTA per Share as at 30 June 2017.
 - (vi) The Rights Issue Price and/or Warrants Exercise Price represents a discount of approximately 49.5% from the Group's Revalued NAV and/or Revalued NTA per Share.
 - (vii) The Rights Issue Price and/or Warrants Exercise Price represents discount of approximately 29.9% from the Adjusted NAV and/or NTA per Share (after issuance of the Rights Shares but before exercise of any Warrant) and discount of approximately 23.6% from the Adjusted NAV and/or NTA per Share (after issuance of the Rights Shares and exercise of all Warrants) under the Minimum Subscription Scenario.
 - (viii) The Rights Issue Price and/or Warrants Exercise Price represents discount of approximately 19.7% from the Adjusted NAV and NTA per Share (after issuance of the Rights Shares but before exercise of any Warrant) and discount of approximately 14.1% from the Adjusted NAV and/or NTA per Share (after issuance of the Rights Shares and exercise of all Warrants) under the Maximum Subscription Scenario.
 - (ix) The valuation of the Group in terms of P/NAV and P/NTA (as implied by the closing price for the Shares as at the Latest Practicable Date, the Rights Issue Price and/or Warrants Exercise Price, and based on the Revalued NAV/NTA) is within the range and higher than both the median and simple average of the Selected Comparable Companies whilst the valuation of the Group in terms of P/NAV and P/NTA (as implied by the TERP and based on the Adjusted NAV/NTA) is higher than any of the Selected Comparable Companies.
 - (x) The Rights Issue Price represents discounts of approximately 5.7% and 1.5% from the LTP of S\$0.053 for each Share and the TERP on the Announcement Date respectively. These discounts are lower than any of the discounts for the Selected Rights cum Warrants Issues (save for Ramba Energy Limited, Singapore eDevelopment Limited and 3Cnergy Limited whereby their issue price for the rights shares is at premium over the respective LTP prior to the announcement and the TERP).

The Warrants Exercise Price represents a discount of approximately 5.7% and 1.5% from the LTP of S\$0.053 for the Shares and the TERP on the Announcement Date respectively. These discounts are generally lower than any of the discounts for the Selected Rights cum Warrants Issues (save for China Flexible Packaging Holdings Limited, Ramba Energy Limited, Singapore eDevelopment Limited and 3Cnergy Limited whereby their exercise price for the warrants are at premium over their respective LTP prior to the announcement and the TERP or Lifebrandz Ltd. and Viking Offshore and Marine Limited whereby their exercise price for the warrants are at premium over their respective TERP).

- (xi) The Adjusted Rights Issue Price as at the Announcement Date represents a discount of approximately 67.2% and 33.8% from the LTP for the Shares as at Announcement Date of S\$0.053 and the TERP of approximately S\$0.0263 respectively. The discounts as implied by the Adjusted Rights Issue Price from the LTP for the Shares as at Announcement Date is higher than any of the Selected Rights Issues with Whitewash, whilst the discount implied by the Adjusted Rights Issue Price from the TERP is within the range, but higher than both the median and simple average for the Selected Rights Issues with Whitewash. The relatively higher discount based on the Adjusted Rights Issue Price should be viewed in conjunction with the fact that the issue size of the Rights cum Warrants Issue is higher than any of the Selected Rights Issues with Whitewash.
- (xii) As highlighted in Section 5.5(e) of this Letter, the Warrants Exercise Price represents a discount of approximately 5.7% from the last transacted price of S\$0.053 per Share on the SGX-ST as at the Announcement Date which implies that the Warrants would have been in-the-money had they been issued and allotted at the Announcement Date, and have an intrinsic value (being the difference between the last transacted price as at the Announcement Date and the Warrants Exercise Price) of approximately S\$0.003 for each Warrant or for an aggregate of approximately S\$2.08 million for all the 691,762,292 Warrant Shares under the Maximum Subscription Scenario (or approximately 11.3% of the Company's market capitalisation as at the Announcement Date). In addition, the Warrants Exercise Price represents a premium of approximately 19.0% over the last transacted price of S\$0.042 per Share as at last Trading Day immediately preceding the Latest Practicable Date, which implies that the Warrants would have been out-of-the-money had they been issued and allotted at the Latest Practicable Date.

In addition, the theoretical market value of the Warrants is approximately S\$0.0489 and S\$0.0376 for each Warrant as at the Announcement Date and the Latest Practicable Date respectively. The Warrants will be issued free to the Eligible Shareholders pursuant to the Rights cum Warrants Issue notwithstanding the theoretical value inherent in the Warrants. In the event that the theoretical value of 2 Warrants of approximately S\$0.0489 each is deducted from the Rights Issue Price for every 3 Rights Shares, the Adjusted Rights Issue Price would be S\$0.0174 for every Rights Share (or S\$0.0522 for every 3 Rights Shares). This represents a discount of approximately 82.4% from the Group's Revalued NAV and/or NTA per Share as at 30 June 2017. Furthermore, in the event the Adjusted Rights Issue Price of approximately S\$0.0174 as at the Announcement Date is used, it represents a discount of approximately 67.2% and 33.8% from the prices of the Shares as at Announcement Date of S\$0.053 and the TERP of approximately S\$0.0263 respectively.

The discount as implied by the Adjusted Rights Issue Price, the closing prices for Shares as at the Announcement Date or the Latest Practicable Date and their relevant TERP are more favourable for all Eligible Shareholders as compared to the Selected Rights Issues. Accordingly, after adjusting for the theoretical value of the Warrants, the Adjusted Rights Issue Price as at the Latest Practicable Date are favourable.

Likewise, in the event that the theoretical value of 2 Warrants of approximately S\$0.0376 each is deducted from the Rights Issue Price for every 3 Rights Shares, the Adjusted Issue Price would be S\$0.0249 for every Rights Share (or S\$0.0748 for every 3 Rights Shares), which represents a discount of approximately 74.8% from the Group's Revalued NAV and/or Revalued NTA Share as at 30 June 2017.

We note that based on the theoretical value of each Warrant as at the Announcement and Latest Practicable Date, the valuation of the Group in terms of Adjusted Rights Issue Price to the Revalued NAV/NTA per Share is within the range of Selected Comparable Companies and is lower than both the median and simple average. As the financial performance for all the Selected Comparable Companies (save for Pollux) are less favourable than the Company, the valuation of the Group in terms of Adjusted Rights Issue Price to Revalued NAV/NTA per Share though comparable, is less favourable as compared to the median and mean for Selected Comparable Companies.

- (xiii) The terms for the Rights cum Warrants Issue in terms of discounts (for the Adjusted Rights Issue Price to the TERP and Revalued NAV/NTA per Share) are more favourable and available to all Eligible Shareholders alike, the Rights cum Warrants Issue is more favourable when compared to the 2013 Rights Issue.
 - (f) Whilst Independent Shareholders' subscription and/or application for Excess Rights Shares with Warrants may only be in cash pursuant to the procedures as described in the Circular and the offer information statement to be issued at a later date, we note from the Circular that as there will be no cash inflow to the Company pursuant to the Undertaking Shareholders' Irrevocable Undertakings. Their subscription and/or application for Rights Shares with Warrants and Excess Rights Shares with Warrants, will be effected pursuant to set off arrangements against the aggregate outstanding amounts of S\$22.6 million owed by the Group to Dato Yap and his associated companies.
- Further we understand from Directors and Management that these set off arrangements will benefit the Group as it will lower total liabilities whilst minimising cash outlay and improving leverage as defined in terms of the ratio of total liabilities to shareholders' equity.
- (g) The potential unfavourable financial effects of the Rights cum Warrants Issue as outlined in Section 3 of the Circular under both the Minimum Subscription Scenario and Maximum Subscription Scenario, on the Group's LPS and NTA per Share but favourable financial effects on the Group's gearing position.
 - (h) The potential dilutive impact of the Rights cum Warrants Issue on the percentage of shareholding interest of the Independent Shareholders as compared to the percentage of interest before the Rights cum Warrants Issue. Depending on the level of subscriptions or applications or acceptance, the Concert Party Group's percentage shareholding interest in the Company may increase beyond 75%. In such an event, the Concert Party Group will be in a position to exercise "super majority control" of the Company, which will put the Concert Party Group in a position to be able to pass all ordinary resolutions or special resolutions on matters in which the Concert Party Group do not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company. Accordingly, the ability of the Independent Shareholders to vote and influence the outcome of such resolutions are significantly reduced.
 - (i) The Directors' confirmation and representation that they had considered other funding alternatives, including external borrowing from financial institutions, before eventually deciding to proceed with the Rights cum Warrants Issue, and in view of the Irrevocable Undertakings by the Undertaking Shareholders and the minimum amount to be raised from the Rights cum Warrants Issue, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.
 - (j) Other relevant considerations as set out in this Letter.

For the purposes of evaluation of the Rights cum Warrants Issue, being the transaction that is subject of the Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "fair and reasonable" should be regarded as comprising two distinct concepts:

- (i) Whether a rights issue is “fair” relates to an opinion on the value of the issue price and/or exercise price which is based strictly on the evaluation of the issue price and/or exercise price (i.e. by looking at the financial analyses of the Rights Issue Price and/or the Warrants Exercise Price as set out above) and taking into account the fact that the underlying transaction for which the Whitewash Resolution is sought is a rights issue, wherein it is generally accepted that a rights issue is usually priced such that the Rights Shares with Warrants are at a discount to the existing market prices of the Shares as well as on a theoretical rights issue basis) and the ability of the Undertaking Shareholders to subscribe or accept or apply or be allotted for Rights Shares with Warrants in excess of their entitlements is subject to, *inter alia*, existing Shareholders rights to subscribe, accept or apply for Rights Shares with Warrants.
- (ii) Whether a rights issue is “reasonable”, after taking into consideration *inter alia* the actual and potential financial impact of other circumstances surrounding the Rights cum Warrants Issue and the Company which we consider relevant (being quantitative and qualitative factors).

Notwithstanding that the Rights Issue Price and the Warrants Exercise Price represent substantial discounts to the Group’s unaudited NAV or NTA as at 30 June 2017, the Group’s Revalued NAV and/or NTA, as well as the Group’s Adjusted NAV and/or NTA (under both the Minimum Subscription Scenario and Maximum Subscription Scenario), we consider the Rights cum Warrants Issue to be **FAIR**, from a financial point of view after factoring, *inter alia*, the following:–

- (i) The financial performance, condition of the Group after taking into consideration the Indebtedness as at the Announcement Date.
- (ii) Fair or favourable comparison of the Group’s valuation (as implied by the Rights Issue Price or the Warrants Exercise Price or the TERP) *vis a vis* the Selected Comparable Companies after considering the respective historical financial performance and position and in the context of the underlying transaction being the subject of the Whitewash Resolution is a rights issue (whereby it is generally accepted that the pricing for such rights issue would generally be at discount). The valuation of the Group in terms of: (a) LTM PER - is significantly higher and more favourable than Pollux (with the rest of the Selected Comparable Companies having negative LTM PER as they were all loss making during the period reviewed); (b) LTM EV/EBITDA – is lower than the simple average and median but still within the range of the Selected Comparable Companies; (c) P/NAV and P/NTA (as implied by the Rights Issue Price or Warrants Exercise Price and Revalued NAV and/or NTA) appears to be within the range and higher than both the median and simple average of the Selected Comparable Companies; (d) P/NAV and P/NTA (as implied by the TERP and based on the Adjusted NAV and/or NTA) is higher than any of the Selected Comparable Companies; and (e) P/NAV and P/NTA (as implied by the Adjusted Rights Issue Price and the Revalued NAV and/or NTA per Share) is lower than median and simple average but is within the range of Selected Comparable Companies.
- (iii) Whilst the pricing of the Rights cum Warrants Issue (in terms of discount for the Rights Issue Price and the Warrants Exercise Price from the LTP and the TERP) is generally less favourable than most of the Selected Rights cum Warrants Issues, there were rights cum warrants issues in the market which were priced above the LTP and/or the TERP (such as Ramba Energy Limited, Singapore eDevelopment Limited, 3Cnergy Limited, Lifebrandz Ltd. and Viking Offshore and Marine Limited).

Despite the Rights cum Warrants Issue may appear to be “less attractive” for the Eligible Shareholders to subscribe in terms of pricing *vis a vis* historical market price and TERP as compared to the Selected Rights cum Warrants Issues, it is in general fairly comparable to the Selected Rights cum Warrants Issues considering (i) the Rights cum Selected Rights cum Warrants Issues is being offered on a pro-rata basis to all Eligible Shareholders (including the Undertaking Shareholders) with same terms and conditions (including *inter alia* the pricing); (ii) Eligible Shareholders (including the Undertaking Shareholders) are at liberty to accept, decline or otherwise renounce or trade their provisional allotment of Rights Shares with Warrants and will be able to apply for additional Rights Shares with Warrants in excess of their provisional allotment; and (iii) the underlying transaction for which the Whitewash Resolution is sought is a

rights issue whereby it is generally accepted that the pricing for such rights issue would generally be at discount.

- (iv) In comparison to the Selected Rights Issues with Whitewash, the discounts as implied by the Adjusted Rights Issue Price from the LTP for the Shares as at Announcement Date is higher than any of the Selected Rights Issues with Whitewash, whilst the discount implied by the Adjusted Rights Issue Price from the TERP is within the range, but higher than both the median and simple average for the Selected Rights Issues with Whitewash. The relatively higher discount based on the Adjusted Rights Issue Price should be viewed in conjunction with the fact that the issue size of the Rights cum Warrants Issue is higher than any of the Selected Rights Issues with Whitewash.

The Rights cum Warrants Issue may appear to be “more attractive” for the Eligible Shareholders to subscribe in terms of pricing *vis a vis* historical market price, TERP and Revalued NTA as compared to the Selected Rights Issues with Whitewash, however it is generally fairly comparable to the Selected Rights Issues with Whitewash taking into account that the issue size for the Rights cum Warrants Issue (*vis a vis* market capitalization) is bigger than any of the Selected Rights Issues with Whitewash and the percentage of the number of Rights Shares undertaken is lower than both the simple average and median for the Selected Rights Issues with Whitewash. As such, “lower” pricing may be required to attract more subscriptions by the Eligible Shareholders.

We also consider the Rights cum Warrants Issue to be **REASONABLE**, from a financial point of view, for the following reasons:

- (i) The financial performance, condition of the Group after taking into consideration the Indebtedness as well as the limited ability of the Group to seek alternative forms of financing or equity contribution given their specific context and confirmations or representations.
- (ii) The Directors’ confirmation and representation that they had considered other funding alternatives, including external borrowing from financial institutions, before eventually deciding to proceed with the Rights cum Warrants Issue, and in view of the Irrevocable Undertakings by the Undertaking Shareholders and the minimum amount to be raised from the Rights cum Warrants Issue, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.
- (iii) The Directors’ opinion as set out in Section 9.1 of the Circular that the Directors, having considered the principal terms of the Rights Shares and the Warrants and the purpose, use of proceeds and financial effects of the Rights cum Warrants Issue, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Shareholders.
- (iv) The Rights cum Warrants Issue is being offered on a pro-rata basis, subject to rounding, to all Eligible Shareholders and the Rights Issue Price and Warrants Exercise Price are the same for all Entitled Shareholders (including the Undertaking Shareholders). Eligible Shareholders (including the Undertaking Shareholders) are at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue, albeit ranking ahead of *inter alia* the Concert Party Group.

Lastly, having considered all of the above, subject to the qualifications and assumptions set out in this Letter including but not limited to the uncertainties, the Group’s financial performance and position, and in the context of the Group’s present circumstances including the Indebtedness and the constraints faced by the Group in seeking alternative forms of financing or equity contribution given their specific context and confirmations or representations, we are of the opinion that, based on the information available to us as at the Latest Practicable Date, the Whitewash Resolution is **NOT PREJUDICIAL** to the interests of the Independent Shareholders, when considered in the context of the “pre-emptive” rights accorded to all Eligible Shareholders pursuant to the Rights cum Warrants Issue, as well as the fact that the Whitewash Resolution may facilitate the Rights cum Warrants Issue in raising funds of at least approximately S\$22.6 million based on the Irrevocable Undertakings from

the Undertaking Shareholders) and in the context of the Directors' confirmation that the going concern of the Group and the sufficiency of the working Capital for the next twelve (12) months from the end of 9M2017 is dependent on, *inter alia*, the successful completion of the Rights cum Warrants Issue.

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, we are of the view that the financial terms of the Rights cum Warrants Issue, being the subject of the Whitewash Resolution, is, on balance **FAIR, REASONABLE, and NOT PREJUDICIAL** from a financial point of view.

8.2 THE PROPOSED IPT MANDATE

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the following:

- (i) the rationale and benefits for the Proposed IPT Mandate and benefits to the Group as set out in Section 6.3 of the Circular; and
- (ii) the review procedures and additional controls of the Company in relation to the Proposed IPT Mandate, including the role of the Audit Committee in ensuring that the Company adheres to the review procedures, as set out in Section 6.7 of the Circular, and in particular that the Audit Committee will review all Mandated Transactions at least on quarterly basis.

Based on the above, we are of the opinion that the adoption of the Proposed IPT Mandate and the procedures as set out in the Circular, is in the interest of the Company and that the review procedures (including the additional controls) for determining the transaction prices pursuant to the Proposed IPT Mandate as set out in Section 6.7 of the Circular, if adhered to fully, are sufficient to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

8.3 RECOMMENDATION

Based on our assessment of the financial terms of the Whitewash Resolution as well as the Proposed IPT Mandate as set out above, from a financial point of view, we advise the Non-conflicted and Non-Interested Directors to recommend that Independent Shareholders vote in favour of both the Whitewash Resolution and Proposed IPT Mandate to be proposed at the EGM, and to highlight to Independent Shareholders the matters as stated in our Letter and to exercise caution in their decision in voting for or against the Whitewash Resolution and the Proposed IPT Mandate.

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 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 or the Group after the completion of the Rights cum Warrants Issue as well as the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the financial terms of the Rights cum Warrants Issue, being the subject of the Whitewash Resolution and the Proposed IPT Mandate.

Matters to highlight

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

- (1) **Independent Shareholders should note that:**
 - (a) **by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from Olander Ltd at the highest price paid by the Concert Party Group for the Shares in the six months preceding the**

commencement of the offer which the Concert Party Group would have otherwise been obliged to make in accordance with Rule 14 of the Code; and

- (b) the issue of Rights Shares upon the exercise of the Warrants to Olander Ltd pursuant to the Irrevocable Undertakings may result in the Concert Party Group holding Shares carrying over 49.0% of the voting rights of the Company and the Concert Party Group would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer.**
- (2) Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment and investment properties) or contracts 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 Independent Valuer's Report issued by the Independent Valuer in respect of the market value of the Group's Appraised Assets as at the Valuation Date. 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 and investment properties) including, *inter alia* the contracts 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.
- (3) 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 Whitewash Resolution or the Proposed IPT Mandate or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Rights cum Warrants Issue or the Whitewash Resolution or the Proposed IPT Mandate or the other transactions or resolutions stipulated in the Circular where applicable or voting for or voting against the Rights cum Warrants Issue, Whitewash Resolution or the Proposed IPT Mandate or the other transactions or resolutions stipulated in the Circular where applicable or on the future financial performance of the Company or the Group or the plans (if any) for each of them.

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-conflicted Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares 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.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the share registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, not less than 48 hours before the time fixed for the EGM. Completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register maintained by the CDP at least 72 hours before the EGM.

This Letter is addressed to the Non-conflicted Directors and Non-Interested Directors in connection with and for the sole purpose of their evaluation of the financial terms of the Whitewash Resolution and the Proposed IPT Mandate respectively 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 that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Whitewash Resolution and the Proposed IPT Mandate at the forthcoming EGM. 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 prevent or exclude Shareholders from relying on this Letter in connection with the Whitewash Resolution and the Proposed IPT Mandate, whether pursuant to the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore or otherwise. Save as disclosed herein, 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 Non-conflicted Directors and Non-Interested Directors to the Independent Shareholders in relation to the Whitewash Resolution and the Proposed IPT Mandate respectively as well as other resolutions referred to in the Circular and the issue of the Circular shall remain the sole responsibility of the Non-conflicted Directors, the Non-Interested 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Amplefield Limited (“**Company**”) will be held at RELC International Hotel, Room 602, Level 6, 30 Orange Grove Road, Singapore 258352 on 15 November 2017 at 1.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary resolutions:

*All capitalised terms used in this notice which are not defined herein shall have the meanings as ascribed to them in the Circular dated 31 October 2017 to shareholders of the Company (“**Circular**”).*

ORDINARY RESOLUTION 1

THE RIGHTS CUM WARRANTS ISSUE

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 2, a proposed renounceable non-underwritten rights cum warrants issue (“**Rights cum Warrants Issue**”) of up to 1,037,643,438 new Shares (“**Rights Shares**”) at an issue price of S\$0.05 for each Rights Share, and up to 691,762,292 free detachable warrants of the Company (“**Warrants**”), with each Warrant carrying the right to subscribe for one Share (“**Warrant Share**”) at an exercise price of S\$0.05 for each Warrant Share, on the basis of three Rights Shares and two free Warrants for every one Share held by shareholders of the Company (“**Shareholders**”) as at a books closure date to be determined (“**Books Closure Date**”), fractional entitlements to be disregarded, be and is hereby approved and the Board be and is hereby authorised to:

- (a) effect the Rights cum Warrants Issue in the manner as set out in the Circular, including the allotment and issue of:
 - (i) such number of Rights Shares as the Directors may determine, up to a maximum of 1,037,643,438 Rights Shares at an issue price of S\$0.05 for each Rights Share;
 - (ii) such number of Warrants as the Directors may determine, up to a maximum of 691,762,292 Warrants to be issued together with the Rights Shares, with each Warrant carrying the right to subscribe for one Warrant Share at an exercise price of S\$0.05 for each Warrant Share, during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fifth anniversary of the date of issue of the Warrants, subject to the terms and conditions of the Deed Poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - (iii) such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (and such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (b) effect and carry out the Rights cum Warrants Issue on the terms of and subject to the conditions set out below and/or otherwise on such terms and conditions as the Directors may, in their absolute discretion, deem fit:

- (i) that the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“CDP”) as at the Books Closure Date with registered addresses in Singapore or who have, at least three market days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of three Rights Shares and two free Warrants for every one existing Share held by Eligible Shareholders at the Books Closure Date;
 - (ii) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three market days prior thereto, provided to the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents;
 - (iii) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on the Singapore Exchange Securities Trading Limited and the net proceeds therefrom, if any, will be dealt in accordance with the terms set out in the offer information statement to be issued by the Company in respect to the Rights cum Warrants Issue;
 - (iv) no provisional allotments of Rights Shares with Warrants shall be made in favour of Shareholders other than Eligible Shareholders;
 - (v) the provisional allotments of Rights Shares with Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be dealt with in such manner, as the Directors may in their absolute discretion, deem fit in the interests of the Company; and
 - (vi) the Rights Shares when issued and paid-up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares;
- (c) allot and issue, notwithstanding that the issue thereof may take place after the next ensuing annual or other general meeting of the Company:
- (i) up to 691,762,292 Warrant Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the conditions of the Deed Poll, such Warrant Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll), save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Warrant Shares; and
 - (ii) on the same basis as paragraph c(i) above, such further Warrant Shares as may be required to be allotted and issued on the exercise of any of the additional Warrants referred to in paragraph (a)(iii) above; and

- (d) the Directors of the Company and any of them be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Board or such Director may consider expedient or necessary or in the interests of the Company to give effect to this Resolution and in connection with the Rights cum Warrants Issue.

ORDINARY RESOLUTION 2

THE WHITEWASH RESOLUTION

RESOLVED THAT subject to and contingent upon the passing of Ordinary Resolution 1, and the SIC Conditions being fulfilled, the Shareholders (other than the Concert Party Group and Shareholders not independent of them) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code, in the event that the subscription of the Rights Shares with Warrants and Excess Applications for the Rights Shares with Warrants by the Concert Party Group pursuant to the Rights cum Warrants Issue results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

ORDINARY RESOLUTION 3

THE PROPOSED IPT MANDATE

RESOLVED THAT:

- (a) pursuant to Chapter 9 of the Catalist Rules, approval be and is hereby given for the Company, its subsidiaries and associated companies that is an “entity at risk” (as defined in Chapter 9 of the Catalist Rules), to enter into any of the IPTs with any of the Mandated Interested Persons, provided that such transactions are made on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders and are in accordance with the review procedures as set out in the Circular;
- (b) the Proposed IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier; and
- (c) the Directors of the Company and any of them be and is hereby authorised to complete and to do all such acts and things (including but not limited to the execution of all such agreements and documents as may be required) as he may consider necessary, desirable, expedient or in the interests of the Company to give effect to this Resolution and in connection with the Proposed IPT Mandate.

ORDINARY RESOLUTION 4

PROPOSED SHARE ACQUISITION

RESOLVED THAT:

- (a) approval be and is hereby given for the Proposed Share Acquisition on the terms and conditions as set out in the ALI Agreement; and

- (b) the Directors of the Company and any of them be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents including any amendment, alteration, modification or variation as may be required or as the Board or such Director may consider expedient or necessary or in the interests of the Company to give effect to this Resolution and in connection with the ALI Agreement.

BY ORDER OF THE BOARD

Amplefield Limited

Woon Ooi Jin
Executive Director
31 October 2017

Notes:

1. The Concert Party Group and Shareholders not independent of them shall abstain from voting in respect of Ordinary Resolution 2 to approve the Whitewash Resolution.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member who is not a Relevant Intermediary, appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary, such as banks and capital markets services licence holders which provide custodial services and are members of the Company, may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. The instrument appointing a proxy must be deposited at the registered office of the Company’s Share Register, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than 48 hours before the time appointed for holding of the EGM.
7. Shareholders who have used their CPF account savings to buy shares in the capital of the Company and who wish to attend the Extraordinary General Meeting as observers are to register with their respective CPF agent banks.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.

AMPLEFIELD LIMITED
(Company Registration No. 198900188N)
(Incorporated in the Republic of Singapore)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting ("EGM").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investors") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy. In which case, the CPF and SRS investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____ NRIC/Passport No. _____
of _____ (address)
being a member/members* of Amplefield Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/they, the Chairman of the EGM as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the EGM of the Company to be held at RELC International Hotel, Room 602, Level 6, 30 Orange Grove Road, Singapore 258352 on 15 November 2017 at 1.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matters arising at the EGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

* Delete accordingly

No.	Ordinary Resolutions	For	Against
1.	To approve the Rights cum Warrants Issue		
2.	To approve the Whitewash Resolution		
3.	To approve the Proposed IPT Mandate		
4.	To approve the Proposed Share Acquisition		

(Please indicate your vote "For" or "Against" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this _____ day of _____ 2017

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

Signature(s) of Shareholder(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the member must specify the proportion of shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
5. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than 48 hours before the time appointed for holding the EGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.
8. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
9. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the EGM as observers are requested to submit in writing, a list with details of the investors’ names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the office of Boardroom Corporate & Advisory Services Pte. Ltd. located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for holding the EGM.
10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.