

CIRCULAR DATED 7 DECEMBER 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your ordinary shares in the capital of Chasen Holdings Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form 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.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. The in-principle approval of the SGX-ST has been obtained for the listing of and quotation for up to 192,779,083 Rights Shares, up to 385,558,166 Warrants, up to 385,558,166 New Shares (as defined herein), up to 10,000,000 TCL Consultancy Fee Shares, up to 16,000,000 TCL Warrants, up to 16,000,000 New TCL Shares (defined herein) and up to 8,507,170 Adjusted Warrants and 8,507,170 Adjusted Shares on the Main Board of the SGX-ST, subject to the fulfilment of certain conditions. Official quotation for the Rights Shares, the Warrants, the New Shares, the Adjusted Warrants, the Adjusted Shares, the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares will commence after all conditions imposed by the SGX-ST are satisfied, including the certificates for the Rights Shares and the Warrants having been issued and the allotment letter from The Central Depository (Pte) Limited having been despatched.

The approval in-principle from the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries (as defined herein).



CHASEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 2 November 1999)
(Company Registration No. 199906814G)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 192,779,083 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT THE ISSUE PRICE OF \$0.05 FOR EACH RIGHTS SHARE, AND UP TO 385,558,166 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 “NEW SHARES”) AT THE EXERCISE PRICE OF \$0.025 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), AND TWO (2) FREE DETACHABLE WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS CUM WARRANTS ISSUE”);**
- (2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 10,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY IMMEDIATELY AFTER THE ALLOTMENT AND ISSUE OF THE RIGHTS SHARES BUT BEFORE THE ALLOTMENT OF THE NEW SHARES (“TCL CONSULTANCY FEE SHARES”) TO TANAMERAH CAPITAL LIMITED (“TCL”), ODD LOTS TO BE DISREGARDED, CREDITED AS FULLY PAID AND UP TO 16,000,000 FREE DETACHABLE WARRANTS TO TCL (“TCL WARRANTS”), ODD LOTS TO BE DISREGARDED, EACH TCL WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE (“NEW TCL SHARE”) AT AN EXERCISE PRICE OF \$0.025 FOR EACH NEW TCL SHARE (THE “PROPOSED TCL SHARES AND WARRANTS ISSUE”); AND**
- (3) THE PROPOSED ISSUE OF UP TO 8,507,170 WARRANTS PURSUANT TO THE ADJUSTMENT OF EXISTING WARRANTS CONSTITUTED UNDER THE DEED POLL DATED 19 FEBRUARY 2014 EXECUTED BY THE COMPANY, EVERY ONE (1) ADJUSTED WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE “ADJUSTED WARRANTS ISSUE”).**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	20 December 2015 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	22 December 2015 at 11.00 a.m.
Place of Extraordinary General Meeting	:	Violet Room, Level 3, The Chevrons, 48 Boon Lay Way, Singapore 609961

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DEFINITIONS

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

“1H”	: First half of the financial year
“2014 Deed Poll”	: Deed Poll executed by the Company dated 19 February 2014
“Adjusted Shares”	: Up to 8,507,170 new ordinary shares of the Company to be issued by the Company, credited as fully paid, upon the exercise of the Adjusted Warrants, subject to and in accordance with the terms and conditions in the 2014 Deed Poll
“Adjusted Warrants”	: Up to 8,507,170 new warrants to be issued pursuant to the Adjusted Warrants Issue
“Announcement”	: Announcement of the Rights cum Warrants Issue and the Proposed TCL Shares and Warrants Issue made by the Company on 26 August 2015
“ARE”	: Application and acceptance form for Rights Shares with Warrants and excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of the provisional allotments of Rights Shares with Warrants of such Entitled Depositors under the Rights cum Warrants Issue
“ARS”	: Application and acceptance form for Rights Shares with Warrants to be issued to purchasers in respect of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system
“ATM”	: Automated teller machine of a Participating Bank
“Board”	: The board of Directors of the Company as at the date of this Circular
“Books Closure Date”	: Subject to Shareholders’ approval of the Rights cum Warrants Issue being obtained at the EGM, the time and date to be determined by the Directors, at and on which the provisional allotments of the Entitled Shareholders under the Rights cum Warrants Issue will be determined
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders
“Closing Date”	: The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of, the Rights Shares with Warrants under the Rights cum Warrants Issue; or time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment of the Rights Shares with Warrants under the Rights cum Warrants Issue through an ATM of a Participating Bank
“Code”	: The Singapore Code of Takeovers and Mergers, as amended or modified from time to time

DEFINITIONS

“Companies Act”	: Companies Act of Singapore, Chapter 50, as amended or modified from time to time
“Company”	: Chasen Holdings Limited
“CPF”	: Central Provident Fund
“CPF Approved Bank”	: Any bank appointed by the CPF Board to be an agent bank
“CPF Board”	: The Board of the CPF established pursuant to the Central Provident Fund Act of Singapore, Chapter 36
“CPF Investment Account” or “CPF Investment Scheme - Ordinary Account”	: The account opened by a CPF member with a CPF Approved Bank into which monies from his ordinary account have been deposited and from which money may be withdrawn for the purchase of investments under the CPF Investment Scheme
“CPF Investment Scheme”	: The investment scheme introduced by the CPF Board
“Deed Poll”	: The deed poll to be executed by the Company constituting the Warrants and the TCL Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warranholders and the TCL Warranholders
“Designated Account”	: The bank account to be specified and operated by the Company and maintained with a bank in Singapore for the purpose of crediting moneys received from the exercising Warranholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warranholders
“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 61 to 64 of this Circular
“Entitled Depositors”	: Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	: Shareholders whose Shares are registered in their own names in the Register of Members and whose registered addresses are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided to the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	: Entitled Depositors and Entitled Scripholders
“EPS”	: Earnings per Share
“Exercise Period”	: The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the second (2 nd) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members is

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	closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warrantholders may be closed), subject to the terms and conditions of the Warrants to be set out in the Deed Poll. The right to exercise the Warrants will not be extended beyond the Exercise Period
“Exercise Price”	: The sum payable in respect of each New Share to which the Warrantholder will be entitled to subscribe upon the exercise of a Warrant which shall be \$0.025, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Foreign Shareholders”	: Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	: Financial year ended 31 March
“Group”	: The Company, its subsidiaries and its associated companies
“Issue Price”	: The issue price of the Rights Shares, being \$0.05 for each Rights Share
“Last Dealt Price”	: In relation to a Share on a relevant Market Day, the last dealt price per Share for one or more board lots of Shares on that Market Day on which there is trading of the Shares on the Main Board of the SGX-ST
“Latest Practicable Date”	: 27 November 2015, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“New Shares”	: Up to 385,558,166 new Shares to be allotted and issued by the Company upon the exercise of the Warrants subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“New TCL Shares”	: Up to 16,000,000 new Shares to be issued by the Company, credited as fully paid, upon the exercise of the TCL Warrants, including, where the context admits, such new Shares arising from the exercise of any additional TCL Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the TCL Warrants to be set out in the Deed Poll
“NTA”	: Net tangible assets

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“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, to be issued by the Company in connection with the Rights cum Warrants Issue
“Outstanding Warrants”	: Unexercised outstanding warrants in registered form allotted and issued by the Company pursuant to the terms and conditions of the Warrants (2014) as set out in the 2014 Deed Poll
“PAL”	: Provisional allotment letter to be issued to Entitled Scripholders, setting out the provisional allotment of Rights Shares with Warrants under the Rights cum Warrants Issue
“Participating Banks”	: The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors and persons purchasing the “nil-paid” rights through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and applications for excess Rights Shares with Warrants, as the case may be, to be made under the Rights cum Warrants Issue
“Proposed TCL Shares and Warrants Issue”	: The proposed issue of TCL Consultancy Fee Shares and TCL Warrants to TCL, as set out in Section 7 of this Circular
“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 with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	: Register of members of the Company
“Register of Warrantholders”	: The register of Warrantholders required to be maintained pursuant to the Deed Poll
“Rights cum Warrants Issue”	: The proposed renounceable non-underwritten rights issue by the Company of up to 192,779,083 Rights Shares at the Issue Price, and up to 385,558,166 free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price for each New Share, on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders as at the Books Closure Date, and two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded
“Rights Shares”	: Up to 192,779,083 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
“Rights Shares with Warrants”	: Up to 192,779,083 Rights Shares with up to 385,558,166 Warrants to be allotted and issued by the Company
“Securities Account”	: A securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SFA”	: Securities and Futures Act of Singapore, Chapter 289, as amended or modified from time to time

DEFINITIONS

“SGXNET”	: The SGXNET Corporate Announcement System
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shares”	: Ordinary shares in the capital of the Company
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	: Persons (other than CDP) who are registered as holders of the Shares in the Register of Members and/or who have Shares entered against their names in the Depository Register maintained by CDP
“SIC”	: The Securities Industry Council
“SRS”	: The Supplementary Retirement Scheme constituted under the Income Tax (Supplementary Retirement Scheme) Regulations 2003
“TCL”	: Tanamerah Capital Limited
“TCL Consultancy Fee Shares”	: Up to 10,000,000 new Shares to be issued and allotted to TCL immediately after the allotment and issue of the Rights Shares but before the allotment of the new Shares to TCL, odd lots to be disregarded, credited as fully paid
“TCL Warrants”	: Up to 16,000,000 free warrants to be issued and allotted to TCL, odd lots to be disregarded, 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 TCL Warrants to be set out in the Deed Poll (any such additional TCL Warrants to rank <i>pari passu</i> with the TCL Warrants to be issued and for all purposes to form part of the same series of TCL Warrants constituted by the Deed Poll), each TCL Warrant carrying the right to subscribe for one (1) New TCL Share at an exercise price of \$0.025 for each New TCL Share
“Warrant Agent”	: Boardroom Corporate & Advisory Services Pte. Ltd.
“Warrantholders”	: Registered holders of Warrants, except that where CDP is the registered holder, the term “Warrantholders” shall, in relation to such Warrants, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
“Warrants”	: Up to 385,558,166 free detachable warrants in registered form to be 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 issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank <i>pari passu</i> with the warrants to be issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), subject to the terms and conditions to be set out in the Deed Poll, each warrant entitling the holder thereof to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions to be set out in the Deed Poll

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Warrants (2014)	: The warrants in registered form allotted and issued by the Company pursuant to the terms and conditions of the Warrants (2014) as set out in the 2014 Deed Poll
“\$” and “cents”	: Singapore dollars and cents respectively
“%” or “percent”	: Percentage or per centum

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

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

Any reference to any enactment is a reference to that enactment as for the time being amended or reenacted.

Any word defined under the Companies Act, the SFA or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

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

LETTER TO SHAREHOLDERS

CHASEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 2 November 1999)
(Company Registration No. 199906814G)

Directors:

Ng Jwee Phuan @ Frederick (Eric) (*Non-Executive Chairman and Independent Director*)
Low Weng Fatt (*Managing Director and CEO*)
Siah Boon Hock (*Executive Director*)
Yap Koon Bee @ Louis Yap (*Non-Executive Director*)
Tan Sin Huat Dennis (*Independent Director*)
Chew Mun Yew (*Independent Director*)
Yap Beng Geok Dorothy (*Alternate Director to Yap Koon Bee @ Louis Yap*)

Registered Office:

18 Jalan Besut
Singapore 619571

Date: 7 December 2015

To: The Shareholders of Chasen Holdings Limited

Dear Sir / Madam,

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 192,779,083 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT THE ISSUE PRICE OF \$0.05 FOR EACH RIGHTS SHARE, AND UP TO 385,558,166 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 “NEW SHARES”) AT THE EXERCISE PRICE OF \$0.025 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), AND TWO (2) FREE DETACHABLE WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS CUM WARRANTS ISSUE”);**
- (2) **THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 10,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY IMMEDIATELY AFTER THE ALLOTMENT AND ISSUE OF THE RIGHTS SHARES BUT BEFORE THE ALLOTMENT OF THE NEW SHARES (“TCL CONSULTANCY FEE SHARES”) TO TANAMERAH CAPITAL LIMITED (“TCL”), ODD LOTS TO BE DISREGARDED, CREDITED AS FULLY PAID AND UP TO 16,000,000 FREE DETACHABLE WARRANTS TO TCL (“TCL WARRANTS”), ODD LOTS TO BE DISREGARDED, EACH TCL WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE (“NEW TCL SHARE”) AT AN EXERCISE PRICE OF \$0.025 FOR EACH NEW TCL SHARE (THE “PROPOSED TCL SHARES AND WARRANTS ISSUE”); AND**
- (3) **THE PROPOSED ISSUE OF UP TO 8,507,170 WARRANTS PURSUANT TO THE ADJUSTMENT OF EXISTING WARRANTS CONSTITUTED UNDER THE DEED POLL DATED 19 FEBRUARY 2014 EXECUTED BY THE COMPANY, EVERY ONE (1) ADJUSTMENT WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE “ADJUSTED WARRANTS ISSUE”).**

1. INTRODUCTION

1.1 The Rights cum Warrants Issue and the Proposed TCL Shares and Warrants Issue

On 26 August 2015, the Company announced the Rights cum Warrants Issue and the Proposed TCL Shares and Warrants Issue, subject to, *inter alia*, the in-principle approval of the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants, the New Shares, the TCL Consultancy Fee Shares, TCL Warrants and New TCL Shares on the Main Board of the SGX-ST and the approval of the Shareholders for the Rights cum Warrants Issue at the EGM.

LETTER TO SHAREHOLDERS

The Rights cum Warrants Issue will not be underwritten. On 27 November 2015, the SGX-ST granted approval in-principle for the listing of and quotation for up to 192,779,083 Rights Shares, up to 385,558,166 Warrants, up to 385,558,166 New Shares, up to 10,000,000 TCL Consultancy Fee Shares, up to 16,000,000 TCL Warrants and up to 16,000,000 New TCL Shares on the Main Board of the SGX-ST, subject to, *inter alia*, the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Rights cum Warrants Issue and the Proposed TCL Shares and Warrants Issue;
- (c) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights cum Warrants Issue and from the exercise of the Warrants and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (d) a written undertaking from the Company that it will comply with the confirmation given under Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares;
- (e) a written confirmation from the Company that there is a satisfactory spread of warrant holders to provide an orderly market for the Warrants in compliance with Rule 826 of the Listing Manual;
- (f) a written confirmation from the Company that the terms of the Warrants do not permit revision of the exercise price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual;
- (g) a written undertaking from the Company that Rules 820, 830 and 831 of the Listing Manual will be complied with;
- (h) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
- (i) a written confirmation from the Company that it will not issue the TCL Consultancy Fee Shares to persons prohibited under Rule 812(1) of the Listing Manual;
- (j) announcement of the conditions under which the price of the New TCL Shares may be adjusted and the conditions under which TCL Warrants may be redeemed;
- (k) a written undertaking from the Company that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the TCL Shares and Warrants Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (l) a written confirmation from the Company that it will not issue the TCL Warrants to persons prohibited under Rule 812(1) of the Listing Manual;
- (m) a written confirmation from the Company that the terms of the TCL Warrants comply with Rule 829(1) of the Listing Manual;
- (n) a written confirmation from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual; and

LETTER TO SHAREHOLDERS

- (o) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual.

Shareholders should note that the in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the TCL Shares and Warrants Issue, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

Shareholders should note that in the event permission is not granted by the SGX-ST for the listing and quotation of the Warrants due to an inadequate spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants, Warrantholders will not be able to trade their Warrants on the Main Board of the SGX-ST. Pursuant to the Listing Manual, 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 warrantholders for a class of company warrants. The Company shall nevertheless proceed with and complete the Rights cum Warrants Issue in such an event.

Pursuant to Rule 877(10) of the Listing Manual, in the allotment of any excess Rights Shares, the Company confirms that preference will be given to the rounding of odd lots, and that 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 issue, or have representation (direct or through a nominee) on the board of the Company will rank last in priority for the rounding of odd lots and allotment of excess rights shares.

1.2 The Adjusted Warrants Issue

As at the Latest Practicable Date, the Company has 93,578,870 Outstanding Warrants in registered form allotted and issued by the Company pursuant to the terms and conditions of the 2014 Deed Poll. As a result of the Rights cum Warrants Issue, pursuant to the 2014 Deed Poll, the Company is required to make adjustments to the number as well as the exercise price of the Outstanding Warrants. Under the terms of the 2014 Deed Poll, such adjustments will be effective from the commencement of the Market Day next following the Closing Date.

The Company will also seek Shareholders' approval for the issuance of the Adjusted Warrants as a result of the Rights cum Warrants Issue pursuant to the 2014 Deed Poll, as well as the issuance of Adjusted Shares upon the exercise of such Adjusted Warrants.

On 27 November 2015, the Company received the approval in-principle from the SGX-ST for the listing and quotation of the Adjusted Warrants and the Adjusted Shares arising out of the exercise of the Adjusted Warrants on the Main Board of the SGX-ST subject to:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) Shareholders' approval being obtained for the Rights cum Warrants Issue, the Proposed TCL Shares and Warrants Issue and the Adjusted Warrants Issue.

Shareholders should note that the approval in-principle by the SGX-ST is not to be taken as an indication of the merits of the Adjusted Warrants Issue, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

The purpose of this Circular is to provide Shareholders with information relating to the Rights cum Warrants Issue, the Proposed TCL Shares and Warrants Issue and the Adjusted Warrants Issue and to seek Shareholders' approval for the proposed ordinary resolutions set out in the Notice of EGM on pages 61 to 64 of this Circular.

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2. THE RIGHTS CUM WARRANTS ISSUE

2.1 Basis of the Rights cum Warrants Issue

On 26 August 2015, the Company announced the Rights cum Warrants Issue. The Rights cum Warrants Issue was proposed to be made on a renounceable non-underwritten basis to Entitled Shareholders of up to 192,779,083 Rights Shares based on the issued share capital of the Company of 291,979,296 Shares and 93,578,870 Outstanding Warrants (excluding 525,107 treasury shares and assuming that all the Outstanding Warrants will be fully exercised before the Books Closure Date), at an Issue Price of \$0.05 for each Rights Share, and up to 385,558,166 free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) New Share at the exercise price of \$0.025 for each New Share, on the basis of one (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at the Books Closure Date, and two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

The Rights Shares are payable in full upon acceptance and/or application. 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 Company believes that the Rights cum Warrants Issue has been appropriately priced to attract subscription interest from the Entitled Shareholders and the investing public.

The Issue Price of \$0.05 for each Rights Share represents a discount of approximately:

- (a) 34.2% to the closing price of \$0.076 for each Share, based on the trades done on the SGX-ST on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the date the Announcement was released by the Company;
- (b) 31.5% to the last transacted price of \$0.073 per Share as at the Latest Practicable Date; and
- (c) 25.7% to the theoretical ex-rights price of \$0.0673 per Share.

The Exercise Price of \$0.025 represents a discount of approximately 67.1% to the closing price of \$0.076 for each Share on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the date of this announcement.

The Exercise Price of \$0.025 for each Warrant represents a discount of approximately:

- (a) 67.1% to the closing price of \$0.076 for each Share, based on the trades done on the SGX-ST on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the date the Announcement was released by the Company;
- (b) 65.8% to the last transacted price of \$0.073 per Share as at the Latest Practicable Date; and
- (c) 62.9% to the theoretical ex-rights price of \$0.0673 per Share.

On 23 September 2015, the Company bought back 70,000 Shares. On 30 September 2015, the Company bought back 60,000 Shares. As of Latest Practicable Date, the issued share capital of the Company is 291,849,296 Shares (excluding 655,107 Shares held as treasury shares).

Based on the existing issued share capital of the Company of 291,849,296 Shares (excluding 655,107 Shares held as treasury shares) as at the Latest Practicable Date, and assuming that the Rights cum Warrants Issue is fully subscribed, up to 145,924,648 Rights Shares and 291,849,296 Warrants may be issued pursuant to the Rights cum Warrants Issue as at the Books Closure

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Date. Upon the allotment and issuance of the Rights Shares, the Company will have an issued share capital comprising up to 437,773,944 Shares. If all Warrants issued (excluding Outstanding Warrants (as defined below)) are exercised into New Shares, the Company will have an issued share capital comprising 729,623,240 Shares.

Entitled Shareholders will be at liberty to accept (in part or in whole), decline or otherwise renounce (in part or in whole in favour of a third party) 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.

Disregarded fractional entitlements of Rights Shares with Warrants will be aggregated with entitlements to the Rights Shares with Warrants which are not taken up or allotted for any reason, and shall be used to satisfy excess applications for Rights Shares with Warrants (if any) or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

Pursuant to Rule 877(10) of the Listing Manual, in the allotment of any excess Rights Shares, the Company confirms that preference will be given to the rounding of odd lots, and that 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 issue, or have representation (direct or through a nominee) on the board of the Company will rank last in priority for the rounding of odd lots and allotment of excess rights shares.

Provisional allotments of the Rights Shares with Warrants which would otherwise have been made to Foreign Shareholders will be dealt with in the manner set out on paragraph 2.5.2 of this Circular.

The Company will not withdraw the Rights cum Warrants Issue after commencement of ex-rights trading of the Shares.

2.2 Principal Terms of the Rights Shares

Number of Rights Shares : Up to 192,779,083 Rights Shares (with up to 385,558,166 Warrants) to be allotted and issued

Basis of Provisional Allotment : One (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at the Books Closure Date, and two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded

Issue Price : \$0.05 for each Rights Share with Warrant, payable in full on acceptance and/or application

The Issue Price represents a discount of approximately 34.2% to the closing price of \$0.076 for each Share, based on the trades done on the SGX-ST on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the release of the Announcement

Status of the Rights Shares : 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

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Listing of the Rights Shares : In-principle approval for the listing of and quotation for up to 192,779,083 Rights Shares on the Main Board of the SGX-ST has been granted by the SGX-ST on 27 November 2015 subject to certain conditions, the details of which are set out on paragraph 2.4 of this Circular

The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries

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

Option to Scale Down : Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, and subject to the approval of the SGX-ST, scale down the subscription and/or the application for excess Rights Shares with Warrants by any Shareholder (if such Shareholder chooses to subscribe for its pro-rata Rights Shares with Warrants and/or apply for excess Rights Shares with Warrants) to:

- (a) ensure that such Shareholder will not hold a controlling interest in the Company unless prior specific approval is obtained from Shareholders in a general meeting; or
- (b) avoid placing such Shareholder and parties acting in concert with him (as defined under the Code) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully

Use of CPF Funds : Subject to, *inter alia*, the applicable CPF rules and regulations, members of the Company under the CPF Investment Scheme - Ordinary Account may use their CPF Ordinary Account savings (subject to the availability of investible savings) ("**CPF Funds**") for the payment of the Issue Price to subscribe for the provisional allotment of Rights Shares with Warrants and/or apply for excess Rights Shares with Warrants. Such members who wish to accept the provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct their respective CPF Approved Banks, where they hold their CPF Investment Accounts, to accept and (if applicable) apply for the provisional allotment of the Rights Shares with Warrants on their behalf and in accordance with the terms and conditions of the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market

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Use of SRS funds : SRS investors who wish to accept their provisional allotments of Rights Shares with Warrants and apply for excess Rights Shares with Warrants (if applicable) can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS accounts. Such SRS investors who wish to accept their provisional allotments of Rights Shares with Warrants and apply for excess Rights Shares with Warrants using SRS monies (if applicable), must instruct the relevant approved banks in which they hold their SRS accounts to accept their provisional allotments of Rights Shares and apply for excess Rights Shares with Warrants (if applicable) on their behalf. Any application made directly to CDP or through ATM by such Entitled Shareholders will be rejected. For the avoidance of doubt, monies in SRS accounts may not be used for the purchase of the provisional allotments of Rights Shares with Warrants directly from the market

Governing law : Laws of the Republic of Singapore

2.3 Principal Terms of the Warrants

Number of Warrants : Up to 385,558,166 Warrants to be issued free together with the Rights Shares subscribed

Basis of Allotment : Two (2) free detachable Warrants with every one (1) Rights Share 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 the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Main Board of the SGX-ST, subject to, *inter alia*, an adequate spread of holdings of the Warrants to provide for an orderly market in 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 : In-principle approval for the listing of and quotation for up to 385,558,166 Warrants on the Main Board of the SGX-ST has been granted by the SGX-ST on 27 November 2015 subject to certain conditions, the details of which are set out on paragraph 2.4 of this Circular

The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries

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

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Exercise Price : \$0.025 for each New Share, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll

The Exercise Price represents a discount of approximately 67.1% to the closing price of \$0.076 for each Share, based on the trades done on the SGX-ST on 24 August 2015, being the last trading day (on which trades were recorded) before the release of the Announcement

Exercise Period : The period during which the Warrants may be exercised at any time from and including the date of issue of the Warrants up to 5.00 p.m. on the day immediately preceding the second (2nd) anniversary of the date of issue of the Warrants unless such date is a date on which the Register of Members is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warrantholders may be closed), subject to the terms and conditions of the Warrants to be set out in the Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose. The right to exercise the Warrants will not be extended beyond the Expiry Period

End of Exercise Period : One month before the end of the Exercise Period, a notice of expiry will be sent to all Warrantholders and an announcement will be made

Mode of Payment for Exercise of Warrants : Warrantholders who exercise their Warrants must pay the Exercise Price by way of (a) a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company; or (b) subject to the Warrants being listed on the Main Board of the SGX-ST, by debiting the relevant Warrantholder's CPF Investment Account with the specified CPF Approved Bank for the credit of the Designated Account; or (c) subject to the Warrants being listed on the Main Board of the SGX-ST, partly in the form of remittance and/or partly by debiting such Warrantholder's CPF Investment Account with the CPF Approved Bank for the credit of the Designated Account

Adjustments : The Exercise Price and/or the number of Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under the following circumstances to be set out in the Deed Poll:

- (a) any consolidation, subdivision or conversion of the Shares; or
- (b) an issue by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature) to the Shareholders (other than an issue of Shares to the Shareholders who elect to receive Shares in lieu of cash or other dividend); or

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- (c) a Capital Distribution (as defined in the Appendix) made by the Company to the Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (d) an offer or invitation made by the Company to the Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (e) an issue (otherwise than pursuant to an offer or invitation made by the Company to the Shareholders whereunder they may acquire or subscribe for Shares by way of rights, requiring an adjustment under paragraph (d) above, and other than an issue of Shares to the Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares, if the Total Effective Consideration (as defined in the Appendix) for each Share is less than ninety percent (90%) of the Last Dealt Price for each Share (calculated in the manner set out in the Appendix).

Details of, *inter alia*, the adjustment formulae applicable to each of the circumstances set out in paragraphs (a) to (e) above are set out in the Appendix.

Any additional Warrants issued shall rank *pari passu* with the Warrants issued under the Rights cum Warrants Issue 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 SGXNET

Number of New Shares : In the event all the 385,558,166 Warrants are exercised and assuming that there are no adjustments to the number of Warrants, 385,558,166 New Shares will be allotted and issued by the Company subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll.

Assuming that 192,779,083 Rights Shares and 385,558,166 New Shares are allotted and issued by the Company, such New Shares will constitute approximately 40% of the enlarged issued share capital of the Company following the allotment and issue of such Rights Shares and New Shares.

Assuming that 192,779,083 Rights Shares and 385,558,166 New Shares are allotted and issued by the Company, such New Shares will constitute approximately 132% of the existing issued share capital of the Company following the allotment and issue of such Rights Shares and New Shares.

Status of the New Shares : The New Shares arising from the exercise of the Warrants, upon allotment and issue, 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 is on or after the relevant exercise date of the Warrants.

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Modification of Rights of Warrantholders : The Company may, without the consent of the Warrantholders but in accordance with the terms of the Deed Poll, effect any modification to the terms of the Deed Poll including the terms and conditions of the Warrants which, in the opinion of the Company is:

- (a) not materially prejudicial to the interests of the Warrantholders;
- (b) of a formal, technical or minor nature;
- (c) to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- (d) to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise thereof or meetings of the Warrantholders 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 Main Board of the SGX-ST.

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

The Company will comply with Rule 831 of the Listing Manual in respect of any alteration to the terms and conditions of the Warrants.

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

- (a) lodgement of Warrant certificates and transfer forms - a Warrantholder whose Warrants are registered in his own name (the "**Transferor**") shall lodge, during normal business hours in any business day at the specified office of the Warrant Agent, the Transferor's Warrant certificate(s) together with a transfer form (the "**Transfer Form**"), duly completed and signed by and 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 to be 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 CDP;

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- (b) any transfer of Warrants registered in the name of CDP shall be effected in accordance with applicable law and the rules of CDP as amended from time to time and where 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
- (c) the executors or administrators of a deceased Warrantholder shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants registered in the name of a deceased Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be reasonably required by the Warrant Agent to prove their title and on completion of a Transfer Form and the payment of such fees and expenses to be set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased holder could have made.

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), the Warrantholders 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 New Shares to which they would have become entitled pursuant to such exercise. The Company shall give notice to the Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof.

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 for the winding-up of the Company shall lapse and cease to be valid for any purpose.

Further issues

- : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to allot and 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. However, the Warrantholders shall not have any participation rights in any such issues of Shares by the Company 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 despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights cum Warrants Issue at the EGM.

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2.4 Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is conditional upon, *inter alia*, the following:

- (a) the approval in-principle of the SGX-ST for the listing of and quotation of the Rights Shares, the Warrants and the New Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants under the Rights cum Warrants Issue);
- (b) the Shareholders' approval for the Rights cum Warrants Issue and for the allotment and issue of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares at the EGM to be convened having been obtained; and
- (c) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) in respect of the Rights cum Warrants Issue with the Monetary Authority of Singapore.

On 27 November 2015, the SGX-ST has granted in-principle approval for the listing and quotation of up to 192,779,083 Rights Shares, up to 385,558,166 Warrants and up to 385,558,166 New Shares on the Main Board of the SGX-ST, subject to, *inter alia*, the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Rights cum Warrants Issue;
- (c) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights cum Warrants Issue and from the exercise of the Warrants and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (d) a written undertaking from the Company that it will comply with the confirmation given under Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares;
- (e) a written confirmation from the Company that there is a satisfactory spread of warrant holders to provide an orderly market for the Warrants in compliance with Rule 826 of the Listing Manual;
- (f) a written confirmation from the Company that the terms of the Warrants do not permit revision of the exercise price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual; and
- (g) a written undertaking from the Company that Rules 820, 830 and 831 of the Listing Manual will be complied with.

The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

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

2.5.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, at their respective Singapore addresses. Entitled Shareholders (being Entitled Depositors) who do not receive the Offer Information Statement and the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. They are at a liberty to accept, decline, renounce or trade on the Main Board of the SGX-ST, during the provisional allotment trading period prescribed by the SGX-ST, in full or in part their provisional allotments of Rights Shares with Warrants and are eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares with Warrants and apply for excess Rights Shares with Warrants (if applicable), may only do so through CDP and/or by way of an electronic application through an ATM(s) of a Participating Bank. Full details of the Rights cum Warrants Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course.

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

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

2.5.2 Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be registered or filed in any jurisdiction other than 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 Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

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

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The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the "Foreign Purchasers"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

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

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing the CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 not later than three (3) Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the Main Board of the SGX-ST 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 sale, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deducting 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 \$10.00, such amount shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit for the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on the Main Board of 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 or CDP 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 allotments.

If such provisional allotments of Rights Shares with Warrants cannot be or are not sold on the Main Board of 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 allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

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

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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 regulatory or legal requirements in those territories.

The procedures for 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 Entitled Shareholders in due course.

2.6 Non-Underwritten and No Undertaking

The Directors are of the view that the Issue Price of \$0.05 for each Rights Share together with the relevant free Warrants is sufficiently attractive and that there is no minimum amount that must be raised or any minimum level of subscription for the Rights cum Warrants Issue taking into consideration the intended use of proceeds set out in paragraph 2.7 below. In view of the foregoing, the Rights cum Warrants Issue is not underwritten.

The Company has not received undertakings from any Shareholder to subscribe for the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue.

2.7 Rationale of the Rights cum Warrants Issue and the Use of Proceeds

The Company is undertaking the Rights cum Warrants Issue as a strategic initiative to raise funds to strengthen the financial position of the Group by increasing the Company's working capital and capital base and to empower the Group with greater financial strength to capitalise on potential growth and acquisition opportunities.

It is also intended to reward long term Shareholders for their continued support and loyalty for the Company since its initial public offering by providing Shareholders with the opportunity to (a) lower the average costs of acquiring their Shares, and (b) recoup their capital in the event that the price of the Shares rise.

With effect from 2 March 2015, the SGX-ST implemented a minimum trading price requirement of \$0.20 per share for shares of issuers listed on the Mainboard of the SGX-ST as a continuing listing requirement. A one-time transition period of 12 months from 2 March 2015 (i.e. 1 March 2016) will be given to affected issuers to undertake corporate actions to meet the new requirement, and such affected issuers will only be placed on the watch-list if they are unable to meet the minimum trading price requirement after this 12 month transition period. Issuers which are unable to take steps to raise their minimum trading price and exit the watch-list will be delisted after a 36 month cure period.

The Rights cum Warrants Issue will also increase the number and liquidity of the Shares by increasing the total number of Shares in issue. This may in turn benefit any future share consolidation for the Company in that the ratio of such share consolidation will not have to be set excessively high to achieve the minimum trading price should the price of the Shares increase. The Rights cum Warrants Issue, by increasing the number of Shares in issuance, may also allow the number of Shares in issue subsequent to any future share consolidation to be liquid.

The Company hopes to improve the liquidity of the stock trading through the Rights cum Warrants Issue and undertake corporate activities using the proceeds raised from the Rights cum Warrants Issue. The Board of Directors will review the status of the liquidity and the price of the Company's shares in the Board meeting in February 2016 and finalise its decision on complying with the minimum trading price requirement, including undertaking a share consolidation exercise.

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The Company will take all necessary actions and is confident of complying with the minimum trading price requirement.

The Issue Price of \$0.05 represents a discount of approximately 34.2% to the closing price of \$0.076 for each Share, based on the trades done on the SGX-ST on 24 August 2015, being the immediate market day (on which trades were recorded) prior to the release of the Announcement.

As at the Latest Practicable Date, the Company has:

- (i) an existing issued and paid-up share capital comprising 291,849,296 Shares (excluding 655,107 treasury shares) ("**Existing Share Capital**"); and
- (ii) 93,578,870 outstanding warrants ("**Outstanding Warrants**") which are exercisable into 93,578,870 Shares.

For illustration purposes only, in the event that (a) none of the Outstanding Warrants are exercised before the Books Closure Date and (b) the Rights Shares are fully subscribed (the "**Basic Subscription Scenario**"), the estimated net proceeds from the Rights Shares will be approximately \$7.0 million ("**Net Proceeds**") after deducting professionals' fees and related expenses estimated at \$0.3 million (excluding the fees payable to TCL (as defined below) as set out in section 7 below) to be incurred in connection with the Rights cum Warrants Issue. On the basis of the foregoing, and assuming that all Warrants issued (excluding Outstanding Warrants) are exercised, the estimated gross proceeds from the exercise of the Warrants (excluding Outstanding Warrants) will be approximately \$7.3 million ("**Exercise Proceeds**").

In the event that (a) the Outstanding Warrants are exercised in full before the Books Closure Date and (b) the Rights Shares are fully subscribed (the "**Enlarged Subscription Scenario**"), the estimated Net Proceeds from the Rights Shares will be approximately \$9.3 million after deducting professionals' fees and related expenses estimated at \$0.3 million (excluding the fees payable to TCL (as defined below) as set out in section 7 below) to be incurred in connection with the Rights cum Warrants Issue. On the basis of the foregoing, and assuming that all Warrants issued (including Outstanding Warrants) are exercised, the estimated Exercise Proceeds from the exercise of the Warrants will be approximately \$9.6 million.

The Company intends to use the Net Proceeds of the Rights cum Warrants Issue as follows:

Intended uses	Amount (\$ million)	% of Net Proceeds of the Rights cum Warrants Issue
General working capital purposes	1.05	15
Fund expansion and growth of existing businesses	2.45	35
Investment purposes	3.50	50
Total	7.00 ⁽¹⁾	100

* The management may transfer the amount of proceed allocated for business expansion for general working capital purposes if no firm plan materialises within the next six (6) months from the date of the listing of the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue.

(1) Rounded up to the nearest thousand.

Pending the deployment of the Net Proceeds from the Rights cum Warrants Issue, the Net Proceeds may be deposited with banks and/or financial institutions, or invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

As and when the Warrants are exercised, the Exercise Proceeds arising therefrom may, at the discretion of the Directors, be applied towards investment purposes, business expansion, working capital, and/or such other purposes as the Directors may deem fit.

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The Company will make immediate announcements on the use of proceeds from the Rights cum Warrants Issue when materially disbursed and will provide a status report on the use of proceeds in its annual report(s). Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details as to how the proceeds have been applied in the Company's announcements and annual report(s). Where there is any material deviation from the intended use of proceeds, the Company will immediately announce the reason(s) for such deviation.

2.8 Financial Effects of the Rights cum Warrants Issue

For illustrative purposes only and based on the latest audited consolidated financial statement of the Group for FY2015, the financial effects on the Company and the Group based on the Basic Subscription Scenario and the Enlarged Subscription Scenario on a proforma basis are set out below.

The proforma analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Rights cum Warrants Issue.

2.8.1 Share Capital⁽¹⁾

	Assuming Basic Subscription Scenario		Assuming Enlarged Subscription Scenario ⁽²⁾	
	No. of Shares	(\$'000)	No. of Shares	(\$'000)
Issued share capital ⁽³⁾	291,849,296	79,423	291,849,296	79,423
Add:-				
Assuming the exercise of all the Outstanding Warrants	—	—	93,578,870	12,013 ⁽⁴⁾
Rights Shares to be issued	145,924,648	7,296	192,714,083	9,636
TCL Consultancy Fee Shares ⁽⁵⁾	10,000,000	500	10,000,000	500
Less:-				
Expenses charged against share capital	—	(800)	—	(800)
Issued share capital after the Rights cum Warrants Issue and issuance of TCL shares (before the exercise of any Warrants)	447,773,944	86,419	588,142,249	100,772
Add:-				
New Shares assuming the exercise of all the Warrants	291,849,296	7,296	385,428,166	9,636
New Shares assuming the exercise of all the TCL Warrants ⁽⁶⁾	16,000,000	400	16,000,000	400
Issued share capital after the Rights cum Warrants Issue and assuming the exercise of all the Warrants	755,623,240	94,115	989,570,415	110,808

Notes:-

- (1) As at the Latest Practicable Date.
- (2) Assuming that outstanding warrants are exercised prior to the Books Closure Date.
- (3) Based on the issued and paid-up share capital (excluding treasury shares) of the Company as at the Latest Practicable Date.
- (4) Includes a transfer of proceeds from Warrant reserve.
- (5) Maximum numbers of TCL Consultancy Fee Shares to be issued.
- (6) Maximum number of TCL Warrants to be issued.

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2.8.2 NTA

The Rights cum Warrants Issue will have the following impact on the NTA and the NTA per Share of the Group and the Company based on the latest audited Statement of Financial Position of the Company and the Group as at 31 March 2015 is as follows:

	Assuming Basic Subscription Scenario		Assuming Enlarged Subscription Scenario ⁽¹⁾	
	Group (\$'000)	Company (\$'000)	Group (\$'000)	Company (\$'000)
NTA as at 31 March 2015	54,232	76,400	54,232	76,400
Add: Net proceeds from the exercise of Outstanding Warrants	—	—	11,229	11,229
Add : Net proceeds from the Rights Shares	6,996	6,996	9,336	9,336
NTA after the Rights cum Warrants Issue	61,228	83,396	74,797	96,965
Add : Proceeds assuming the exercise of all the Warrants ⁽²⁾	7,696	7,696	10,036	10,036
NTA after the Rights cum Warrants Issue and assuming the exercise of all the Warrants	68,924	91,092	84,833	107,001
Number of Shares in issue (excluding treasury shares) as at 31 March 2015	291,978,191	291,978,191	291,978,191	291,978,191
NTA per Share as at 31 March 2015 (cents)	18.6	26.2	18.6	26.2
Number of Shares in issue as at the Latest Practicable Date	291,849,296	291,849,296	385,428,166	385,428,166
NTA per Share before the Rights cum Warrants Issue (cents)	18.6	26.2	17.0	22.7
Number of Shares in issue after the Rights cum Warrants Issue ⁽³⁾	447,773,944	447,773,944	588,142,249	588,142,249
NTA per Share after the Rights cum Warrants Issue (cents)	13.7	18.6	12.7	16.5
Number of Shares in issue after the Rights cum Warrants Issue and assuming the exercise of all the Warrants ⁽⁴⁾	755,623,240	755,623,240	989,570,415	989,570,415
NTA per Share, after the Rights cum Warrants Issue and assuming the exercise of all the Warrants (cents)	9.1	12.1	8.6	10.8

Notes:-

- (1) Only Outstanding Warrants are included.
- (2) Includes TCL Warrants.
- (3) Includes TCL Consultancy Fee Shares.
- (4) Includes TCL Consultancy Fee Shares and TCL Warrants.

Upon exercise of the Warrants, the NTA of the Company and the Group will be increased by an amount equivalent to the aggregate value of the subscription monies received from the issue of the New Shares. The effect on the NTA per Share of the Company and the Group will depend on the number of Warrants exercised, and the number of Shares then in issue.

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2.8.3 EPS

The Rights cum Warrants Issue is expected to have a dilutive effect on the EPS of the Company or the Group in view of the enlarged issued share capital of the Company after the Rights cum Warrants Issue. The financial effects of the Warrants on the EPS of the Group cannot be ascertained as at the Latest Practicable Date as this will depend on, *inter alia*, the number of Warrants exercised and the earnings or returns realised from the proceeds raised from the issue of the New Shares pursuant to the exercise of the Warrants.

2.8.4 Gearing

The effect of the Rights cum Warrants Issue on the gearing of the Group, based on the latest audited consolidated financial statements of the Group as at 31 March 2015 is set out below:

	Assuming Basic Subscription Scenario (\$'000)	Assuming Enlarged Subscription Scenario (\$'000)
<u>As at 31 March 2015</u>		
Total borrowings before the Rights cum Warrants Issue ⁽¹⁾	28,205	28,205
Shareholders' equity ⁽²⁾ before the Rights cum Warrants Issue	65,425	65,425
Gearing before the Rights cum Warrants Issue (times) ⁽³⁾	0.43	0.43
<u>Assuming the Outstanding Warrants are exercised and assuming there are no expenses incurred for the exercise of the Outstanding Warrants</u>		
Total borrowings before the Rights cum Warrants Issue ⁽¹⁾	28,205	28,205
Shareholders' equity ⁽²⁾ before the Rights cum Warrants Issue but after the exercise of Outstanding Warrants	65,417 ⁽⁴⁾	76,645
Gearing before the Rights cum Warrants Issue (times) ⁽³⁾	0.43	0.37
<u>Assuming Basic and Enlarged Subscription Scenario</u>		
Total borrowings after the Rights cum Warrants Issue	28,205	28,205
Shareholders' equity after the Rights cum Warrants Issue	72,412	85,981
Gearing after the Rights cum Warrants Issue (times)	0.39	0.33
<u>Assuming the Warrants are exercised and assuming there are no expenses incurred for the exercise of the Warrants</u>		
Total borrowings after the Rights cum Warrants Issue	28,205	28,205
Shareholders' equity after the Rights cum Warrants Issue	80,108	96,018
Gearing after the Rights cum Warrants Issue (times)	0.35	0.29

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Notes:-

- (1) "Total borrowings" mean the amount of liabilities arising from all the borrowings from banks and other financial institutions.
- (2) "Shareholders' equity" means the aggregate of the Group's issued and paid-up share capital and reserves.
- (3) "Gearing" means the ratio of the Group's total borrowings to shareholders' equity.
- (4) For this scenario, no Outstanding Warrants are exercised.

3. SUMMARY OF PAST PERFORMANCE

3.1 Consolidated Statements of Profit or Loss and Other Comprehensive Income of the Group

The Company was incorporated on 2 November 1999. The audited consolidated statements of profit or loss and other comprehensive income of the Group for FY2013 to FY2015 and the unaudited consolidated statement of profit or loss and other comprehensive income of the Group for 1H FY2015 and 1H FY2016 are set out below:

	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY 2015 (Audited) \$'000	1HFY2015 (Unaudited) \$'000	1HFY2016 (Unaudited) \$'000
Revenue	79,417	101,479	98,800	49,928	47,393
Cost of sales	(63,108)	(79,023)	(78,108)	(38,651)	(38,356)
Gross Profit	16,309	22,456	20,692	11,277	9,037
Other operating income	4,169	2,290	3,688	642	1,621
Distribution and selling expenses	(5,540)	(5,598)	(6,539)	(3,087)	(2,108)
Administrative expenses	(12,188)	(11,765)	(13,303)	(6,681)	(5,681)
Other operating expenses	(8,716)	(2,849)	(603)	(90)	(1,054)
Finance expenses	(991)	(886)	(1,246)	(591)	(636)
Share of results of an associate	—	—	(361)	(129)	70
Profit/(loss) before income tax	(6,957)	3,648	2,328	1,341	1,249
Income tax expense	(355)	(248)	(96)	(426)	(383)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD	(7,312)	3,400	2,232	915	866

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	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY 2015 (Audited) \$'000	1HFY2015 (Unaudited) \$'000	1HFY2016 (Unaudited) \$'000
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net loss on fair value changes of available-for-sale financial assets	(127)	(292)	(812)	–	–
Fair value of consideration injected in an associate	–	409	–	–	–
Net gain on fair value changes arising from net assets acquired	–	1,370	–	–	–
Exchange differences on translating foreign operations	(105)	359	1,910	280	(498)
Other operating income/(loss) for the financial year/period, net of tax	(232)	1,846	1,098	280	(498)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR/PERIOD	(7,544)	5,246	3,330	1,195	368
Profit/(loss) for the financial year/period attributable to:					
Owners of the Company	(5,355)	2,502	2,240	389	665
Non-controlling interests	(1,957)	898	(8)	526	201
Profit for the financial year/period	(7,312)	3,400	2,232	915	866
Total comprehensive income/(loss) for the financial year/period attributable to:					
Owners of the Company	(5,574)	4,362	3,200	723	295
Non-controlling interests	(1,970)	884	130	472	73
Total comprehensive income/(loss) for the financial year/period	(7,544)	5,246	3,330	1,195	368
Earnings per share					
Basic (cents)	(2.14)	0.99	0.83	0.15	0.23
Diluted (cents)	(2.13)	0.98	0.78	0.14	0.23

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3.2 Statements of Financial Position of the Group

The audited consolidated statements of financial position of the Group as at the financial years ended 31 March 2013, 2014 and 2015 and the unaudited consolidated statement of financial position of the Group as at 1H FY2016 are set out below:

	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY2015 (Audited) \$'000	1H FY2016 (Unaudited) \$'000
ASSETS				
Non-current assets				
Investment property	4,080	–	950	950
Property, plant and equipment	17,511	23,824	28,079	31,007
Investments in associates	1,000	1,409	1,085	1,156
Goodwill on consolidation	10,649	10,638	10,638	10,638
Intangible assets	912	726	547	447
Club membership	10	9	8	8
Available-for-sale financial assets	1,008	1,055	243	243
Deferred tax assets	–	–	1,416	1,543
Other receivables, deposits and prepayments	496	408	408	408
Total non-current assets	35,666	38,069	43,374	46,400
Current assets				
Inventories	2,348	3,152	4,243	4,381
Gross amount due from customers on contract work-in-progress	589	3,816	2,043	800
Trade receivables	31,465	35,597	40,606	41,066
Other receivables, deposits and prepayments	13,999	11,861	16,663	16,841
Cash and cash equivalents	7,706	14,747	13,130	12,635
Non-current asset, held-for-sale	5,075	–	–	–
Total current assets	61,182	69,173	76,685	75,723
Total assets	96,848	107,242	120,059	122,123
Equity				
Share capital	42,037	43,688	49,995	49,995
Treasury shares	(7)	(146)	(93)	(101)
Other reserves	(4,193)	(1,328)	(861)	(1,939)
Retained profits	12,405	14,404	16,384	17,049
Equity attributable to owners of the Company	50,242	56,618	65,425	65,004
Non-controlling interests	3,870	4,845	4,895	4,736
Total equity	54,112	61,463	70,320	69,740
Non-current liabilities				
Bank loans	1,415	3,539	4,831	5,429
Finance lease payables	2,420	1,912	2,271	2,836
Deferred tax liabilities	1,386	881	902	898
Total non-current liabilities	5,221	6,332	8,004	9,163

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	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY2015 (Audited) \$'000	1H FY2016 (Unaudited) \$'000
Current liabilities				
Bank overdrafts	1,425	766	661	959
Bank loans	15,206	17,152	18,855	18,347
Finance lease payables	1,936	1,865	1,587	2,026
Trade payables	9,289	13,000	11,370	13,717
Other payables and accruals	9,568	6,263	7,962	7,179
Income tax payable	91	401	1,300	992
Total current liabilities	37,515	39,447	41,735	43,220
Total liabilities	42,736	45,779	49,739	52,383
Total equity and liabilities	96,848	107,242	120,059	122,123

3.3 Overview of the Performance of the Group

FY2014 vs FY2013

Revenue

Revenue for FY2014 increased by 28% to \$101.5 million from \$79.4 million in FY2013 mainly due to a 87% increase in revenue contribution from the relocation business segment as compared to last financial year. Our Vietnam operation also made its maiden contribution to overall group revenue as a subsidiary. The third party logistics business segment contributed 28% to the Group's revenue this financial year as compared to 27% for the last financial year.

Gross Profit/Gross Profit Margin

For FY2014, gross profit was \$22.5 million, a 38% increase compared to \$16.3 million in the last financial year. Gross profit margin increased slightly to 22% compared to 21% in FY2013.

Other Income

For the whole financial year, other income was \$2.3 million, a 45% decrease compared to \$4.2 million in the last financial year as explained above.

Operating Expenses

For FY2014, distribution and selling expenses remained relatively constant at \$5.6 million. For FY2014, administrative expenses decreased by 3% mainly due to cost control measures and decrease in legal fees. The decrease of finance costs in FY2014 was mainly due to the decrease in bank loan interest.

Profit before and after tax

The Group reported a profit before tax of \$3.6 million in FY2014 as compared to a loss of \$7.0 million in FY2013. The decrease in income tax expense in FY2014 was mainly due to overprovision for tax expense in earlier quarters.

FY2015 vs FY2014

Revenue

For FY2015, revenue from specialist relocation business segment spearheaded the rate of growth by approximately 19% to \$39.8 million as compared to \$33.3million. However, the increase was offset by the decrease in revenue from third party logistics business segment and technical and engineering business segment by 8% to \$25.9 million and 17% to \$33.21 million in FY2015 respectively.

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Gross profit and gross profit margin

The Group's gross profit for FY2015 decreased by 8% to \$20.7 million mainly due to the lower profit margins. The gross profit margin for the year was 21% as compared to 22% last year.

Other operating income

Other operating income increased to \$3.7 million in FY2015 mainly due to gain on disposal of fixed assets, foreign exchange gain and government grants.

Distribution and selling expenses

The 17% increase in FY2015 was due to higher marketing expenses incurred in securing overseas projects in preceding quarters.

Administrative expenses

Administrative expenses increased by \$1.5 million in FY2015 mainly due to increase in depreciation expenses arising from the acquisition of the balance 49% rights in No.6 Tuas Avenue 20 and legal and professional expenses incurred.

Other operating expenses

Other operating expenses decreased in FY2015 as compared to last year mainly due to lower provision for doubtful trade receivables.

Finance expenses

The increase in finance expenses was the result of the increased use of financing facilities and the adjustment of \$0.3 million in the previous financial year.

Share of results in an associate, net of tax

The share of results in an associate net of tax was \$0.4 million for FY2015.

Profit before income tax

As a result of the above mentioned, the Group reported a profit before tax of \$2.3 million compared to \$3.6 million in FY2014.

Income tax expense

The decrease in tax expense for FY2015 was mainly due to deferred tax credit and tax refund partially set-off by current year tax expense.

Profit after income tax

As a result of the above, the Group reported a profit after tax of \$2.2 million for FY2015 as compared to \$3.4 million last year.

1H FY2016 vs 1H FY2015

Revenue

The Group's revenue for the half year ended 30 September 2015 decreased by 5% or \$2.5 million to \$47.4 million as compared to the corresponding period a year ago.

Revenue from Specialist Relocation Business Segment and Third Party Logistics Business Segment both decreased by \$1 million respectively in 1H FY2016 as compared to the same period last year. Revenue from Technical and Engineering Business Segment decreased by \$0.5 million.

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Gross profit and gross profit margin

The Group's gross profit for 1H FY2016 decreased by 20% or \$2.2 million to \$9 million in line with the decrease in revenue. The gross profit margin for the half year was 19.1% as compared to 22.5% achieved in 1H FY2015.

Other operating income

For the half year ended 30 September 2015, other operating income increased by \$1 million to \$1.6 million mainly due to an unrealised foreign exchange gain of \$0.7 million.

Distribution and selling expenses

The distribution and selling expenses for 1H FY2016 decreased by \$1 million to \$2.1 million. The 32% decrease, as compared to same half year, was the result of reversal in provision for variable wage incentives as well as entertainment expenses in the first half ended 30 September 2015.

Administrative expenses

Administrative expenses for this 1H FY2016 has decreased by \$1.0 million to \$5.7 million as compared to the corresponding period last year, in line with cost reduction trend in wage provision and utilities expenses.

Other operating expenses

For the same reason, other operating expenses increased by \$1.0 million to \$1.1 million in 1H FY2016.

Finance expenses

Increase in Finance expenses were due to increase in banks borrowings for the half year ended 30 September 2015 as compared to the same period last year.

Share of gain/(losses) in an associate

The share of gain in an associate was \$70,000 for 1H FY2016 as compared to losses of \$129,000 recorded in the same period last year.

Profit before income tax

For the half year ended 30 September 2015, the Group reported a lower a profit before tax by \$0.1 million to \$1.2 million in 1H FY2016 as compared to profit before tax of \$1.3 million in 1H FY2015.

Income tax expense

For the half year ended 2016, there was lower income tax expense resulting from the benefit of Group relief.

Profit after tax

As a result of the above, the Group reported a profit after tax for 1H FY2016 of \$0.9 million (1H FY2015: \$0.9 million).

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3.4 Working Capital

Based on the audited consolidated financial statements of the Group, the working capital of the Group as at the financial years ended 31 March 2013, 31 March 2014, 31 March 2015, and 30 September 2015 are as follows:

	31 March 2013 (Audited) \$'000	31 March 2014 (Audited) \$'000	31 March 2015 (Audited) \$'000	30 September 2015 (Unaudited) \$'000
Current assets				
Inventories	2,348	3,152	4,243	4,381
Gross amount due from customers on contract work-in-progress	589	3,816	2,043	800
Trade receivables	31,465	35,597	40,606	41,066
Other receivables, deposits and prepayments	13,999	11,861	16,663	16,841
Cash and cash equivalents	7,706	14,747	13,130	12,635
Non-current asset, held-for-sale	5,075	—	—	—
Total current assets	61,182	69,173	76,685	75,723
Current liabilities				
Bank overdrafts	1,425	766	661	959
Bank loans	15,206	17,152	18,855	18,347
Finance lease payables	1,936	1,865	1,587	2,026
Trade payables	9,289	13,000	11,370	13,717
Other payables and accruals	9,568	6,263	7,962	7,179
Income tax payable	91	401	1,300	992
Total current liabilities	37,515	39,447	41,735	43,220
Net current assets	23,667	29,726	34,950	32,503

31 March 2014 vs 31 March 2013

The inventories increased by \$0.8 million due to an increase in inventories required for contract manufacturing business.

The gross amount due from customers on work-in-progress increased to \$3.8 million as at 31 March 2014 from \$0.6 million as at 31 March 2013 due to customers' delivery requirements.

The increase of \$4.0 million in trade receivables over the restated FY2013 balance was due to higher revenue in FY2014.

The decrease of \$2.0 million in other receivables, deposits and prepayments mainly resulted from a decrease in prepayments.

The increase of \$3.7 million in trade payables as at 31 March 2014 was due to increased cost of sales in line with increased revenue.

The decrease of \$3.3 million in other payables and accruals to \$6.3 million as at 31 March 2014 was mainly due to a decrease in accrual of operating expenses.

The increase in bank loan of \$4.1 million was due to new loans drawn down.

The decrease in finance lease payables of \$0.6 million as at 31 March 2014 resulted from scheduled repayments.

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31 March 2015 vs 31 March 2014

The increase of \$1.1 million in inventories was mainly due to anticipated increase in sales delivery in the subsequent quarters.

The lower gross amount due from customers on contract work-in-progress as at 31 March 2015 resulted from deliveries of contractual obligation.

The trade receivables comprised \$21.4 million in trade receivables, \$17.9 million in accrued revenue and \$1.3 million in retention sum. There was an increase of \$2.8 million in trade receivables and \$2.1 million in accrued revenue.

The increase in other receivables, deposits and prepayments was mainly due to higher prepayments and deposits paid in the year.

The decrease of \$1.6 million in trade payables was mainly due to payment when due.

The increase of \$1.7 million was mainly due to increase in accrued operating expenses.

The increase was due to higher provision for income tax as the Group was unable to enjoy group tax relief against taxable income of subsidiaries outside Singapore.

30 September 2015 vs 30 September 2014

The decrease in gross amount due from customers on contract work-in-progress as at 30 September 2015 resulted from the fulfilment of contractual obligations.

The increase of \$0.3 million in bank overdraft was to support the working capital needs of the Group.

The increase in finance lease payables was mainly due to additional finance lease secured for the purchase of plant and equipment.

The increase of \$2.3 million in trade payables was mainly due to timing difference of payment to suppliers.

The decrease of \$0.8 million in other payables and accruals was mainly due to a decrease in accrued operating expenses.

The decrease in income tax payable was mainly due to tax paid and lower provision.

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3.5 Liquidity and Capital Resources

The consolidated cash flow statements of the Group for FY2013, FY2014, FY2015, 1H FY2015 and 1H FY2016 are as follows:

	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY2015 (Audited) \$'000	1H FY2015 (Unaudited) \$'000	1H FY2016 (Unaudited) \$'000
Operating activities					
Profit/(loss) before income tax	(6,957)	3,648	2,328	1,341	1,249
Adjustments for:					
Allowance for doubtful trade receivables, net	593	1,230	99	—	—
Allowance for doubtful other receivables	2,264	—	—	—	—
Allowance for doubtful other receivables written back	—	—	(24)	(10)	(3)
Amortisation of club membership	10	1	1	—*	—*
Amortisation of intangible assets	192	194	196	97	99
Bad debts written-off	5,804	612	55	1	—
Depreciation of property, plant and equipment	4,836	5,631	5,688	2,829	3,159
Fair value adjustments on derivative financial instruments	(170)	—	—	—	—
Net fair value gains on investment property	(1,020)	—	(542)	—	—
Interest income	(198)	(75)	(82)	(9)	(14)
Interest expense	991	886	1,246	591	636
Inventory obsolescence/ written off	—	38	7	—	—
Loss on disposal of a subsidiary	—	153	—	—	—
Net loss/(gain) on disposal of property, plant and equipment	(277)	3	(741)	(30)	1
Property, plant and equipment written-off	1	106	58	1	—
Share-based payment expenses	200	139	53	99	—
Share of results of an associate	—	—	361	129	(70)
Written back of provision for contract costs	(650)	—	—	—	—
Operating cash flows before working capital changes	5,619	12,566	8,703	5,039	5,057

Note: * Less than \$1,000

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	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY2015 (Audited) \$'000	1H FY2015 (Unaudited) \$'000	1H FY2016 (Unaudited) \$'000
Movement in working capital:					
Inventories	(1,104)	(842)	(1,097)	(284)	(138)
Gross amount due from customers on contract work-in-progress	614	(3,227)	1,773	1,603	1,243
Trade and other receivables	(6,987)	(4,592)	(10,163)	(4,422)	(638)
Trade and other payables	(3,305)	5,492	70	(1,810)	1,566
Cash generated from/ (used in) operations	(5,163)	9,397	(714)	126	7,090
Income tax paid	(1,020)	(226)	(592)	(315)	(822)
Net cash generated from/ (used in) operating activities	(6,183)	9,171	(1,306)	(189)	6,268
Cash flows from investing activities					
Disposal of a subsidiary, net of cash flow	–	(1)	–	–	–
Divestment of a subsidiary to non-controlling interests	16	11	–	–	–
Increase in non-controlling interests	–	209	–	–	–
Interest received	198	75	82	9	14
Acquisition of subsidiary, net of cash acquired	–	–	–	–	(900)
Incorporation of a subsidiary paid by non-controlling interests	19	–	–	–	–
Net gain on fair value changes arising from net assets acquired	–	1,370	–	–	–
Purchase of property, plant and equipment	(951)	(6,074)	(2,308)	(1,105)	(4,279)
Proceeds from disposal of property, plant and equipment	368	126	1,116	353	6
Effect of foreign currency re-alignment on investing activities	(190)	26	1,161	388	(121)
Net cash flows used in investing activities	(540)	(4,258)	51	(355)	(5,280)
Cash flows from financing activities					
Dividend paid to equity holders of the Company	(1,480)	(493)	(260)	–	–
Dividend paid to non-controlling interests	–	–	(80)	(80)	(40)
Interest paid	(991)	(886)	(1,246)	(591)	(636)
Proceeds from bank loans	29,000	87,000	140,424	79,367	47,519
Proceeds from warrants conversion	–	1,651	839	807	–

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	FY2013 (Audited) \$'000	FY2014 (Audited) \$'000	FY2015 (Audited) \$'000	1H FY2015 (Unaudited) \$'000	1H FY2016 (Unaudited) \$'000
Proceeds from warrants issue	–	866	–	–	–
Repayment of bank loans	(22,356)	(83,061)	(137,795)	(77,859)	(47,402)
Purchase of treasury shares	(7)	(139)	–	–	(8)
Repayment of finance lease payables	(1,236)	(2,210)	(2,414)	(888)	(1,424)
Release/(placement) of pledged fixed deposits with banks	28	(3,637)	1,116	119	–
Warrants issue expenses	–	–	(25)	–	–
Net cash flows generated from/(used in) financing activities	2,958	(909)	559	875	(1,991)
Net (decrease)/increase in cash and cash equivalents	(3,765)	4,004	(696)	331	(1,003)
Effects of exchange rates changes on cash and cash equivalents	(126)	59	300	16	208
Cash and cash equivalents as at beginning of the year/period	8,797	4,906	8,969	8,969	8,573
Cash and cash equivalents as at end of the year/period	4,906	8,969	8,573	9,316	7,778
Cash and cash equivalents comprise :					
Cash and bank balances	6,331	9,735	9,234	10,463	7,577
Fixed deposits	1,375	5,012	3,896	4,893	5,058
	7,706	14,747	13,130	15,356	12,635
Less:					
Fixed deposits pledged	(1,375)	(5,012)	(3,896)	(4,893)	(3,898)
Bank overdrafts	(1,425)	(766)	(661)	(1,147)	(959)
	4,906	8,969	8,573	9,316	7,778

FY2014 vs FY2013

The increase in cash and cash equivalent was mainly due to cash inflow generated from operating activities where trade and other payables increased, which was partially offset by cash outflow from investing activities mainly due to purchases of property, plant and equipment and net cash outflow used in financing activities mainly attributable to scheduled repayment of bank loans and placement of fixed deposits offset against proceeds from issuance of warrants and new loans drawn down.

FY2015 vs FY2014

The decrease in cash and cash equivalent was mainly due to cash used in operating activities where trade and other receivables and inventories increased, which was partially offset by cash inflow generated from financing activities due to proceeds from bank loans and release of fixed deposits pledged with banks.

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1H FY2016 vs 1H FY2015

The decrease in cash and cash equivalents was mainly due to cash outflows used in investing activities where there were purchases of property, plant and equipment, acquisition of non-controlling interests in a subsidiary. In addition, there were also cash outflows used in financing activities where bank loans, finance leases and interest expenses were repaid and paid respectively according to schedule. The decrease in cash and cash equivalents were partially offset by cash inflows from operating activities where there were reduction in gross amount due from customers as well as increase in trade and other payables.

4. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to the Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue may only be made on the PAL (in the case of Entitled Scripholders) or the ARE (in the case of Entitled Shareholders who are Entitled Depositors) or the ARS (in the case of persons purchasing provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore) as the case may be, accompanying and forming part of the Offer Information Statement.

5. DISCLOSURE OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the Shares as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of substantial Shareholders maintained under the provisions of the Companies Act, are as follows:

	Direct Interests		Deemed Interest	
	No. of Shares ⁽¹⁾	%	No. of Shares ⁽¹⁾	%
<u>Directors</u>				
Ng Jwee Phuan @ Frederick (Eric) ⁽²⁾	56,000	0.02	615,650	0.21
Low Weng Fatt ⁽³⁾	50,883,708	17.43	265,000	0.09
Siah Boon Hock	10,824,901	3.71	—	—
Yap Koon Bee @ Louis Yap	35,002,583	11.99	—	—
Tan Sin Huat Dennis ⁽⁴⁾	10,500	0.004	79,500	0.03
Chew Mun Yew	—	—	—	—
Yap Beng Geok Dorothy ⁽⁵⁾	179,250	0.06	7,945,912	2.72
<u>Substantial Shareholders</u>				
Low Weng Fatt	50,883,708	17.43	265,000	0.09
Yap Koon Bee @ Louis Yap	35,002,583	11.99	—	—
Yeo Seck Cheong	15,186,165	5.20	—	—

Notes:-

- (1) Based on the issued share capital of 291,849,296 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Ng Jwee Phuan @ Frederick (Eric) is deemed to be interested in the 615,650 shares held through Bank of S'pore Noms Pte Ltd.
- (3) Low Weng Fatt is deemed to be interested in the 265,000 shares held by his spouse, Chua Kim Eng.
- (4) Tan Sin Huat, Dennis is deemed to be interested in 79,500 shares held through DBS Nominees Pte Ltd.
- (5) Yap Beng Geok Dorothy is deemed to be interested in the 7,945,912 shares held by her spouse, Cheong Tuck Nang.

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Assuming that the Directors and substantial shareholders take up their maximum subscription pursuant to the Rights cum Warrants Issue, the interests of the Directors and substantial Shareholders in the Shares will be as follows:

	Direct Interests		Deemed Interest	
	No. of Shares ⁽¹⁾	%	No. of Shares ⁽¹⁾	%
<u>Directors</u>				
Ng Jwee Phuan @ Frederick (Eric) ⁽²⁾	84,000	0.01	923,475	0.16
Low Weng Fatt ⁽³⁾	84,221,386	14.57	556,500	0.10
Siah Boon Hock	19,237,351	3.33	—	—
Yap Koon Bee @ Louis Yap	54,003,874	9.34	—	—
Tan Sin Huat Dennis ⁽⁴⁾	35,250	0.01	119,250	0.02
Chew Mun Yew	—	—	—	—
Yap Beng Geok Dorothy ⁽⁵⁾	2,052,825	0.36	11,918,868	2.06
<u>Substantial Shareholders</u>				
Low Weng Fatt	84,221,386	14.57	556,500	0.10
Yap Koon Bee @ Louis Yap	54,003,874	9.34	—	—
Yeo Seck Cheong	22,779,247	3.94	—	—

Notes:-

- (1) Based on the enlarged issued share capital of 578,142,249 Shares, comprising 291,849,296 Shares (excluding treasury shares) in the issued share capital of the Company as at the Latest Practicable Date, 93,578,870 new Shares assuming all Outstanding Warrants are exercised before the Books Closure Date and 192,714,083 Rights Shares to be issued as a result of the Rights cum Warrants Issue.
- (2) Ng Jwee Phuan @ Frederick (Eric) is deemed to be interested in the 923,475 shares held through Bank of S'pore Noms Pte Ltd.
- (3) Low Weng Fatt is deemed to be interested in the 556,500 shares held by his spouse, Chua Kim Eng.
- (4) Tan Sin Huat, Dennis is deemed to be interested in 119,250 shares held through DBS Nominees Pte Ltd.
- (5) Yap Beng Geok Dorothy is deemed to be interested in the 11,918,868 shares held by her spouse, Cheong Tuck Nang.

Assuming issuance of the maximum number of TCL Consultancy Fee Shares and TCL Warrants under the Proposed TCL Shares cum Warrants Issue, the interests of the Directors and substantial Shareholders in the Shares will be as follows:

	Direct Interests		Deemed Interest	
	No. of Shares ⁽¹⁾	%	No. of Shares ⁽¹⁾	%
<u>Directors</u>				
Ng Jwee Phuan @ Frederick (Eric) ⁽²⁾	84,000	0.01	923,475	0.16
Low Weng Fatt ⁽³⁾	84,221,386	14.32	556,500	0.09
Siah Boon Hock	19,237,351	3.27	—	—
Yap Koon Bee @ Louis Yap	54,003,874	9.18	—	—
Tan Sin Huat Dennis ⁽⁴⁾	35,250	0.01	119,250	0.02
Chew Mun Yew	—	—	—	—
Yap Beng Geok Dorothy ⁽⁵⁾	2,052,825	0.35	11,918,868	2.03

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	Direct Interests		Deemed Interest	
	No. of Shares ⁽¹⁾	%	No. of Shares ⁽¹⁾	%
<u>Substantial Shareholders</u>				
Low Weng Fatt	84,221,386	14.32	556,500	0.09
Yap Koon Bee @ Louis Yap	54,003,874	9.18	–	–
Yeo Seck Cheong	22,779,247	3.87	–	–

Notes:-

- (1) Based on the enlarged issued share capital of 588,142,249 Shares, comprising 291,849,296 Shares (excluding treasury shares) in the issued share capital of the Company as at the Latest Practicable Date, 93,578,870 new Shares assuming all Outstanding Warrants are exercised before the Books Closure Date, 192,714,083 Rights Shares to be issued as a result of the Rights cum Warrants Issue, and 10,000,000 TCL Consultancy Fee Shares to be issued as a result of the Proposed TCL Shares and Warrants Issue.
- (2) Ng Jwee Phuan @ Frederick (Eric) is deemed to be interested in the 923,475 shares held through Bank of S'pore Noms Pte Ltd.
- (3) Low Weng Fatt is deemed to be interested in the 556,500 shares held by his spouse, Chua Kim Eng.
- (4) Tan Sin Huat, Dennis is deemed to be interested in 119,250 shares held through DBS Nominees Pte Ltd.
- (5) Yap Beng Geok Dorothy is deemed to be interested in the 11,918,868 shares held by her spouse, Cheong Tuck Nang.

Save as disclosed in this Circular and other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the share capital of the Company or any of its subsidiaries.

6. THE ADJUSTED WARRANTS ISSUE

On 21 March 2014, the Company issued 100,566,756 Warrants (2014) at an issue price of \$0.01 for each Warrant (2014), each Warrant (2014) carrying the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of \$0.12. As at the Latest Practicable Date, the Company has 93,578,870 Outstanding Warrants.

As a result of the Rights cum Warrants Issue, and pursuant to the 2014 Deed Poll, the Company is required to make adjustments to the number as well as the exercise price of the Outstanding Warrants. Pursuant to Condition 5(B)(iv) of the 2014 Deed Poll:

- (a) the number of Outstanding Warrants will be adjusted from 93,578,870 to 102,086,040, representing an increase of a maximum of 8,507,170 Warrants (2014) ("**Adjusted Warrants**");
- (b) entitled warrant holders will be entitled to another 0.0909091 Adjusted Warrant for every one (1) Outstanding Warrant held, fractional entitlements to be disregarded;
- (c) the existing exercise price of each Outstanding Warrant will be adjusted from \$0.12 to \$0.11; and
- (d) each Adjusted Warrant shall carry the right to receive one (1) New Share.

As required by the terms of the 2014 Deed Poll, the auditors of the Company have certified that the adjustments above are in accordance with Condition 5(B)(iv) of the 2014 Deed Poll.

The Company will also seek Shareholders' approval for the issuance of the Adjusted Warrants, and the new Shares arising out of the Adjusted Warrants.

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7. THE PROPOSED TCL SHARES AND WARRANTS ISSUE

7.1 Introduction

The Company had entered into a consultancy agreement ("**Consultancy Agreement**") with TCL (as consultant) on 17 August 2015 pursuant to which the Company has agreed to pay TCL a consultancy fee ("**TCL Consultancy Fee**") payable in the form TCL Consultancy Fee Shares and TCL Warrants to TCL as payment for the consultancy services provided by TCL in relation to the Rights cum Warrants Issue.

7.2 Fee Structure of the TCL Shares and Warrants

The TCL Consultancy Fee will be linked to the outcome of the proposed Rights cum Warrants Issue and shall be as follows:

Rights Shares Subscription Level (Gross Amount)	Fee Payment
Less than \$1.99 million	No fee payable to TCL
\$2.0 million to \$2.99 million	2.5 million Shares and 5.0 million Warrants
\$3.0 million to \$3.99 million	4.0 million Shares and 8.0 million Warrants
\$4.0 million to \$4.99 million	6.0 million Shares and 10.0 million Warrants
\$5.0 million to \$5.99 million	7.0 million Shares and 14.0 million Warrants
\$6.0 million and above	10.0 million Shares and 16.0 million Warrants

For illustrative purposes:

- (i) If the gross amount raised from the Rights cum Warrants Issue is \$2.9 million, the fees payable to TCL shall be 2.5 million Shares and 5.0 million Warrants. The shares will be issued at \$0.05 per share and will be allotted at a consideration of \$125,000, credited as fully paid. For the avoidance of doubt, the Company will not be receiving any proceeds from the TCL Consultancy Fee Shares. As of Latest Practicable Date, the market price per Share is \$0.073.
- (ii) If the gross amount raised from the Rights cum Warrants Issue is \$6.5 million, the fees payable to TCL shall be 10.0 million Shares and 16.0 million Warrants. The shares will be issued at \$0.05 per share and will be allotted at a consideration of \$500,000, credited as fully paid. For the avoidance of doubt, the Company will not be receiving any proceeds from the TCL Consultancy Fee Shares. As of Latest Practicable Date, the market price per Share is \$0.073.

The above fee structure is not an underwriting arrangement between the Company and TCL. The rationale for the payment in TCL Consultancy Fee Shares and TCL Warrants is to improve the cash flow of the Company as the TCL Consultancy Fee will be paid in kind and if the TCL Warrants are exercised, it will be utilised as working capital by the Company.

TCL's scope of services will be to provide guidance in (i) organising the Company's various business units to allow growth to enhance shareholders value and the ability of the Group and each individual unit to tap the capital markets; and (ii) the development and execution of investor relations strategies for the Group, and to act as a liaison between the Group and financial intermediaries such as asset managers and corporate lenders with the objective of generating awareness and interest in the group.

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The subscription level of the proposed Rights cum Warrants Issue allows the Company to evaluate TCL's effectiveness in performing its role. The Company and TCL have agreed on a progressive compensation structure in proportion to the subscription level of the Rights cum Warrants Issue. The Company was of the view that engaging TCL was necessary due to the following reasons: (i) the proposed Rights cum Warrants Issue is not underwritten, (ii) substantial shareholders might not subscribe in full or at all to their rights entitlements; and (iii) trading in the Company's shares has historically been thin.

In the event that the subscription level for the proposed Rights cum Warrants Issue is below \$1.9 million, TCL will not receive any compensation for the two (2) years of consultancy services to be provided to the Group from 17 August 2015 to 16 August 2017.

The exercise price for the TCL Warrants is the same as the Exercise Price for the Warrants, with each TCL Warrant carrying the right to subscribe for one (1) New TCL Share at an exercise price of \$0.025 for each New TCL Share.

The TCL Consultancy Fee Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the TCL Consultancy Fee Shares.

The New TCL Shares arising from the exercise of the TCL Warrants, upon allotment and issue, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the New TCL Shares.

7.3 Factors considered in Deciding the Issue Price of the TCL Consultancy Fee Shares and the Exercise Price of the TCL Warrants

In its negotiations with TCL, the Company has taken into consideration the prevailing stock market condition at the point of the signing of the engagement letter with TCL, the discount of the issue price of each TCL Consultancy Fee Shares to the theoretical ex-rights price and the discount of the TCL Warrants exercise price to the theoretical ex-rights price and the historical monthly trading volume of the Company's shares in the market.

Between 16 July 2015 and 17 August 2015, the date of the engagement letter entered into between TCL and the Company, the Straits Times Industrial Index declined from 3,353.45 points to 3,067.35 points or 8.5 percent decline.

The Directors believe that the issue price of each TCL Consultancy Fee Share at \$0.05 is fair given the declining stock market conditions prior to the execution of the engagement letter.

Based on the issue price of \$0.05 for each TCL Consultancy Fee Share, the discount to the theoretical ex-rights price of \$0.0673 is 25.7 percent. Based on the exercise price of \$0.025 for each TCL Warrant, the discount to the theoretical ex-rights price is 62.9 percent. The Company feels that such a discount is justifiable as the Company's shares are thinly traded.

The terms and conditions governing the TCL Warrants will be set out in the Deed Poll, and they will be on the same or substantially the same terms and conditions as the Warrants to be issued under the Rights cum Warrants Issue. Please refer to Section 2.3 of this Circular for the terms and conditions of the Warrants to be issued under the Rights cum Warrants Issue and Section 7.7 of this Circular for the principal terms of the TCL Warrants. The exercise price and the number of TCL Warrants to be held by TCL or such other holder(s) of TCL Warrants ("**TCL Warrant holders**") will be subject to adjustments under certain circumstances as provided for in the Deed Poll and appropriate announcements on the adjustments will be made by the Company.

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It is not intended for TCL to participate in the Rights cum Warrants Issue by virtue only of the allotment and issue of the TCL Consultancy Fee Shares. Accordingly, the TCL Consultancy Fee Shares and the TCL Warrants will only be allotted and issued to TCL after the Books Closure Date for the Rights cum Warrants Issue.

The Company will be seeking specific approval from Shareholders for the Proposed TCL Shares and Warrants Issue at the EGM. The details of the approvals required are set out in Section 7.5 of this Circular.

7.4 Information on TCL

TCL is a company incorporated in Marshall Islands. Its sole director and shareholder is David Tan Chao Hsiung. It is principally an investment holding company. On 17 August 2015, TCL entered into an agreement with the Company pursuant to which the Company has agreed to pay TCL a consultancy fee payable in the form of TCL Consultancy Fee Shares and TCL Warrants as payment for the consultancy services provided by TCL in relation to the Rights cum Warrants Issue. The services provided by TCL are not similar to that of a financial advisor but that of an investor relations consultant.

Prior to this engagement, TCL was engaged by the Company in 2010 for a period of three years to provide consultancy services on business development and strategy.

TCL has confirmed as at the Latest Practicable Date:

- (a) save for the provision of the consultancy services to the Group pursuant to the Consultancy Agreement, it does not have any other business relationships with the Group and the Substantial Shareholders of the Company; and
- (b) it is not a Director or a Substantial Shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Singapore Exchange Limited Mainboard Listing Rules.

7.5 Approvals for the Proposed TCL Shares and Warrants Issue

The issue and allotment of the TCL Consultancy Fee Shares and TCL Warrants are subject to, amongst others:

- (a) the approval of Shareholders for the allotment and issue of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares being obtained at the EGM;
- (b) the Rights cum Warrants Issue being approved by Shareholders at the EGM; and
- (c) the receipt of a listing and quotation notice from the SGX-ST for the listing and quotation of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares on the Main Board, if such approval is granted subject to conditions, such conditions being acceptable to the Company, and such approval not having been withdrawn or revoked on or prior to the date of issue.

On 27 November 2015, the SGX-ST has granted in-principle approval for the listing and quotation of up to 10,000,000 TCL Consultancy Fee Shares, up to 16,000,000 TCL Warrants and up to 16,000,000 new TCL Shares on the Main Board of the SGX-ST, subject to, *inter alia*, the following conditions:

- (a) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
- (b) a written confirmation from the Company that it will not issue the TCL Consultancy Fee Shares to persons prohibited under Rule 812(1) of the Listing Manual;

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- (c) announcement of the conditions under which the price of the New TCL Shares may be adjusted and the conditions under which TCL Warrants may be redeemed;
- (d) a written undertaking from the Company that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the TCL Shares and Warrants Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (e) a written confirmation from the Company that it will not issue the TCL Warrants to persons prohibited under Rule 812(1) of the Listing Manual;
- (f) a written confirmation from the Company that the terms of the TCL Warrants comply with Rule 829(1) of the Listing Manual;
- (g) a written confirmation from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual; and
- (h) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual.

The in-principle approval by the SGX-ST is not to be taken as an indication of the merits of the Proposed TCL Shares and Warrants Issue, the Company and/or its subsidiaries.

7.6 Use of Proceeds from the Proposed TCL Shares and Warrants Issue

The Company intends to use the exercise proceeds from the TCL Warrants of up to \$400,000 (assuming that 16,000,000 TCL Warrants are issued and all the TCL Warrants are fully exercised) for working capital purposes.

The Company will make periodic announcements on the utilisation of the exercise proceeds from the Proposed TCL Shares and Warrants Issue when such proceeds are significantly disbursed and will provide a status report on the use of such proceeds in the Company's annual report.

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

7.7 Principal Terms of the TCL Warrants

- | | | |
|---------------------------|---|---|
| Number of TCL Warrants | : | Up to 16,000,000 Warrants to be issued free together with the Rights Shares subscribed |
| Detachability and Trading | : | The TCL Warrants will be listed and traded separately on the Main Board of the SGX-ST under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants and the TCL Warrants on the Main Board subject to, amongst others, an adequate spread of holdings of the Warrants and the TCL Warrants to provide for an orderly market in the Warrants and the TCL Warrants. Each board lot of TCL Warrants will consist of 100 TCL Warrants or such other number as may be notified by the Company |

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- Listing of the TCL Warrants : The Company will apply to the SGX-ST for the listing and quotation of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares on the Main Board of the SGX-ST pursuant to the Proposed TCL Shares and Warrants Issue. The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST.
- Form and Subscription Rights : The TCL Warrants will be issued in registered form and will, together with the Warrants to be issued under the Rights cum Warrants Issue, be constituted by the Deed Poll. Subject to the terms and conditions of the TCL Warrants to be set out in the Deed Poll, every one (1) TCL Warrant shall entitle the Warrantholder, at any time during the exercise period, to subscribe for one (1) New Share at the exercise price in force on the relevant exercise date
- Exercise Price : \$0.025 for each New TCL Share on the exercise of a TCL Warrant, subject to certain adjustments in accordance with the terms and conditions of the TCL Warrants to be set out in the Deed Poll
- Discount : The exercise price for each New TCL Share represents a discount of approximately:
- (a) 67.1% to the last transacted price of \$0.076 per Share on the Main Board on 24 August 2015, being the last market day (on which trades were done) preceding the Announcement;
 - (b) 67.1% to the weighted average price of \$0.076 per Share for trades done on the Main Board for full Market Day on 24 August 2015, being the last market day (on which trades were done) preceding the Announcement; and
 - (c) 65.8% to the closing price of \$0.073 per Share on the Latest Practicable Date.
- Based on the last transacted price of the Shares of the Company of \$0.076 per Share, the theoretical ex-rights trading price will be \$0.0673 per Share and the exercise price represents a discount of approximately 62.9% to the said theoretical price of the Shares.
- Exercise Period : The TCL Warrants may be exercised at any time during the period commencing on and including the date of the issue of the TCL Warrants and expiring at 5.00 p.m. on the day immediately preceding the second (2nd) anniversary of the date of issue of the TCL Warrants, unless such date is a date on which the Register of Members and/or Register of Warrantholders is/are closed or is not a Market Day, in which event the TCL Warrants shall expire on the date prior to the closure of the Register of Members and/or Register of Warrantholders or the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Warrantholders may be closed), subject to

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the terms and conditions of the TCL Warrants to be set out in the Deed Poll. TCL Warrants remaining unexercised at the expiry of the exercise period shall lapse and cease to be valid for any purpose. The right to exercise the TCL Warrants will not be extended beyond the exercise period.

End of Exercise Period : One month before the end of the exercise period, the Company shall:

- (a) make an announcement to the SGX-ST of the expiry of the exercise period;
- (b) give notice to the TCL Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the expiry of the exercise period; and
- (c) take all reasonable steps to despatch the TCL Warrantholders a notice in writing to its address recorded in the Register of Warrantholders or the Depository Register, as the case may be, of the expiry of the exercise period.

Without prejudice to the generality of the foregoing, Warrantholders who acquire TCL Warrants after the date of the expiry of the exercise period shall be deemed to have notice of the expiry of the exercise period so long as such notice has been given in accordance with the terms and conditions to be set out in the Deed Poll.

Mode of Payment for Exercise of Warrants : TCL Warrantholders who exercise their TCL Warrants must pay the exercise price by way of (a) a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company; or (b) subject to the TCL Warrants being listed on the Main Board of the SGX-ST, by debiting the relevant Warrantholder's CPF Investment Account with the specified CPF Approved Bank for the credit of the Designated Account; or (c) subject to the Warrants being listed on the Main Board of the SGX-ST, partly in the form of remittance and/or partly by debiting such Warrantholder's CPF Investment Account with the CPF Approved Bank for the credit of the Designated Account

Adjustments : The exercise price and/or the number of TCL Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under the following circumstances to be set out in the Deed Poll:

- (a) any consolidation, subdivision or conversion of the Shares; or
- (b) an issue by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature) to the Shareholders (other than an issue of Shares to the Shareholders who elect to receive Shares in lieu of cash or other dividend); or

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- (c) a Capital Distribution (as defined in the Appendix) made by the Company to the Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (d) an offer or invitation made by the Company to the Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (e) an issue (otherwise than pursuant to an offer or invitation made by the Company to the Shareholders whereunder they may acquire or subscribe for Shares by way of rights, requiring an adjustment under paragraph (d) above, and other than an issue of Shares to the Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares, if the Total Effective Consideration (as defined in the Appendix) for each Share is less than ninety percent (90%) of the Last Dealt Price for each Share (calculated in the manner set out in the Appendix).

Details of, *inter alia*, the adjustment formulae applicable to each of the circumstances set out in paragraphs (a) to (e) above are set out in the Appendix.

Any additional TCL Warrants issued shall rank *pari passu* with the Warrants issued under the Rights cum Warrants Issue 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 SGXNET

- | | | |
|--|---|---|
| Number of New TCL Shares | : | In the event all the 16,000,000 TCL Warrants are exercised and assuming that there are no adjustments to the number of Warrants, 16,000,000 New TCL Shares will be allotted and issued by the Company subject to and in accordance with the terms and conditions of the TCL Warrants to be set out in the Deed Poll. |
| Status of the New Shares | : | The New TCL Shares arising from the exercise of the TCL Warrants, upon allotment and issue, will rank <i>pari passu</i> in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date for which is on or after the relevant exercise date of the TCL Warrants |
| Modification of Rights of the TCL Warrantholders | : | <p>The Company may, without the consent of the Warrantholders and the TCL Warrantholders but in accordance with the terms of the Deed Poll, effect any modification to the terms of the Deed Poll including the terms and conditions of the Warrants which, in the opinion of the Company is:</p> <ul style="list-style-type: none"> (a) not materially prejudicial to the interests of the Warrantholders and TCL Warrantholders; |

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- (b) of a formal, technical or minor nature;
- (c) to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- (d) to vary or replace provisions relating to the transfer or exercise of the Warrants and the TCL Warrants including the issue of New Shares and New TCL Shares arising from the exercise thereof or meetings of the Warranholders or TCL Warranholders in order to facilitate trading in or the exercise of the Warrants and the TCL 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 Main Board of the SGX-ST.

Any such modification shall be binding on the Warranholders and the TCL Warranholders and all persons having an interest in the Warrants and the TCL Warrants. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants and the TCL Warrants, notice shall be given to the Warranholders and the TCL Warranholders in accordance with the terms and conditions of the Warrants and the TCL Warrants to be 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 and TCL Warrants after issue to the advantage of the Warranholders and the TCL Warranholders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions set out in the Deed Poll.

The Company will comply with Rule 831 of the Listing Manual in respect of any alteration to the terms and conditions of the Warrants

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

- (a) lodgement of Warrant certificates and transfer forms - a TCL Warranholder whose TCL Warrants are registered in his own name (the "**Transferor**") shall lodge, during normal business hours in any business day at the specified office of the Warrant Agent, the Transferor's Warrant certificate(s) together with a transfer form (the "**Transfer Form**"), duly completed and signed by and 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 to be 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 CDP;

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- (b) any transfer of TCL Warrants registered in the name of CDP shall be effected in accordance with applicable law and the rules of CDP as amended from time to time and where the TCL Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry; and
- (c) the executors or administrators of a deceased TCL Warrantholder shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants registered in the name of a deceased TCL Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be reasonably required by the Warrant Agent to prove their title and on completion of a Transfer Form and the payment of such fees and expenses to be set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased holder could have made

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), the TCL Warrantholders may elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the TCL Warrants and had on such date been the holders of the New TCL Shares to which they would have become entitled pursuant to such exercise. The Company shall give notice to the TCL Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof.

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

Further issues

- : Subject to the terms and conditions of the TCL Warrants to be set out in the Deed Poll, the Company shall be at liberty to allot and 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. However, the TCL Warrantholders shall not have any participation rights in any such issues of Shares by the Company 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

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8. MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation as plaintiff or defendant in respect of any claims or amounts that are or may be material and the Directors have no knowledge of any legal or arbitration proceedings which are pending or threatened against any member of the Group during the last twelve (12) months preceding the date of this Circular which may materially and adversely affect the financial position or the business of the Group taken as a whole and to fund the expansion and growth of existing businesses.

9. MATERIAL CONTRACTS

Save for the contracts disclosed below, neither the Company nor any of its subsidiaries have entered into any material contracts (not being contracts entered in the ordinary course of business) within the past two (2) years preceding the date of this Circular:

- (a) agreements were entered into on 4 February 2014 by the Company's wholly-owned subsidiary, Ruiheng International Pte Ltd ("**RH**") to restructure its 72.0% direct shareholding interest and 23.0% indirect shareholding interest, and to reduce its total shareholding interest via sale of shares to an existing shareholder of CZE by 1.2% consisting of 15,000 ordinary shares at RM2 per share, for a consolidation of RM30,000. The reduction in RH's shareholding interest in CZE is to enable a minority shareholder who is also the Executive Director of CZE to increase his stake in CZE. This transaction has been completed.
- (b) an agreement was signed on 27 February 2014 by the Company's wholly-owned subsidiary, Chasen Sino-Sin (Beijing) Hi-Tech Services Pte. Ltd. ("**Sino-Sin**"), to allow Amber Digital Solutions (Beijing) Pte Ltd (金琥珀数字科技(北京)有限公司) ("**Amber**"), a company incorporated in the PRC to use its digital imaging technology and know-how in return for a 30% shareholding in Amber. Following the completion of the transaction, Sinosin will hold 30% shareholding in Amber. This transaction has been completed.
- (c) a call options agreement dated 3 September 2014 was entered into between the Company and Macquarie Bank Limited ("**Macquarie**"), pursuant to which the Company has agreed to grant to Macquarie, and Macquarie has agreed to subscribe for 150,000 call options which gives Macquarie Bank Limited the right upon the exercise of each call option to subscribe for 1,000 ordinary shares in the capital of the Company. The objective of the grant of the call options was to raise funds for the Company's general working capital.
- (d) a sale and purchase agreement dated 7 October 2014 was entered into between the Company, Lim Wui Liat, Lim Jit Sing, Jackson and Liten Logistics Services Pte Ltd whereby the Company purchased all of Lim Wui Liat's and Lim Jit Sing, Jackson's rights title and interest to their 49% share of the net proceeds from the sale of a factory at No. 6 Tuas Avenue 20, Singapore 638820. This transaction has been completed.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 61 to 64 of this Circular, will be held at Violet Room, Level 3, The Chevrons, 48 Boon Lay Way, Singapore 609961, on 22 December 2015 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out in the Notice of EGM.

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11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

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

12. BOOKS CLOSURE DATE

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

13. DIRECTORS' RECOMMENDATION

13.1 The Rights cum Warrants Issue

The Directors, having fully considered the rationale of the Rights cum Warrants Issue, are of the view that the Rights cum Warrants Issue is in the interests of the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 set out in the Notice of EGM to be proposed at the EGM.

13.2 The Proposed TCL Shares and Warrants Issue

The Directors are of the opinion that the Proposed TCL Shares and Warrants Issue on the terms described in this Circular are in the best interests of the Company and Shareholders.

The Company has not conducted any market research on the rate charged by other consultancy service providers for the scope of services covered by the TCL Consultancy.

A corporate action such as the proposed Rights cum Warrants Issue is price sensitive in nature. The Directors therefore felt that it is not advisable to carry out a market research to procure competitive bids.

The Company has previously retained the services of investor relations ("IR") consultancy firms and paid for their services in cash. Following the termination by the Group of its last IR consultant, several IR consultancy companies have approached the Company to offer their services. However, none of these companies were willing to accept an incentive-based compensation which directly ties the amount of compensation received by them to the outcome of the proposed Rights cum Warrants Issue.

TCL was the only IR firm that was willing to accept shares and warrants as compensation. The Directors are of the view that such willingness of TCL to accept shares and warrants as compensation for their services will align TCL's interests to that of shareholders in maximising the value of the Company's shares as well as conserve cash flow for the Group.

In view of the circumstances above, the Directors are of the opinion that the compensation structure proposed for TCL is the best available option for the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the Proposed TCL Shares and Warrants Issue set out in the Notice of EGM to be proposed at the EGM.

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13.3 The Adjusted Warrants Issue

The Directors, having fully considered the rationale of the Adjusted Warrants Issue, are of the view that the Adjusted Warrants Issue is in the interests of the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the Adjusted Warrants Issue set out in the Notice of EGM to be proposed at the EGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Rights cum Warrants Issue, the Proposed TCL Shares and Warrants Issue, and the Adjusted Warrants Issue, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 18 Jalan Besut, Singapore 619571 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for FY 2015, FY 2014 and FY 2013; and
- (c) the material contracts referred to in Section 9 of this Circular.

Yours faithfully
for and on behalf of the Board of Directors
CHASEN HOLDINGS LIMITED

Low Weng Fatt
Managing Director and Chief Executive Officer

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ADJUSTMENTS OF THE EXERCISE PRICE AND NUMBER OF WARRANTS TO BE SET OUT IN THE DEED POLL

- (a) The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in consultation with a holder of a capital market services licence issued under the Securities and Futures Act Cap. 289 of Singapore (the “**CMS Licence Holder**”) (at the option of the Directors) and certified to be in accordance with the formulae stated in paragraph (b) by the auditors for the time being of the Company (the “**Auditors**”). The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted as provided in the Conditions and the Deed Poll in all or any of the following cases:
- (i) any consolidation, subdivision or conversion of the Shares; or
 - (ii) an issue by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature) to its members (other than an issue of Shares to Members who elect to receive Shares in lieu of cash or other dividend); or
 - (iii) a Capital Distribution (as defined below) made by the Company to its Members whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (iv) an offer or invitation made by the Company to its Members whereunder they may acquire or subscribe for Shares by way of rights; or
 - (v) an issue (otherwise than pursuant to a rights issue available to all Members, requiring an adjustment under paragraph (a)(iv), and other than an issue of Shares to Members who elect to receive Shares in lieu of cash as dividend) by the Company of Shares, if the Total Effective Consideration (as defined below) for each Share is less than ninety percent (90%) of the Current Market Price (as defined below) for each Share (calculated as provided below), Provided That a share buy-back shall not require an adjustment to be made.
- (b) Subject to the Conditions and the Deed Poll, the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a)(i) to (a)(v) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the CMS Licence Holder shall determine):
- (i) If, and whenever, consolidation or subdivision or conversion of the Shares occurs, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B1} \times X$$

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

$$\text{Adjusted number of Warrants} = \frac{B1}{A} \times W$$

Where:-

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

B1 = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion;

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X = existing Exercise Price; and

W = existing number of Warrants held.

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

- (ii) If and whenever the Company shall make any issue of Shares to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B2} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B2}{A} \times W$$

where:

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

B2 = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders (other than an allotment of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

X = existing Exercise Price; and

W = existing number of Warrants held.

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

For the purpose of this Appendix, “**record date**” in relation to the relevant transaction means the date as at the close of business on which Shareholders must be registered as such to participate therein.

- (iii) If and whenever the Company shall make a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets), the Exercise Price shall be adjusted in the following manner:

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

where:

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

D = the fair market value, as determined by a CMS Licence Holder, of that portion of the Capital Distribution attributable to one Share; and

X = existing Exercise Price.

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For the purposes of paragraphs (a)(iii) and (b)(iii), “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under paragraph (b)(ii)) or other securities (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully or partly paid-up by way of capitalisation of profits or reserves. Any distribution out of profits or reserves made after 31 December 2005 shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before that date and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

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

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

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

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

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

where:

E = the Current Market Price on the Market Day immediately preceding the date on which the offer or invitation referred to in (b)(iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

W = existing number of Warrants held;

X = existing Exercise Price; and

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

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

where:

E = the Current Market Price on the Market Day immediately preceding the date on which the offer or invitation referred to in (b)(iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

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

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

1 = one.

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

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

- (v) If and whenever the Company makes any allotment to its Shareholders as provided in paragraph (b)(ii) above and also makes any offer or invitation to its Shareholders as provided in paragraph (b)(iv) and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\begin{aligned}\text{New Exercise Price} &= \frac{(I \times E) + (J \times G)}{(I + J + B2) \times E} \times X \\ \text{Adjusted number of Warrants} &= \frac{(I + J + B2) \times E}{(I \times E) + (J \times G)} \times W\end{aligned}$$

where:

- B2 = the aggregate number of Shares to be issued pursuant to any allotment to Members (other than an allotment of Shares to Members who elect to receive Shares in lieu of cash or other dividend) credited as fully paid-up by way of capitalisation of profits or reserves;
- E = the Current Market Price on the Market Day immediately preceding the date on which the offer or invitation referred to in (b)(iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;
- G = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the aggregate number of issued and fully paid-up Shares on the record date;
- J = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;
- W = existing number of Warrants held; and
- X = existing Exercise Price.

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

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

- (vi) If and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under paragraph (b)(iv) or (b)(v) and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend), the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than ninety percent (90%) of the Current Market Price for each share

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on the SGX-ST on the date on which the issue price of such Shares is determined, or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day (the “**Current Market Price**”), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{K + L}{K + M} \times X$$

where:

- K = the number of Shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- L = number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Current Market Price (exclusive of expenses);
- M = the aggregate number of Shares so issued; and
- X = existing Exercise Price.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purposes of paragraphs (a)(v) and (b)(vi), the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of a CMS Licence Holder and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration for each Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- (c) Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Exercise Price and the number of Warrants held by each Warrantholder will be required in respect of:
- (i) an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for shares to officers, including Directors, or employees of the Company or any of its subsidiaries pursuant to any purchase or option scheme approved by the Shareholders in general meeting; or
 - (ii) an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or
 - (iii) any issue by the Company of Shares pursuant to the exercise of any of the Warrants;
 - (iv) any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights; or
 - (v) any purchase by the Company of Shares.

THE APPENDIX

- (d) Any adjustment to the Exercise Price will be rounded upwards to the nearest half cent (\$0.005). No adjustments to the Exercise Price shall be made unless it has been certified to be in accordance with paragraph (b) by the Auditors. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced would be less than one cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- (e) Any adjustment to the number of Warrants held by each Warrantholder will be rounded down to the nearest whole Warrant. No adjustment to the number of Warrants held by each Warrantholder shall be made unless (i) it has been certified to be in accordance with the formulae stated in paragraph (b) by the Auditors; and (ii) if the Warrants are listed and quoted on the SGX-ST on the Market Day immediately before such adjustment, approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional Shares as may be issued on the exercise of any of such Warrants.
- (f) Notwithstanding the provisions referred to in this Appendix, in any circumstances where the Directors consider that any adjustments to the Exercise Price and/or the number of Warrants held by each Warrantholder provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder should be made notwithstanding that no such adjustment is required or contemplated under the said provisions, the Company may appoint a CMS Licence Holder to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Appendix is appropriate or inappropriate, as the case may be, and, if such CMS Licence Holder shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such CMS Licence Holder to be in its opinion appropriate.
- (g) Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantholders in accordance with Condition 13 of the Deed Poll that the Exercise Price and/or the number of Warrants has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall at all times thereafter so long as any of the Warrants remains exercisable make available for inspection at its registered office a signed copy of the certificate of the Auditors certifying the adjustment to the Exercise Price and/or the number of Warrants and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price and/or number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall, on request, send a copy thereof to any Warrantholder. Whenever there is an adjustment to the number of Warrants, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, to his address appearing in the Register of Warrantholders or, in respect of Warrants registered in the name of CDP, to CDP.
- (h) If the Directors, the Auditors and the CMS Licence Holder are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another CMS Licence Holder acting as expert and not arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.
- (i) If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into Shares, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint a CMS Licence Holder to consider whether any adjustment is appropriate and if such CMS Licence Holder and the Directors shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants held by each Warrantholder shall be adjusted accordingly.

THE APPENDIX

- (j) If the Company shall purchase or otherwise acquire Shares issued by it pursuant to the provisions of the Act, the Company shall, if so required by the Warrantholders by way of a Resolution, appoint a CMS Licence Holder to consider whether any adjustment is appropriate and if the CMS Licence Holder shall determine that any adjustment is appropriate the Exercise Price and/or the number of Warrants held by each Warrantholder shall be adjusted accordingly.
- (k) Any new Warrants which may be issued by the Company under this Appendix shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit of the Deed Poll and on such terms and conditions as the Directors may from time to time think fit including but not limited to the terms and conditions as set out herein for the Warrants.
- (l) In giving any certificate or making any adjustment hereunder, the Auditors and the CMS Licence Holder shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Warrants.
- (m) Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder other than in accordance with the provisions of this Appendix, shall be subject to the approval of the SGX-ST and agreed to by the Company, the Auditors and the CMS Licence Holder.
- (n) In the event any adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder is proposed or required to be made pursuant to the Deed Poll, the relevant party or parties, in exercising or making any discretion, consideration or determination (if applicable) shall, subject to any changes to, supplements, modifications and/or amendments of the accounting standards applicable to the Company from time to time, take into account or have reference to the general principle and intent, which is based on accounting standards applicable to the Company as at the date of execution of the Deed Poll, that such adjustment shall, to the extent possible or permitted, be made in such manner such that the per share value of such adjustment cannot exceed the per share value of the dilution to the Warrantholder's interest in the equity of the Company (based on the Shares comprised in the unexercised Warrants held by such Warrantholder) which would otherwise result from the relevant transaction or event (as contemplated under the relevant Condition) giving rise to such adjustment.

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHASEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 2 November 1999)
(Company Registration No. 199906814G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Chasen Holdings Limited (the "**Company**") will be held at Violet Room, Level 3, The Chevrons, 48 Boon Lay Way, Singapore 609961, on 22 December 2015 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions as set out below.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the Circular to Shareholders of the Company dated 7 December 2015.

ORDINARY RESOLUTION 1: THE RIGHTS CUM WARRANTS ISSUE

The Renounceable Non-Underwritten Rights cum Warrants Issue

That a renounceable non-underwritten rights issue of up to 192,779,083 new ordinary shares in the capital of the Company (the "**Rights Shares**") at the issue price of \$0.05 for each Rights Share, and up to 385,558,166 free detachable warrants (the "**Warrants**"), with each Warrant carrying the right to subscribe for one (1) new ordinary share ("**New Share**") in the capital of the Company at an exercise price of \$0.025 for each New Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company held by the shareholders of the Company as at a time and date to be determined (the "**Books Closure Date**"), and two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded ("**Rights cum Warrants Issue**"), be and is hereby approved and authority be and is hereby given to the Board of Directors of the Company to:

- (a) create and issue:
 - (i) such number of Rights Shares as the Directors may determine up to 192,779,083 Rights Shares at an issue price of \$0.05 for each Rights Share;
 - (ii) such number of Warrants as the Directors may determine up to 385,558,166 Warrants in registered form to be issued together with the Rights Shares, each such Warrant to entitle the holder thereof to subscribe for one (1) New Share at an exercise price of \$0.025 for each New Share at any time during the period commencing on the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the second (2nd) anniversary of the date of issue of the Warrants subject to the terms and conditions of the deed poll (the "**Deed Poll**") constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - (iii) such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (b) provisionally allot and to issue up to 192,779,083 Rights Share with up to 385,558,166 Warrants at an issue price of \$0.05 for each Rights Share on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company held by shareholders of the Company (the "**Shareholders**") as at the Books Closure Date, and two (2) free Warrants for every one (1) Rights Share, fractional entitlements to be disregarded; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
 - (i) up to 385,558,166 New Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing shares of the Company (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 New Shares; and
 - (ii) on the same basis as paragraph (c)(i) above, such further new ordinary shares in the capital of the Company as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (a)(iii) above,

on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may deem fit:

- (a) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to the 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 (3) 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 one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company then held by the Shareholders, and two (2) Warrants for every one (1) Rights Share subscribed or in such other proportions as the Directors may deem fit;
- (b) no provisional allotment of the Rights Shares with Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three (3) market days prior thereto, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
- (c) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than \$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company;
- (d) the entitlements to the Rights Shares with Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
- (e) the Rights Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company save for any dividends, rights, allotments or other distribution, the record date for which falls before the date of issue of the Rights Shares,

and the Directors be and are hereby authorised to take such steps, do all such acts and things, make such amendments to the terms of the Rights Shares and Warrants and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2: THE PROPOSED TCL SHARE AND WARRANTS ISSUE

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

- (a) approval be and is hereby given for the Company to allot and issue, as payment for the consultancy services rendered by Tanamerah Capital Limited ("**TCL**"):
 - (i) up to 10,000,000 new Shares to TCL immediately after the allotment and issue of the Rights Shares but before the allotment of the new Shares ("**TCL Consultancy Fee Shares**"), odd lots to be disregarded, credited as fully paid, such new Shares to rank *pari passu* in all respects with the then existing issued Shares of the Company;
 - (ii) up to 16,000,000 free warrants to TCL ("**TCL Warrants**"), odd lots to be disregarded, each TCL Warrant carrying the right to subscribe for one (1) new Share ("**New TCL Share**") at an exercise price of \$0.025 for each New TCL Share, during the period commencing on and including the date of issue of the TCL Warrants and expiring at 5:00 p.m. on the date immediately preceding the second (2nd) anniversary of the date of issue of the TCL Warrants, subject to the terms and conditions of the Deed Poll constituting the Warrants and the TCL Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - (iii) such further TCL Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further TCL Warrants to rank *pari passu* with the TCL Warrants and 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),

(the "**Proposed TCL Shares and Warrants Issue**"); and
- (b) the Directors of the Company and/or any of them be and are hereby authorised to implement, execute, perfect or give effect to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may in their/his absolute discretion consider necessary, desirable or expedient in the interests of the Company to complete the Proposed TCL Shares and Warrants Issue and to give effect to this Resolution 2.

ORDINARY RESOLUTION 3: APPROVAL OF THE ADJUSTED WARRANTS ISSUE

That subject to and contingent upon the passing of Ordinary Resolution 1, the issue of up to 8,507,170 new warrants ("**Adjusted Warrants**") each carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("**Adjusted Share**") at an exercise price of \$0.11 for each Adjusted Share, on the basis of 0.0909091 Adjusted Warrant for every one (1) Outstanding Warrant held as at the Books Closure Date, fractional entitlements to be disregarded (the "**Adjusted Warrants Issue**") be and is hereby approved and authority be and is hereby given to the Board of Directors to:

- (a) create and issue:
 - (i) such number of Adjusted Warrants as the Directors may determine up to 8,507,170 Adjusted Warrants in registered form to entitle the holder thereof to subscribe for one (1) Adjusted Share at an exercise price of \$0.11 for each Adjusted Share at any time during the period commencing on the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants (2014) subject to the terms and conditions of the 2014 Deed Poll constituting the Warrants (2014) to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - (ii) such further Warrants (2014) as may be required or permitted to be issued in accordance with the terms and conditions of the 2014 Deed Poll (any such further Warrants (2014) to rank *pari passu* with the Warrants (2014) and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the 2014 Deed Poll);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
- (i) up to 8,507,170 Adjusted Shares on the exercise of the Adjusted Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the 2014 Deed Poll, such Adjusted Shares (when issued and paid) to rank *pari passu* in all respects with the then existing shares of the Company (save as may otherwise be provided in the terms and conditions of the 2014 Deed Poll) save for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the Adjusted Shares; and
 - (ii) on the same basis as paragraph (b)(i) above, such further new ordinary shares in the capital of the Company as may be required to be allotted and issued on the exercise of any of the Warrants (2014) referred to in paragraph (a)(ii) above,

on the terms and conditions set out in the 2014 Deed Poll and/or otherwise on such terms and conditions as the Directors may deem fit; and

- (c) to take such steps, do all such acts and things, make such amendments to the terms of the Adjusted Warrants Issue and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

For the purposes of this Resolution 3:

“**2014 Deed Poll**” means the deed poll dated 19 February 2014 entered into by the Company; and

“**Warrants (2014)**” means the warrants in registered form allotted and issued by the Company pursuant to the terms and conditions of the Warrants (2014) as set out in the 2014 Deed Poll.

By Order of the Board

Chew Kok Liang
Company Secretary

Singapore
7 December 2015

NOTES:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Jalan Besut Singapore 619571 not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.

CHASEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199906814G)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:-

1. For investors who have used their CPF monies to buy Chasen Holdings Limited shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as observer must submit their request through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members of **CHASEN HOLDINGS LIMITED**. (the “Company”), hereby appoint

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

and/or (delete as appropriate)

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or failing the person, or either or both the persons, referred to the above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on *my/our behalf at the Extraordinary General Meeting (the “Meeting”) of the Company to be held at **Violet Room, Level 3, The Chevrans, 48 Boon Lay Way, Singapore 609961**, on **22 December 2015** at **11.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolution	Number of Votes	
		For ⁽¹⁾	Against ⁽¹⁾
1.	Resolution 1 (Ordinary Resolution) To approve the Rights cum Warrants Issue		
2.	Resolution 2 (Ordinary Resolution) To approve the Proposed TCL Shares and Warrants Issue		
3.	Resolution 3 (Ordinary Resolution) To approve the Adjusted Warrants Issue		

Note:

- (1) If you wish to exercise all your votes “For” or “Against”, please indicate with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015.

Total number of shares in	No. of Shares
1. CDP Register	
2. Register of Members	



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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), 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. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or 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 appointments shall be invalid unless the member specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Jalan Besut, Singapore 619571 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

Fold along this line (1)

Affix
postage
stamp

The Company Secretary
Chasen Holdings Limited
18 Jalan Besut
Singapore 619571

Fold along this line (2)

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney 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. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
8. 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/her name in the Depository Register as at 48 hours before the time appointed for holding the meeting as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line (3)