CIRCULAR DATED 31 JULY 2013

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 issued and fully paid ordinary shares in the capital of Asiatic Group (Holdings) Limited (the "Company"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this Circular including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this Circular. This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Lance Tan at 36 Carpenter Street, Singapore 059915, telephone: (65) 6323 8383; email: ltan@cnplaw.com.

The Company will, through the Sponsor, apply for the listing and quotation of the Rights Shares (as defined herein), the Warrants (as defined herein), the New Shares (as defined herein), the TCL Consultancy Fee Shares (as defined herein), the TCL Warrants (as defined herein), the New TCL Shares (as defined herein) and the New Shares (Plan) (as defined herein). The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST.

Asiatic Group

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration Number: 200209290R)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 346,032,791 NEW ORDINARY SHARES (THE "RIGHTS SHARES") IN THE ISSUED CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S$0.035 FOR EACH RIGHTS SHARE, WITH UP TO 692,065,582 FREE DETACHABLE WARRANTS ("WARRANTS"), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY ("NEW SHARE") AT AN EXERCISE PRICE OF S$0.0175 FOR EACH NEW SHARE, ON THE BASIS OF (I) ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), AND (II) TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "RIGHTS CUM WARRANTS ISSUE");

(2) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE UNDERTAKING SHAREHOLDERS (AS DEFINED HEREIN) AND THEIR CONCERT PARTIES (AS DEFINED HEREIN) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE (THE "WHITEWASH RESOLUTION");

(3) THE PROPOSED ALLOTMENT AND ISSUE OF SUCH NUMBER OF NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY REPRESENTING 1.52% OF THE ENLARGED TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY IMMEDIATELY AFTER THE ALLOTMENT AND ISSUE OF THE RIGHTS SHARES BUT BEFORE THE ALLOTMENT OF THE NEW SHARES TO TANAMERAH CAPITAL LIMITED ("TCL") ("TCL CONSULTANCY FEE SHARES"), ODD LOTS TO BE DISREGARDED, AT A NOMINAL CONSIDERATION OF S$30,000 IN AGGREGATE, CREDITED AS FULLY PAID AND SUCH NUMBER OF FREE DETACHABLE WARRANTS REPRESENTING 2.30% OF THE TOTAL NUMBER OF WARRANTS ALLOTTED AND ISSUED FOLLOWING THE RIGHTS CUM WARRANTS ISSUE BUT BEFORE THE ISSUE OF 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 S$0.0175 FOR EACH NEW TCL SHARE (THE "PROPOSED TCL SHARES AND WARRANTS ISSUE");

(4) THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN;

(5) THE PROPOSED PARTICIPATION OF TAN BOON KHENG, A CONTROLLING SHAREHOLDER, IN THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN;

(6) THE PROPOSED PARTICIPATION OF TAN AH KAN @ TAN KOW LA, A CONTROLLING SHAREHOLDER, IN THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN;

(7) THE PROPOSED PARTICIPATION OF TAN BOON SIANG, A CONTROLLING SHAREHOLDER, IN THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN;

(8) THE PROPOSED PARTICIPATION OF TAN BOON YEW, A CONTROLLING SHAREHOLDER, IN THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN; AND

(9) THE PROPOSED SHARE BUYBACK MANDATE.

Manager for the Rights cum Warrants Issue

HONG LEONG FINANCE

Hong Leong Finance Limited
(Company Registration Number: 196100003D)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser to the Independent Directors in relation to the Whitewash Resolution

SAC Capital

SAC CAPITAL PRIVATE LIMITED
(Company Registration Number: 200401542N)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Latest date and time for lodgement of Proxy Form	:	13 August 2013 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	15 August 2013 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Republic of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887

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DEFINITIONS

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

"**ACRA**"	:	The Accounting and Corporate Regulatory Authority
"Act" or "Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**AGM**"	:	The annual general meeting of the Company
"Announcement"	:	The announcement released by the Company on 28 May 2013 in relation to the Rights cum Warrants Issue and the Proposed TCL Shares and Warrants Issue
"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 their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
"ARS"	:	Application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on Catalist through the book-entry (scripless) settlement system
"**Articles**" **or** "**Articles of Association**"	:	The articles of association of the Company for the time being in force as originally framed, or as amended or modified from time to time
"**AR 2013**"	:	The annual report of the Company for the financial year ended 31 March 2013
"Associate"	:	(a) In relation to any Director, the chief executive officer of the Company, Substantial Shareholder or a Controlling Shareholder (being an individual) means: (i) his immediate family, (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"ATM"	:	Automated teller machine(s) of a Participating Bank
"**Auditors**"	:	The auditors for the time being of the Company
"Authority"	:	Monetary Authority of Singapore

"**Award**"	:	An award of Shares granted under the Plan
"**Bernard Lim**"	:	Lim Boon Hock Bernard
"Board" or "Directors"	:	The board of directors of the Company as at the Latest Practicable Date
"Bobby Lim"	:	Lim Chye Huat @ Bobby Lim Chye Huat
"Books Closure Date"	:	The time and date to be determined by the Company and the Manager and announced by the Company in due course, at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares with Warrants of Entitled Shareholders under the Rights cum Warrants Issue
"Catalist"	:	The Catalist Board of the SGX-ST
"Catalist Rules" or "Listing Manual"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, varied or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 31 July 2013
"Closing Date"	:	The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application for and payment of, and renunciation of and payment for the Rights Shares with Warrants under the Rights cum Warrants Issue through CDP or the Share Registrar; or 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 Electronic Application
"Company" or "Asiatic"	:	Asiatic Group (Holdings) Limited
"**Companies Amendment Act 2005**"	:	The Companies (Amendment) Act 2005 of Singapore
"**Concert Parties**"	:	Parties acting in concert with the Underwriting Shareholders, as defined in paragraph 1 of the Definitions Section of the Take-over Code, namely Tan Chee Meng, Tan Tze Wee, Tan Ah Bah and Lee Yoke Chun
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlled Power supply business"	:	A division within the Group which is primarily involved in the protection of data and business operations in the semiconductors, finance and telecommunications industries
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises Control over the Company

"Council" or "SIC"	:	The Securities Industry Council of Singapore
"CPF"	:	The Central Provident Fund
"Deed Poll"	:	The deed poll to be executed by the Company constituting the Warrants and TCL Warrants and containing, amongst others, provisions for the protection of the interests and rights of the Warrantholders and TCL Warrantholders
"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 Warrantholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warrantholders
"EGM" or "Extraordinary General Meeting"	:	The extraordinary general meeting of the Company to be held on 15 August 2013 at 10.00 a.m. (notice of which is set out on pages N-1 to N-6 of this Circular (or any adjournment thereof)
"Energy Division"	:	A division within the Group which provides planning and development services and participates as an equity investor in niche power plant projects in the region. The Group also operates as an EPC (engineering, procurement and construction) and O&M (Operation and Maintenance) contractor
"Electronic Application"	:	Acceptance of the Rights Shares with Warrants and (if applicable) application for Excess Rights Shares with Warrants made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application at ATMs as set out in the Offer Information Statement or on the ATM screens
"Entitled Depositors"	:	Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Books Closure Date and whose registered addresses with the 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 share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided 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
"**ESOS**"	:	The employee share option scheme of the Company known as the "Asiatic Share Option Scheme 2008", which was approved on 25 July 2008, as may be amended or modified from time to time

"Excess Applications"	:	Applications by Entitled Shareholders of Rights Shares with Warrants in excess of their provisional allotments of Rights Shares with Warrants
"Excess Rights Shares with Warrants"	:	Rights Shares with Warrants, which are available for application by the Entitled Shareholders subject to the terms and conditions in the Offer Information Statement, (if applicable) the Memorandum and Articles of Association of the Company, the ARE and the PAL, comprising Rights Shares with Warrants as are not validly taken up by the Entitled Shareholders, the original allottee(s) or their respective renouncee(s) or purchaser(s) of provisional allotments of the Rights Shares with Warrants, together with the aggregated fractional entitlements to the Rights Shares (if any) and any Rights Shares with Warrants that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the PAL, the ARE, the Offer Information Statement and (if applicable) Memorandum and Articles of Association of the Company
"Exercise Period"	:	The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5:00 p.m. on the date 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 of the Company 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 of the Company 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 Warrantholders will be entitled to subscribe upon the exercise of a Warrant, which shall be S$0.0175, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
"Existing Issued Share Capital"	:	The existing issued share capital of the Company comprising 346,032,791 Shares as at the Latest Practicable Date
"Foreign Purchasers"	:	Persons purchasing the provisional allotment of Rights Shares with Warrants through the book entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
"Foreign Shareholders"	:	Shareholders whose registered addresses with the Company or CDP are outside Singapore as at the Books Closure Date and who had 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 or ending, as the case may be, 31 March

"Group"	:	The Company and its Subsidiaries collectively, as at the Latest Practicable Date
"**Group Employee**"	:	Any confirmed employee of the Group (including any Group Executive Director) selected by the Remuneration Committee to participate in the Plan in accordance with the provisions thereof
"**Group Executive Director**"	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
"IFA Letter"	:	The letter dated 31 July 2013 from the IFA to the Independent Directors in relation to the Whitewash Resolution and attached to this Circular as Appendix A
"Independent Directors"	:	The Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in respect of the Whitewash Resolution, being Seah Hai Yang and Liew Ah Choy
"Independent Financial Adviser" or "IFA"	:	SAC Capital Private Limited
"Independent Shareholders"	:	Shareholders who are deemed to be independent for the purposes of voting on the Whitewash Resolution other than the Undertaking Shareholders and their Concert Parties
"Irrevocable Undertakings"	:	The irrevocable undertakings dated 28 May 2013, which have been given by the Undertaking Shareholders to the Company to, amongst others, subscribe for and/or procure the subscription of their entitlement of the Rights Shares with Warrants under the Rights cum Warrants Issue, which amounts to 98,500,000 Rights Shares with 197,000,000 Warrants in aggregate
"Issue Price"	:	S$0.035 for each Rights Share
"Latest Practicable Date"	:	25 July 2013, being the latest practicable date prior to the printing of this Circular
"Manager"	:	Hong Leong Finance Limited
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Maximum Subscription Scenario"	:	The scenario describing the subscription of the Rights cum Warrants Issue based on the assumption that all of the Entitled Shareholders subscribe in full for their pro-rata Rights Shares with Warrants entitlements under the Rights cum Warrants Issue, the issue of a maximum of 346,032,791 Rights Shares with 692,065,582 Warrants
"Minimum Subscription Scenario"	:	The scenario describing the subscription of the Rights cum Warrants Issue that describes the allotment and issue of Rights Shares with Warrants based on the assumptions that, save and except for the Undertaking Shareholders, none of the other Entitled Shareholders subscribes or procures subscription for his pro-rata Rights Shares with Warrants entitlements under the Rights cum Warrants Issue, a minimum of 98,500,000 Rights Shares with 197,000,000 Warrants would be issued pursuant to the Rights cum Warrants Issue

"New Shares"	:	The new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, including, where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
"**New Shares (Plan)**"	:	The new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the Plan
"**New TCL Shares**"	:	The 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
"**Non-Executive Director**"	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
"Notice of EGM"	:	The notice on pages N-1 to N-6 of this Circular whereby notice is given that the EGM will be held as at the time, date and place as stipulated therein for the purposes of considering and, if thought fit, passing with or without modifications the resolutions as set out therein
"NTA"	:	Net Tangible Assets
"Offer Information Statement"	:	The offer information statement to be issued by the Company and to be lodged with the SGX-ST (acting as agent for and on behalf of the Authority) in connection with the Rights cum Warrants Issue and, where the context admits, the ARE, ARS, PAL and all other accompanying documents to be issued by the Company in connection with the Rights cum Warrants Issue
"**Options**"	:	The right to subscribe for Shares granted or to be granted pursuant to the ESOS
"**Ordinary Resolutions**"	:	The ordinary resolutions as set out in the Notice of EGM
"PAL"	:	The provisional allotment letter to be issued to the Entitled Scripholders, setting out the provisional allotment of Rights Shares with Warrants under the Rights cum Warrants Issue
"**Participant**"	:	A person who is selected by the Remuneration Committee to participate in the Plan in accordance with the provisions of the Plan
"Participating Banks"	:	The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors for acceptance of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants and to be set out in the Offer Information Statement to Shareholders
"Plan" or "Asiatic Performance Share Plan"	:	The proposed Asiatic Performance Share Plan, as modified or supplemented from time to time
"Proposed TCL Shares and Warrants Issue"	:	The proposed issue of TCL Consultancy Fee Shares and TCL Warrants to TCL, as set out in Section 8.1 of this Circular

"**Proxy Form**"	:	The proxy form in respect of the EGM as attached to this Circular
"Public Shareholders"	:	Persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons
"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, the Share Registrar or 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"	:	Register of warrantholders of the Company
"**Relevant Period"**	:	The period commencing from the date on which the last AGM of the company was held and expiring on the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier, after the date on which the Ordinary Resolution relating to the Share Buyback Mandate is passed
"**Remuneration Committee**"	:	The remuneration committee of the Company duly authorised and appointed by the Board to administer the Plan, from time to time. As at the date of this Circular, the Remuneration Committee comprises Liew Ah Choy, Seah Hai Yang and Tan Ah Kan @ Tan Kow La
"Rights cum Warrants Issue"	:	The proposed renounceable non-underwritten rights cum warrants issue by the Company of up to 346,032,791 Rights Shares at the Issue Price, with up to 692,065,582 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of (i) one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, and (ii) two (2) Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded
"Rights Shares"	:	Up to 346,032,791 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
"Scripholders"	:	Shareholders whose Shares are registered in their own names and whose share certificates are not deposited with CDP
"Securities Account"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"SFA" or "Securities and Futures Act"	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
"SGXNET"	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

"**Share Buyback Mandate**"	:	General and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"Share Registrar"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"Shareholders"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
"Shares"	:	Ordinary shares in the capital of the Company, and each a "**Share**"
"Sponsor"	:	CNP Compliance Pte. Ltd.
"Subscription"	:	Shall have the meaning ascribed thereto in Section 6.3 of this Circular.
"Subsidiary"	:	A corporation which is for the time being a subsidiary of the Company within the meaning of Section 5 of the Companies Act
"Substantial Shareholder"	:	A person who has an interest (directly or indirectly) in 5% or more of the total issued voting shares of the Company
"Take-Over Code" or "Code"	:	The Singapore Code on Take-overs and Mergers, as may be amended, varied or supplemented from time to time
"TCL"	:	Tanamerah Capital Limited
"TCL Consultancy Fee Shares"	:	Such number of new Shares representing 1.52% of the enlarged total number of issued Shares 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"	:	Such number of free warrants representing 2.30% of the total number of Warrants allotted and issued following the Rights cum Warrants Issue but before the issue of warrants 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 *pari passu* 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 S$0.0175 for each New TCL Share
"**treasury shares**"	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
"Undertaking Shareholders"	:	Tan Boon Kheng, Tan Ah Kan @ Tan Kow La, Tan Boon Siang, Tan Boon Yew and Tan Ah Soi collectively and "**Undertaking Shareholder**" shall mean any of them

"Warrantholders"	:	Registered holders of the Warrants, except that where the registered holder is CDP, the term "Warrantholders" shall, in relation to such Warrants and where the context admits, mean the Entitled Depositors whose Securities Account are credited with such Warrants
"Warrant Agent"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"Warrants"	:	Up to 692,065,582 free detachable warrants in registered form to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue and (where the context so admits) such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* 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), 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
"Whitewash Resolution"	:	The proposed whitewash resolution for the waiver of the rights of the Independent Shareholders to receive a mandatory general offer for all their Shares from the Undertaking Shareholders and their Concert Parties as a result of the Rights cum Warrants Issue
"Whitewash Waiver"	:	The waiver which the SIC granted on 9 July 2013 of the requirement for the Undertaking Shareholders and their Concert Parties to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Take-over Code as a result of the Rights cum Warrants Issue, subject to the satisfaction of any conditions as may be imposed by the SIC
"**US$**"	:	United States dollars
"**VND**"	:	Vietnamese Dong
"$" or "S$", and "cents"	:	Singapore dollars and cents respectively
"%"or "per cent "	:	Per centum or percentage

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

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

References to persons, where applicable, shall include corporations.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Securities and Futures Act, the Companies Act or Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Securities and Futures Act, the Companies Act or Catalist Rules or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

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

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

Any reference to "**we**", "**us**" and "**our**" in this Circular is a reference to the Group or any member of the Group as the context requires.

ASIATIC GROUP (HOLDINGS) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200209290R)

Board of Directors:

Tan Boon Kheng (*Acting Chairman and Managing Director*)
Tan Boon Siang (*Executive Director*)
Tan Boon Yew (*Executive Director*)
Tan Ah Kan @ Tan Kow La (*Non-Executive Director*)
Seah Hai Yang (*Lead Independent Director*)
Liew Ah Choy (*Independent Director*)

Registered Office:

65 Joo Koon Circle
Singapore 629078

Date: 31 July 2013

To: The Shareholders of Asiatic Group (Holdings) Limited

Dear Sir/Madam

1. INTRODUCTION

The Board is proposing to convene an EGM to be held on 15 August 2013 to seek the relevant Shareholders' approval for:

(a) the Rights cum Warrants Issue;

(b) the Whitewash Resolution;

(c) the Proposed TCL Shares and Warrants Issue;

(d) the proposed Asiatic Performance Share Plan;

(e) the proposed participation by the Controlling Shareholders in the proposed Asiatic Performance Share Plan; and

(f) the proposed Share Buyback Mandate.

The purpose of this Circular is to provide Shareholders with information pertaining to and reasons for the above proposals, and to seek the relevant Shareholders' approval in respect of the same at the EGM to be held on 15 August 2013 at the Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 at 10.00 a.m..

2. THE RIGHTS CUM WARRANTS ISSUE

2.1 Introduction

On 28 May 2013, the Company released the Announcement which provided that the Rights cum Warrants Issue is subject to, *inter alia*:

(a) the receipt of a listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist and, 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 Closing Date;

(b) the SIC having granted a Whitewash Waiver to the Undertaking Shareholders and their Concert Parties and such Whitewash Waiver not having been withdrawn or revoked up to the Closing Date;

(c) the Rights cum Warrants Issue being approved by Shareholders at the EGM;

(d) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;

(e) the lodgement of the Offer Information Statement with the SGX-ST (acting as agent for and on behalf of the Authority); and

(f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

The Company will, through the Sponsor, apply to the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist pursuant to the Rights cum Warrants Issue. The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST.

The Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis and will be subscribed by the Undertaking Shareholders under the terms of the Irrevocable Undertakings. As the fulfilment by the Undertaking Shareholders of their obligations under the Irrevocable Undertakings may result in the Undertaking Shareholders and their Concert Parties being obliged to make a mandatory general offer for the Shares of the Independent Shareholders pursuant to Rule 14 of the Take-over Code, an application was made to the SIC for the Whitewash Waiver, which was subsequently granted on 9 July 2013, subject to, *inter alia*, certain conditions set out in Section 6.3 below.

The Company has obtained a written consent from the providers of certain credit facilities to the Group consenting to the reduction of the majority shareholders' shareholding restriction such that the Undertaking Shareholders as a whole owns, legally and beneficially, directly or indirectly, at least 28.0% of the issued and outstanding shares of all classes of the Company, subject to certain conditions.

2.2 **Basis of the Rights cum Warrants Issue**

As at the Latest Practicable Date, the Existing Issued Share Capital comprised 346,032,791 Shares.

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis, with up to 346,032,791 Rights Shares at the Issue Price for each Rights Share, with up to 692,065,582 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of (i) one (1) Rights Share for every one (1) existing Share held by the Entitled Shareholders as at the Books Closure Date, and (ii) two (2) 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 and, upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

The Issue Price of S$0.035 for each Rights Share represents a discount of approximately:

(a) 56.25% to the last transacted price of S$0.08 per Share on Catalist on 27 May 2013, being the last full Market Day trades were done preceding the Announcement;

(b) 56.25% to the weighted average price of S$0.08 per Share for trades done on Catalist on 27 May 2013, being the last full Market Day trades were done preceding the Announcement;

(c) 71.77% to the closing price of S$0.124 per Share on the Latest Practicable Date; and

(d) 55.97% to the theoretical ex-rights trading price[1] of S$0.0795 per Share.

The Exercise Price of S$0.0175 for each New Share represents a discount of approximately:

(a) 78.13% to the last transacted price of S$0.08 per Share on Catalist on 27 May 2013, being the last day trades were done preceding the Announcement;

(b) 78.13% to the weighted average price of S$0.08 per Share for trades done on Catalist for full Market Day on 27 May 2013, being last day trades were done preceding the Announcement; and

(c) 85.89% to the closing price of S$0.124 per Share on the Latest Practicable Date.

Note:

(1) The theoretical ex-rights trading price is the theoretical market price of each Share based on the Maximum Subscription Scenario, and is computed based on the last transacted price of S$0.124 per Share as at the Latest Practicable Date.

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. **Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. Please refer to Section 2.6 of this Circular for further details.**

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

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

In view of the Irrevocable Undertakings provided by the Undertaking Shareholders, the savings in costs by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised from the Rights cum Warrants Issue, the Rights cum Warrants Issue will not be underwritten by any financial institution.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors, after consultation with the Manager, may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the required approval of the relevant Shareholders being obtained for the Rights cum Warrants Issue and the Whitewash Resolution at the EGM.

Provisional allotments of the Rights Shares with Warrants which would otherwise have been made to Foreign Shareholders will be dealt with in the manner described in Section 2.6 of this Circular.

2.3 **Principal Terms of the Rights Shares**

Number of Rights Shares	:	Up to 346,032,791 Rights Shares (with up to 692,065,582 Warrants) to be issued.
Basis of Provisional Allotment	:	One (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
Issue Price	:	S$0.035 for each Rights Share, payable in full on acceptance and/or application.
Discount	:	The Issue Price of S$0.035 for each Rights Share represents a discount of approximately: (a) 56.25% to the last transacted price of S$0.08 per Share on Catalist on 27 May 2013, being the last full Market Day trades were done preceding the Announcement; (b) 56.25 % to the weighted average price of S$0.08 per Share for trades done on Catalist on 27 May 2013, being the last full Market Day trades were done preceding the Announcement; and (c) 71.77% to the closing price of S$0.124 per Share on the Latest Practicable Date. Based on the last transacted price of the Shares of the Company as at the Latest Practicable Date of S$0.124 per Share, the theoretical ex-rights trading price based on the Maximum Subscription Scenario will be S$0.0795 per Share and the Issue Price represents a discount of approximately 55.97% to the said theoretical price of the Shares.
Non-underwritten	:	The Rights cum Warrants Issue will not be underwritten. In view of the Irrevocable Undertakings provided by the Undertaking Shareholders, the savings in costs by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised from the Rights cum Warrants Issue, the Company has decided to proceed with the Rights cum Warrants Issue without having the Rights cum Warrants Issue being underwritten by any financial institution. Please refer to Section 5 of this Circular for further details of the Irrevocable Undertakings.
Status of the Rights Shares	:	The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
Listing of the Rights Shares	:	The Company will, through the Sponsor, apply to the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist pursuant to the Rights cum Warrants Issue. The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST.

Trading of the Rights Shares	:	Upon the listing of and quotation for the Rights Shares on Catalist, the Rights Shares will be traded on Catalist under the book-entry (scripless) settlement system. For the purposes of trading on Catalist, each board lot of Shares will comprise 1,000 Shares, or such other number of Shares as may be notified by the Company.
Acceptance and excess/ additional application	:	Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares with Warrants on Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the Excess Rights Shares with Warrants. Provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason shall be aggregated and used to satisfy excess applications for Rights Shares with Warrants (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with Warrants to allot to each application, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots. Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company, or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of the Excess Rights Shares with Warrants. The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, payment, splitting, renunciation and excess application by Entitled Scripholders will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the Rights cum Warrants Issue and the Whitewash Resolution being approved by the relevant Shareholders at the EGM.
Irrevocable Undertakings	:	Please refer to Section 5 of this Circular for further details of the Irrevocable Undertakings.
Fractional Entitlements	:	Fractional entitlements to the Rights Shares with Warrants (if any) will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for Rights Shares with Warrants (if any), or be disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

Use of CPF Funds	:	Members under the CPF Investment Scheme-Ordinary Account may use their CPF account savings (subject to the availability of investible savings) ("**CPF Funds**") for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares with Warrants and/or apply for Excess Rights Shares with Warrants, subject to the applicable CPF rules and regulations. Such members who wish to accept the provisional allotment of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants using the CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Shares with Warrants on their behalf 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.
Governing Law	:	Laws of Singapore.

2.4 **Principal Terms of the Warrants**

Number of Warrants	:	Up to 692,065,582 Warrants will be issued free together with the Rights Shares subscribed.
Basis of Provisional Allotment	:	Two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements (if any) to be disregarded.
Detachability and trading	:	The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on Catalist under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants on Catalist, subject to, amongst others, 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 1,000 Warrants or such other number as may be notified by the Company.
Listing of the Warrants	:	The Company will, through the Sponsor, apply to the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist pursuant to the Rights cum 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 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, every one (1) 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	:	The price of S$0.0175 payable for each New Share on the exercise of a Warrant, which price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll.

Discount	:	The Exercise Price of S$0.0175 for each New Share represents a discount of approximately: (a) 78.13% to the last transacted price of S$0.08 per Share on Catalist on 27 May 2013, being the last day trades were done preceding the Announcement; (b) 78.13% to the weighted average price of S$0.08 per Share for trades done on Catalist for full Market Day on 27 May 2013, being last day trades were done preceding the Announcement; and (c) 85.89% to the closing price of S$0.124 per Share on the Latest Practicable Date. Based on the last transacted price of the Shares of the Company as at the Latest Practicable Date of S$0.124 per Share, the theoretical ex-rights trading price based on the Maximum Subscription Scenario will be S$0.0795 per Share and the Exercise Price represents a discount of approximately 77.99% to the said theoretical price of the Shares.
Exercise Period	:	The Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5:00 p.m. on the date immediately preceding the second (2nd) anniversary of the date of issue of the 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 Warrants will 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 Members and/or 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 Exercise Period.
End of Exercise Period	:	Not less than one (1) month before the expiry of the Exercise Period, the Company shall: i. make an announcement to the SGX-ST of the expiry of the Exercise Period; ii. give notice to the Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the expiry of the Exercise Period; and iii. take all reasonable steps to despatch to the Warrantholders notice in writing to their addresses 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 Warrants after the date of notice 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	:	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; and/or (b) subject to the Warrants being listed on Catalist, by debiting the relevant Warrantholder's CPF Investment Account with the specified CPF Approved Bank for the credit of the Designated Account (each term as defined in the Deed Poll).
Adjustment to Exercise Price and/or the number of Warrants	:	The Exercise Price and/or the number of Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. 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 Catalist Rules from time to time) be announced by the Company to the SGX-ST.
Status of the New Shares	:	The New Shares arising from the exercise of the Warrants, upon issue and allotment, 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 New Shares.
Modification of rights of the Warrantholders	:	The Company may, without the consent of the Warrantholders but in accordance with the terms and conditions of the Deed Poll, effect any modification to the terms and conditions 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 or to correct a manifest error or to comply with mandatory provisions of Singapore law or the Catalist Rules; and/or

(c) to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise of the Warrants or meetings of the Warrantholders in order to facilitate 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 Catalist.

Any such modification shall be binding on the Warrantholders and all persons having an interest in the Warrants. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warrantholders in accordance with the terms and conditions of the 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 after the issue thereof to the advantage of the Warrantholders and prejudicial to the Shareholders must be approved by the Shareholders in a general meeting, and if necessary, the SGX-ST, except where the alterations are made pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll.

Transfer and transmission : The Warrants may only be transferred in lots, such that the subscription of the New Shares by Warrantholders may only be effected in whole numbers. 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:

(i) Warrants not registered in the name of CDP — a Warrantholder whose Warrants are registered otherwise than in the name of CDP (the "**Transferor**") shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with a transfer form as prescribed by the Company from time to time (the "**Transfer Form**") duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP. A Transferor shall be deemed to remain a Warrantholder of the Warrants until the name of the transferee is entered in the Register of Warrantholders by the Warrant Agent;

(ii) Deceased Warrantholder — the executors or administrators of a deceased Warrantholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company as having any title to the Warrants registered in the name of the deceased Warrantholder. Such persons shall be entitled to be registered as Warrantholders and/or to make such transfer(s) as the deceased Warrantholder could have made, upon the production by such persons to the Company and the Warrant Agent of such evidence as may be required by the Company to prove their title and on completion of a Transfer Form and payment of the fees and expenses to be set out in the Deed Poll; and

(iii) Warrants registered in the name of CDP — where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book entry. A Depositor shall be deemed to remain a Warrantholder of the Warrants until the name of the transferee is entered in the Depository Register by CDP.

Winding-up : In the event of 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 the 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 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 participating rights in such issue unless otherwise resolved by the Company in a general meeting.

Warrant Agent	:	Boardroom Corporate & Advisory Services Pte. Ltd.
Governing Law	:	Laws of Singapore.

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors, after consultation with the Manager, may deem fit. The full details and 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, amongst others, the approval of Shareholders for the Rights cum Warrants Issue and Independent Shareholders for the Whitewash Resolution being obtained at the EGM.

2.5 **Convertible Securities**

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities.

2.6 **Conditions for the Rights cum Warrants Issue**

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

(a) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist, 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 Closing Date;

(b) the Whitewash Waiver granted by the SIC on 9 July 2013 not having been withdrawn or revoked on or prior to the Closing Date;

(c) the Rights cum Warrants Issue being approved by Shareholders at the EGM;

(d) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;

(e) the lodgement of the Offer Information Statement with the SGX-ST (acting as agent for and on behalf of the Authority); and

(f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

In the event any of the above conditions is not satisfied, the Rights cum Warrants Issue will not take place.

2.7 **Eligibility of Shareholders to participate in the Rights cum Warrants Issue**

(a) **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, and the accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP for 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 for the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept or decline (in full or in part), or otherwise renounce or trade on Catalist, during the provisional allotment trading period prescribed by the SGX-ST, 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 (if applicable) apply for Excess Rights Shares with Warrants, may only do so through CDP. 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 Catalist 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 Catalist.

(i) **Entitled Scripholders**

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit such share certificates with CDP before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Rights Shares with Warrants 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.

Entitled Scripholders should also note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

(ii) **Entitled Depositors**

Entitled Depositors should note that all correspondences and notices will be sent to their latest registered addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

(b) **Foreign Shareholders**

The Offer Information Statement and its accompanying documents have not been and will not be registered, lodged 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 jurisdictions 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.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807 or (ii) Asiatic Group (Holdings) Limited c/o Share Registrar at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than three (3) Market Days before the Books Closure Date.

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

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

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them by means of a crossed cheque drawn on a bank in Singapore sent by ordinary post to their mailing address as recorded with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S$10.00, the Company will be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder will have any claim whatsoever against the Company, the Manager or CDP in respect of such sales or the proceeds thereof, the provisional allotment of Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments cannot be or are not sold on Catalist 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 for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

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

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe 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, and the terms and conditions applicable to, acceptance, renunciation and/or sale of the provisional allotment 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 the Entitled Shareholders in due course.

2.8 **Purpose of the Rights cum Warrants Issue and Use of Proceeds**

The purpose of the Rights cum Warrants Issue is to strengthen the capital base of the Company to provide the Group with additional capital for the continuous development of the Group's energy business and to provide opportunities for Shareholders to continue participating in the development and growth of this business.

In the Maximum Subscription Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S$11.86 million (if the Warrants are not yet exercised) or S$23.97 million (if the Warrants are fully exercised), after deducting professionals and related expenses of approximately S$250,000 (excluding the fees payable to TCL as set out in Section 8 of this Circular) incurred in connection with the Rights cum Warrants Issue.

In the Minimum Subscription Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S$3.20 million (if the Warrants are not yet exercised) or S$6.65 million (if the Warrants are fully exercised), after deducting professionals and related expenses of approximately S$250,000 (excluding the fees payable to TCL as set out in Section 8 of this Circular) incurred in connection with the Rights cum Warrants Issue.

The Rights cum Warrants Issue is not underwritten, in view of the Irrevocable Undertakings provided by the Undertaking Shareholders, the savings in costs by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised from the Rights cum Warrants Issue.

The Company intends to utilise the net proceeds from the Rights cum Warrants Issue ("**Net Proceeds**") to (i) fund current energy projects at the subsidiary level; and (ii) for other general working capital purposes of the Group. In respect of (ii), part of the Net Proceeds will also serve to strengthen the Group's financial position to meet its present requirements and thereby provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans.

The following table is an estimate of the proportions of how the Company intends to use the Net Proceeds (assuming the Maximum Subscription Scenario and that all the Warrants are fully exercised):

Use of Proceeds	**Amount (S$' million)**	**Percentage Allocation (%)**
To fund current energy projects at the subsidiary level	21.57	90
For general working capital purposes	2.40	10
Total	23.97	100

Should the amounts raised fall below the Maximum Subscription Scenario, the use of proceeds would be reduced in proportion to the fixed percentage allocation.

In the last two years, the Company has completed a private placement of (i) 44,108,886 Shares at S$0.065 per Share to Brian Chang Holdings (S) Pte Ltd in April 2012, and (ii) 50,000,000 Shares at S$0.065 per Share to Bobby Lim in March 2013, raising net proceeds of approximately S$2.8 million and S$3.17 million respectively. As at the Latest Practicable Date, (a) all the proceeds from the placement of the Shares to Brian Chang Holdings (S) Pte Ltd have been fully utilised for its intended purposes, and (b) S$1,940,000 of the proceeds from the placement of the Shares to Bobby Lim have been utilised for its intended purposes, namely to fund current energy project at the subsidiary level and for general working capital purposes.

As and when the Net Proceeds are materially disbursed, the Company will make the necessary announcements and subsequently provide a status report on the use of such Net Proceeds and any material deviations therefrom in the Company's interim and full-year financial statements and the Company's annual report. When the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports.

Pending the deployment of the Net Proceeds from the Rights cum Warrants Issue, such Net 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.

In the event that any part of the Company's proposed uses of the Net Proceeds does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds on short-term deposits for as long as the Directors deem it to be in the interest of the Company and the Shareholders. Any change in the use of the Net Proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company.

2.9 **Adequacy of working capital**

The Directors are of the opinion that:

(a) after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its presents requirements; and

(b) after taking into consideration the Group's present bank facilities and the Net Proceeds from the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

The Board notes that the AR2013 and the Independent Auditor's report on the Group's and Company's financial statements for the financial year ended 31 March 2013 contained an emphasis of matter relating to the Group's negative working capital position.

The Board wishes to highlight that the Group has been in a negative working capital position for the past three financial years and this is mainly due to the financing structure used by the Group to finance its power plant projects. Nevertheless, the Group has been generating positive operating cash flow for the past three financial years. The proceeds from the Rights cum Warrants Issue will serve to strengthen the shareholders' funds of the Group.

3. FINANCIAL INFORMATION OF THE GROUP

3.1 Consolidated Income Statement and Consolidated Statement of Comprehensive Income

The audited consolidated income statement of the Group for FY2011, FY2012 and FY2013 are set out below:

	Audited		
	FY2011	**FY2012**	**FY2013**
	$'000	**$'000**	**$'000**
Revenue			
Sale of goods	12,563	11,567	32,706
Sale of services	36,150	39,637	37,324
	48,713	51,204	70,030
Other income	48	77	173
Costs and expenses			
Costs of Sales	(31,776)	(36,886)	(56,708)
Foreign exchange loss	(203)	(329)	(72)
Staff costs	(4,804)	(4,714)	(5,014)
Depreciation of property, plant and equipment	(4,209)	(4,523)	(3,138)
Other operating expenses	(3,342)	(2,860)	(2,966)
Share of results of associates	(21)	(28)	(79)
Profit from operations	4,406	1,941	2,226
Finance costs	(987)	(1,075)	(1,501)
Profit before tax	3,419	866	725
Taxation	(366)	(223)	(219)
Profit after tax	3,053	643	506
Attributable to:			
Equity holders of the parent	2,487	322	360
Non-controlling interest	566	321	146
	3,053	643	506

The audited consolidated statement comprehensive income of the Group for FY2011, FY2012 and FY2013 are set out below:

	Audited		
	FY2011	**FY2012**	**FY2013**
	$'000	**$'000**	**$'000**
Profit net of tax	3,053	643	506
Other comprehensive income			
Foreign currency translation	(3,684)	(420)	(410)
Other comprehensive income for the year, net of tax	(3,684)	(420)	(410)
Total comprehensive income for the year	(631)	223	96
Attributable to:			
Equity holders of the Company	(558)	(73)	(51)
Non-controlling interest	(73)	(296)	147
Total comprehensive income for the year	(631)	223	96

A review of the operations, business and financial performance of the Group are set out below.

FY2013 versus FY2012

Revenue

Group's revenue for FY2013 was S$70.0 million. Compared with FY2012, Group's revenue increased approximately 36.8%, primarily contributed by an increase in Power related division of approximately 45.7% and Fire-fighting and Protection Division of approximately of 13.4%. The increase in revenue of the Power related Division was due to the construction revenue in relation to the biomass project of approximately S$19.1 million in Malaysia that the Group has undertaken as the main contractor. The increase was partially offset by a decrease in power generation revenue of approximately S$2.2 million due to a decrease in demand of electricity. The Fire-Fighting and Protection Division recorded improvement in revenue for both industrial and marine sector as compared to last financial year. The Group will continue to recognise construction revenue until the completion of the Malaysia biomass plant which is expected to be completed by the end of FY2014. Construction revenue is expected to cease upon the completion.

Profitability

Profit from Operations increased by about 14.7% from S$1.9 million as at FY2012 to S$2.2 million as at FY2013. Cost of sales increased S$19.8 million and was partially offset by a decrease in depreciation of approximately S$1.4 million. Overall margin did not increase in proportion to the increase in revenue as the margin from the construction of power plant was lower than the electricity generation and the Fire-Fighting and Protection Division.

Finance cost increased by 39.6% during the current financial year due to an increase in usage of short term facilities for the construction of the power plant and for transactional purposes.

Due to a combination of the above factors, profit after tax decreased from S$0.6 million to S$0.5 million.

FY2012 versus FY2011

Revenue

Group revenue for FY2012 was S$51.2 million. Compared with FY2011, Group revenue increased approximately 5.1%, primarily contributed by an increase in Power related division of approximately 10% and it was partially offset by a drop in Fire-fighting and Protection Division of 5.7%. The increase in revenue in relation to our Power related Division was due an increase in fuel price in FY2012 whilst the decrease in revenue in relation to the Fire-fighting and Protection Division was due to a decrease in marine project as compared to FY2011. In view of the on-going dispute with a customer as announced on 27 December 2011 and 6 February 2012, the Group has suspended recognising a portion of the revenue from this customer in compliance with FRS18 of approximately S$1.6 million as there was no certainty with regards to the settlement terms and value of the consideration as at balance sheet date.

Profitability

Profit from Operations decreased by about 56% from S$4.4 million as at FY2011 to S$1.9 million as at FY2012 mainly due to greater increase in cost of sale during the year from the rising fuel cost and the effect of the revenue in suspense under FRS 18. Sales from Power related Division yield a lower margin than that of Fire-fighting and Protection Division.

Interest expenses increased by 9% during FY2012 due to an increase in the short term loan for transactional purposes.

Due to the combination of the above factors, profit after tax decreased from S$3.1 million to $0.6 million.

3.2 Statement of Financial Position

The audited Statement of Financial Position of the Group for FY2011, FY2012 and FY2013 are set out below:

	Audited		
	FY2011	**FY2012**	**FY2013**
	$'000	**$'000**	**$'000**
Non-current assets			
Property, plant and equipment	67,501	69,227	66,951
Investment in associates	2,798	3,643	3,488
Goodwill	175	175	175
Investment securities	4,997	4,913	4,811
Total non-current assets	75,471	77,958	75,425
Current assets			
Inventories	3,667	3,651	3,632
Trade receivables	15,807	21,062	25,120
Other receivables	857	568	1,173
Prepayments	401	204	1,341
Amounts due from associates	139	25	8,111
Cash and short term deposits	6,875	4,270	9,395
Total current assets	27,746	29,780	48,772
Current liabilities			
Trade payables	10,973	16,816	16,371
Other payables and accruals	835	542	904
Excess of progress billing over construction in progress	4,064	198	19,813
Convertible bonds	576	600	–
Hire purchase creditors	6	9	9
Loans from related companies	–	700	987
Loans and borrowings	20,808	34,254	36,517
Provision for taxation	567	598	542
Total current liabilities	37,829	53,717	75,143
Net current liabilities	(10,083)	(23,937)	(26,371)
Non-current liabilities			
Hire purchase creditors	(15)	(20)	(12)
Loans and borrowings	(31,110)	(19,893)	(8,785)
Deferred tax liabilities	(47)	(47)	(47)
Total non-current liabilities	(31,172)	(19,960)	(8,844)
Net assets	34,216	34,061	40,210
Equity attributable to the owners of the Company			
Share capital	18,024	18,024	24,077
Revenue reserve	13,115	13,059	13,419
Translation reserve	(4,098)	(4,493)	(4,904)
	27,041	26,590	32,592
Non-controlling interests	7,175	7,471	7,618
Total equity	34,216	34,061	40,210

A review of the financial positions of the Group for the relevant periods is set out below:

FY2013 versus FY2012

As at FY2013, non-current assets decreased by S$2.6 million to S$75.4 million from S$78.0 million as at FY2012. The decrease was due mainly to the depreciation of property plant and equipment of approximately S$3.0 million and the reduction of value for foreign denominated assets of S$0.5 million, which was partially offset by the new addition of property plant and equipment of S$1.3 million.

Current assets increased by S$19.0 million was mainly due to the increase in amount due from associated company by approximately S$8.1 million and cash and bank balances by approximately S$5.1 million as a result of amount received or receivables for the construction of the Malaysia power plant. Increases in trade receivables by S$4.1 million and other receivables by S$1.7 million had also contributed to the overall increase in current assets.

Current liabilities increased by S$21.4 million to S$75.1 million as at FY2013 from S$53.7 million as at FY2012. The increase was mainly due to excess progress billing over construction work in progress in connection to the Malaysia power plant from S$0.2 million to S$19.8 million and an increase of loan and borrowings by approximately S$2.3 million. Upon the completion of the Malaysia power plant, the excess progress billing over construction work in progress will be reduced accordingly.

Non-current liabilities decreased by approximately S$11.1 million due to the repayment of long term bank borrowings during FY2013.

FY2012 versus FY2011

As at FY2012, non-current assets increased by S$2.5 million to S$78.0 million from S$75.5 million as at FY2011. The increase was due mainly to the increase in investment in associated company of S$0.8 million and property plant and equipment of S$1.7 million.

Current assets increased by S$2.0 million was mainly due to the increase in trade receivable of S$5.3 million from S$15.8 million to S$21.1 million due to a delay in collection which is also the subject of the on-going arbitration and this is partially offset by a decrease in cash and bank balances of S$2.6 million and decrease in other receivables of S$0.5 million.

As at FY2012, current liabilities increased by S$15.9 million to S$53.7 million from S$37.8 million as at FY2011. This was mainly due to an increase in short term borrowing of S$13.4 million from S$20.8 million as at FY2011 to S$34.2 million as at FY2012 that was used for some development works for the power projects in Vietnam and Malaysia. There was also an increase in trade payable as a result of the increase in project development and the increase is partially offset by a decrease of excess in progress billing over construction work in progress.

Non-current liabilities decreased approximately S$11.2 million due to the repayment of long term bank borrowings during FY2012.

The non-controlling interest increased from S$7.2 million as at FY2011 to S$7.5 million as at FY2012 primarily due to the share of results of subsidiaries of the Group.

3.3 **Cash Flow**

The audited consolidated statement of cash flows of the Group for FY2011, FY2012 and FY2013 are set out below:

	Audited		
	FY2011	**FY2012**	**FY2013**
	$'000	**$'000**	**$'000**
Operating activities			
Profit before tax	3,419	866	725
Adjustments for:			
Depreciation of property, plant and equipment	4,209	4,523	3,138
Interest expense	987	1,075	1,501
Gain on disposal of property, plant and equipment	–	(1)	–
Allowance for stock obsolescence	69	–	–
Allowance of doubtful debts	252	3	98
Written back of allowance of doubtful debts	–	–	(68)
Interest income	(17)	(37)	(105)
Currency alignment	1,993	(637)	(291)
Share of results of associates	21	28	79
Fair value gain on derivatives	(15)	–	–
Operating cash flows before changes in working capital	10,918	5,820	5,077
Decrease in inventories	75	16	19
Increase in trade and other receivables	(6,204)	(4,769)	(5,830)
(Increase)/decrease in amount due from associates	(139)	114	(8,086)
(Decrease)/increase in trade and other payables	260	5,550	(83)
Increase/(decrease) in excess of progress billing over construction in progress	4,064	(3,866)	19,615
Cash flows from operations	8,974	2,865	10,712
Interest received	17	37	105
Interest paid	(987)	(1,075)	(1,501)
Income tax paid	(485)	(192)	(275)
Net cash from operating activities	7,519	1,635	9,041
Investing activities			
Purchases of property, plant and equipment (Note A)	(9,290)	(6,452)	(1,324)
Purchase of investment securities	(4,997)	–	–
Investment in associates	–	(873)	–
Proceeds from disposal of property, plant and equipment	–	2	6
Net cash flows used in investing activities	(14,287)	(7,323)	(1,318)
Financing activities			
Proceeds from issuance of shares	–	–	6,053
Net proceeds of trust receipts	4,540	13,000	1,901
Repayment of interest bearing term loans	(8,749)	(10,700)	(10,593)
(Increase)/decrease in pledged fixed deposits	52	(20)	(16)
Dividend paid on ordinary shares	(614)	(378)	–
Repayment under hire-purchase contracts	(6)	(9)	(9)
Capital contribution by non-controlling interest	3,158	–	–
Proceeds from issuance of convertible bonds	1,000	–	(600)
Net proceed from exercise of warrants	28	–	–
Proceed from loan from a related company	–	700	287
Net cash flows (used in)/from financing activities	(591)	2,593	(2,977)
Net increase/(decrease) in cash and cash equivalents	(7,359)	(3,095)	4,746
Cash and cash equivalents at beginning at 1 April	12,934	5,575	2,480
Cash and cash equivalents at 31 March	5,575	2,480	7,226

	Audited		
	FY2011 $'000	FY2012 $'000	FY2013 $'000
Note A			
Total cost of plant and equipment purchased	9,290	6,468	1,324
Less: Acquisition via hire purchase	–	(16)	–
Cashflow on acquisition of plant and equipment	9,290	6,452	1,324

A review of the cash flow of the Group for the relevant years is set out below:

FY2013 versus FY2012

During FY2013, cash generated from operating activities amounted to S$9.0 million. Under the investing activities, S$1.3 million was used primarily to finance the construction of power plant projects. The Group has a net cash outflow from its financing activities of S$3.0 million in FY2013 due to repayment of bank borrowings of S$10.6 million that was partially offset by proceeds from issue of shares during the financial year. Overall cashflow increased by S$4.7 million.

FY2012 versus FY2011

During FY2012, cash generated from operating activities amounted to S$1.6 million. Under the investing activities, S$7.3 million was used primarily to finance the construction of power plant projects and increase in investment in associated company. The Group has a net cash inflow from its financing activities of S$2.6 million in FY2012 due to increase in trust receipt used. These proceeds were used primarily to finance the construction of power plant projects and power plant operations. Overall cashflow decreased by S$3.1 million.

3.4 Working Capital

The total current assets, total current liabilities and working capital of the Group for FY2011, FY2012 and FY2013 are as follows:

	Audited		
	31 March 2011 (S$'000)	31 March 2012 (S$'000)	31 March 2013 (S$'000)
Total Current Assets	27,746	29,780	48,772
Total Current Liabilities	37,829	53,717	75,143
Working Capital	(10,083)	(23,937)	(26,371)

A review of the working capital of the Group for the relevant periods is set out below:

FY2013 versus FY2012

As at FY2013, the Group has a net current liabilities position of S$26.4 million due to short term finance on development works on the project in Vietnam and Malaysia.

FY2012 versus FY2011

As at FY2012, the Group has a net current liabilities position of S$23.9 million due to short term finance on development works in relation to the projects in Vietnam and Malaysia.

4. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The financial effects of the Rights cum Warrants Issue presented herein are purely for illustrative purposes only and do not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and/or the Group immediately after the completion of the Rights cum Warrants Issue.

The financial effects have been prepared based on the latest audited consolidated financial statements of the Group for FY2013, the financial effects of the Rights cum Warrants Issue under (i) the Minimum Subscription Scenario and (ii) the Maximum Subscription Scenario are presented herein after taking into account the following assumptions:

(a) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the NTA per Share and gearing of the Group, the Rights cum Warrants Issue is assumed to have been completed on 31 March 2013; and

(b) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the earnings and EPS of the Group, the Rights cum Warrants Issue is assumed to have been completed on 1 April 2012.

4.1 Share Capital

As an illustration only, the financial effects of the Rights cum Warrants Issue on the share capital of the Group as at 31 March 2013 are as follows:

	Maximum Subscription Scenario		**Minimum Subscription Scenario**	
	No. of Shares ('000)	S$'000	No. of Shares ('000)	S$'000
Issued share capital as at 31 March 2013	346,033	24,077	346,033	24,077
Add: Right Shares to be issued	346,033	11,861	98,500	3,198
Issued share capital after the Rights cum Warrants Issue	692,066	35,938	444,533	27,275
Assuming all the Warrants are exercised and assuming there are no expenses incurred for the exercise of the Warrants				
Add: New shares issued from the exercise of the Warrants	692,066	12,111	197,000	3,448
	1,384,132	48,049	641,533	30,723

4.2 NTA and NTA per Share

As an illustration only, the financial effects of the Rights cum Warrants Issue on the NTA and NTA per Share of the Group based on the latest audited financial statements for FY2013 are as follows:

	Maximum Subscription Scenario	**Minimum Subscription Scenario**
As at 31 March 2013		
NTA before the Rights cum Warrants Issue (S$'000)	32,417	32,417
Number of Shares before the Rights cum Warrants Issue ('000)	346,033	346,033
NTA per Share before the Rights cum Warrants Issue (cents)	9.37	9.37
NTA before the Rights cum Warrants Issues (S$'000)	32,417	32,417
Add: Gross Proceeds from the Rights cum Warrants Issue (S$'000)	12,111	3,448
(Less): Expenditures related to Rights cum Warrants Issue (S$'000)	(250)	(250)
Add: Net Proceeds from the Rights cum Warrants Issue (S$'000)	11,861	3,198
NTA after the Rights cum Warrants Issue (S$'000)	44,278	35,615
Number of Shares after Rights cum Warrants Issue ('000)	692,066	444,533
NTA per Share after the Rights cum Warrants Issue (cents)	6.40	8.01

	Maximum Subscription Scenario	Minimum Subscription Scenario
Assuming all the Warrants are exercised and assuming there are no expenses incurred for the exercise of the Warrants		
NTA after the Rights cum Warrants Issue and the exercise of the Warrants (S$'000)	56,389	39,062
Number of Shares after the Rights cum Warrants Issue and exercise of the Warrants ('000)	1,384,132	641,533
NTA per Share after the Rights cum Warrants Issue and exercise of the Warrants (cents)	4.07	6.09

Note:

(1) The NTA per Share for FY2013 has been computed based on 346,032,791 issued Shares of the Company as at 31 March 2013.

4.3 Earnings and EPS

As an illustration only, the financial effects of the Rights cum Warrants Issue on the EPS per Share of the Group based on the latest audited financial statements for FY2013 are as follows:

	Maximum Subscription Scenario	Minimum Subscription Scenario
FY2013		
Net profit attributable to Shareholders (S$'000)	360	360
Weighted average number of Shares before the Rights cum Warrants Issue ('000)	296,057	296,057
Number of Shares after the Rights cum Warrants Issue ('000)	642,090	394,557
EPS before Rights cum Warrants Issue (cents)	0.12	0.12
EPS after Rights cum Warrants Issue (cents)	0.06	0.09
Assuming the Warrants are exercised and assuming there are no expenses incurred for the exercise of the Warrants		
Number of Shares after the Rights cum Warrants Issue and the exercise of the Warrants ('000)	1,334,156	591,557
EPS after Rights cum Warrants Issue and the exercise of the Warrants (cents)	0.03	0.06

Note:

(1) The EPS for FY2013 has been computed based on the weighted average of 296,057,272 issued Shares as at 31 March 2013.

4.4 **Gearing**

As an illustration only, the financial effects of the Rights cum Warrants Issue on the gearing of the Group based on the latest audited financial statements for FY2013 are as follows:

	Maximum Subscription Scenario	Minimum Subscription Scenario
As at 31 March 2013		
Total borrowings before the Rights cum Warrants Issue (S$'000)	45,302	45,302
Shareholders' equity before the Rights cum Warrants Issue (S$'000)	32,592	32,592
Gearing before the Rights cum Warrants Issue (times)	1.39	1.39
Total borrowings after the Rights cum Warrants Issue (S$'000)	45,302	45,302
Shareholders' equity after the Rights cum Warrants Issue (S$'000)	44,453	35,790
Gearing after the Rights cum Warrants Issue (times)	1.02	1.27
Assuming the Warrants are exercised and assuming there are no expenses incurred for the exercise of the Warrants		
Total borrowings after the Rights cum Warrants Issue (S$'000)	45,302	45,302
Shareholders' equity after the Rights cum Warrants Issue and the exercise of the Warrants (S$'000)	56,564	39,238
Gearing after the Rights cum Warrants Issue (times)	0.80	1.15

SHAREHOLDERS ARE ADVISED TO READ THE ABOVE SECTION 4 OF THIS CIRCULAR ON THE FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE CAREFULLY.

5. IRREVOCABLE UNDERTAKINGS BY UNDERTAKING SHAREHOLDERS

5.1 To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to and confidence in the prospects of the Group, the Undertaking Shareholders had on 28 May 2013 unconditionally and irrevocably undertaken to the Company, amongst others:

(a) that they will and will ensure that they remain as the beneficial owners of 98,500,000 Shares (the "**Relevant Shares**") up until and including the Books Closure Date and will not on or before such date sell, transfer or otherwise dispose of any interest in the Relevant Shares (or otherwise subject the same to any mortgages, liens, charges, pledges, options, debentures, assignments, title retention, security interest, encumbrances, claims and other equities or third party rights (including rights of pre-emption) of any nature whatsoever ("**Encumbrances**") and will, as at the Books Closure Date, hold the Relevant Shares free from any Encumbrances;

(b) that they will subscribe and pay for (or procure subscription and payment for) in accordance with the terms of the Rights cum Warrants Issue, at the Issue Price, all of such number of Rights Shares with Warrants which may be provisionally allotted to them on the basis of the Relevant Shares held by them as at the Books Closure Date; and

(c) to vote, and/or procure the voting of all the Relevant Shares in favour of the resolution to be proposed at the EGM to approve the Rights cum Warrants Issue and the issue of the Rights Shares, the Warrants and the New Shares.

Notwithstanding paragraph 5.1(b) above, the Undertaking Shareholders agree to reduce or allow the Company to reduce their application for the Rights Shares and Warrants to such extent in order to maintain a minimum public float of 10% of the Company's enlarged share capital in compliance with Rule 723 of the Catalist Rules.

5.2 The obligations of the Undertaking Shareholders under the Irrevocable Undertakings are subject to and conditional upon, *inter alia*, the following:

(a) the receipt of a listing and quotation notice from the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on Catalist and, 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 Closing Date;

(b) the grant of the Whitewash Waiver by the SIC not having been withdrawn or revoked up to the Closing Date;

(c) the Rights cum Warrants Issue being approved by Shareholders at the EGM;

(d) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;

(e) the lodgement of the Offer Information Statement with the SGX-ST (acting as agent for and on behalf of the Authority); and

(f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

In addition, the Company has obtained a written confirmation from financial institutions that the Undertaking Shareholders have sufficient financial resources to fulfil their respective obligations under the Irrevocable Undertakings.

6. THE WHITEWASH RESOLUTION

Under Rule 14 of the Take-over Code, where any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of the Company must make a mandatory general offer immediately to the Shareholders for the remaining Shares in the Company. Furthermore, any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights of the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1.0% of the voting rights of the Company, must make a mandatory general offer.

6.1 Potential dilution effect on the Independent Shareholders' shareholding in the Company as a result of the Rights cum Warrants Issue

Minimum Subscription Scenario

The scenario describing the subscription of the Rights cum Warrants Issue that describes the allotment and issue of Rights Shares with Warrants based on the assumptions that, save and except for the Undertaking Shareholders, none of the other Entitled Shareholders subscribes or procures subscription for his pro-rata Rights Shares with Warrants entitlements under the Rights cum Warrants Issue, a minimum of 98,500,000 Rights Shares with 197,000,000 Warrants would be issued pursuant to the Rights cum Warrants Issue.

Name	As at the Latest Practicable Date		Rights Shares with Warrants entitlements	After Rights cum Warrants Issue but before the exercise of Warrants		After Rights cum Warrants Issue and the exercise of the Warrants	
	No of Shares	%		No of Shares	%	No of Shares	%
Tan Boon Kheng[1]	33,389,001	9.65	33,389,001	66,778,002	15.02	133,556,004	20.82
Tan Ah Kan @ Tan Kow La[1]	18,200,000	5.26	18,200,000	36,400,000	8.19	72,800,000	11.35
Tan Boon Siang[1]	16,218,000	4.69	16,218,000	32,436,000	7.30	64,872,000	10.11
Tan Boon Yew[1]	20,084,000	5.80	20,084,000	40,168,000	9.03	80,336,000	12.52
Tan Ah Soi[1]	10,608,999	3.06	10,608,999	21,217,998	4.77	42,435,996	6.61
Concert Parties[2]	971,250	0.28	–	971,250	0.22	971,250	0.15
Total (Undertaking Shareholders and their Concert Parties)	**99,471,250**	**28.74**	**98,500,000**	**197,971,250**	**44.53**	**394,971,250**	**61.56**
Directors and Substantial Shareholders (other than the Undertaking Shareholders)							
Seah Hai Yang	–	–	–	–	–	–	–
Liew Ah Choy	–	–	–	–	–	–	–
Bobby Lim[3]	50,000,000	14.45	–	50,000,000	11.25	50,000,000	7.79
Brian Chang Holdings (S) Pte Ltd[4]	44,108,886	12.75	–	44,108,886	9.92	44,108,886	6.88
Bernard Lim[3]	30,000,000	8.67	–	30,000,000	6.75	30,000,000	4.68
Total (Directors and Substantial Shareholders (other than the Undertaking Shareholders))	**124,108,886**	**35.87**	**–**	**124,108,886**	**27.92**	**124,108,886**	**19.35**
Public Shareholders	122,452,655	35.39	–	122,452,655	27.55	122,452,655	19.09
TOTAL	**346,032,791**	**100.00**	**98,500,000**	**444,532,791**	**100.00**	**641,532,791**	**100.00**

Notes:

(1) Tan Ah Kan @ Tan Kow La is the father of Tan Boon Kheng, Tan Boon Siang and Tan Boon Yew and the brother of Tan Ah Soi.

(2) Concert Parties comprised the following:

(i) Tan Chee Meng, the son of Tan Ah Soi, holds 10,500 Shares representing 0.003% of the total number of issued Shares as at the Latest Practicable Date;

(ii) Tan Tze Wee, the son of Tan Ah Soi, holds 185,500 Shares representing 0.05% of the total number of issued Shares as at the Latest Practicable Date;

(iii) Tan Ah Bah, the brother of Tan Ah Kan @ Tan Kow La, holds 600,250 Shares representing 0.17% of the total number of issued Shares as at the Latest Practicable Date; and

(iv) Lee Yoke Chun, the spouse of Tan Boon Kheng, holds 175,000 Shares representing 0.05% of the total number of issued Shares as at the Latest Practicable Date.

(3) Bobby Lim is the father of Bernard Lim.

(4) Brian Chang and Tracy Chang each holds a 50% equity interest in Brian Chang Holdings (S) Pte Ltd. Brian Chang is the father of Tracy Chang.

Maximum Subscription Scenario

The scenario describing the subscription of the Rights cum Warrants Issue based on the assumption that all of the Entitled Shareholders subscribe in full for their pro-rata Rights Shares with Warrants entitlements under the Rights cum Warrants Issue, the issue of a maximum of 346,032,791 Rights Shares with 692,065,582 Warrants and assuming further that all the Shareholders exercise the Warrants after the completion of the Rights cum Warrants Issue:

Name	As at the Latest Practicable Date No of Shares	%	Rights Shares with Warrants entitlements	After Rights cum Warrants Issue but before the exercise of the Warrants No of Shares	%	After Rights cum Warrants Issue and the exercise of the Warrants No of Shares	%
Tan Boon Kheng	33,389,001	9.65	33,389,001	66,778,002	9.65	133,556,004	9.65
Tan Ah Kan @ Tan Kow La	18,200,000	5.26	18,200,000	36,400,000	5.26	72,800,000	5.26
Tan Boon Siang	16,218,000	4.69	16,218,000	32,436,000	4.69	64,872,000	4.69
Tan Boon Yew	20,084,000	5.80	20,084,000	40,168,000	5.80	80,336,000	5.80
Tan Ah Soi	10,608,999	3.06	10,608,999	21,217,998	3.06	42,435,996	3.06
Concert Parties	971,250	0.28	971,250	1,942,500	0.28	3,885,000	0.28
Total (Undertaking Shareholders and their Concert Parties)	**99,471,250**	**28.74**	**99,471,250**	**198,942,500**	**28.74**	**397,885,000**	**28.74**
Directors and Substantial Shareholders (other than the Undertaking Shareholders)							
Seah Hai Yang	–	–	–	–	–	–	–
Liew Ah Choy	–	–	–	–	–	–	–
Bobby Lim	50,000,000	14.45	50,000,000	100,000,000	14.45	200,000,000	14.45
Brian Chang Holdings (S) Pte Ltd	44,108,886	12.75	44,108,886	88,217,772	12.75	176,435,544	12.75
Bernard Lim	30,000,000	8.67	30,000,000	60,000,000	8.67	120,000,000	8.67
Total (Directors and Substantial Shareholders (other than the Undertaking Shareholders))	**124,108,886**	**35.87**	**124,108,886**	**248,217,772**	**35.87**	**496,435,544**	**35.87**
Public shareholders	122,452,655	35.39	122,452,655	244,905,310	35.39	489,810,620	35.39
TOTAL	**346,032,791**	**100.00**	**346,032,791**	**692,065,582**	**100.00**	**1,384,131,164**	**100.00**

Based on the table, we note the followings:

(b) Maximum Subscription Scenario (and on the assumption that all the Shareholders exercise the Warrants after the completion of the Rights cum Warrants Issue)

The percentage shareholding interest of the Undertaking Shareholders and their Concert Parties and those for the Independent Shareholders will remain the same before and immediately after the completion of the Rights cum Warrants Issue and after the exercise of the Warrants.

(c) Minimum Subscription Scenario

The Undertaking Shareholders and their Concert Parties will have their percentage shareholding interest in the Company increased from approximately 28.74% to approximately 44.53% immediately after the completion of the Rights cum Warrants Issue (but before the exercise of the Warrants) and the Independent Shareholders will have their aggregate percentage shareholding interest in the Company reduced significantly from approximately 71.26% to approximately 55.47% immediately after the completion of the Rights cum Warrants Issue (but before the exercise of the Warrants).

Thus assuming the occurrence of the Minimum Subscription Scenario, the Undertaking Shareholders and their Concert Parties may hold in aggregate a shareholding interest of approximately 44.53% of the enlarged issued share capital of the Company immediately after the completion of the Rights cum Warrants Issue (but before the exercise of Warrants).

Based on the interests of the Directors and Substantial Shareholders as at the Latest Practicable Date and set out in Section 9 of this Circular, save for the Undertaking Shareholders and their Concert Parties and Bobby Lim, Bernard Lim and parties acting in concert with them who may trigger the Take-over Code if they subscribe in full for their pro-rata Rights cum Warrants entitlements under the Rights cum Warrants Issue (and assuming that none of the other Entitled Shareholders subscribes or procures subscription for their pro-rata Rights Shares with Warrants entitlements under the Rights cum Warrants Issue), none of the Substantial Shareholders and the Directors will become obliged to make a mandatory general offer under Rule 14 of the Take-over Code as a result of the Rights cum Warrants Issue.

Option to Scale Down Subscription

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, and upon the approval of the Sponsor and/or the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares with Warrants by any of the Shareholders (if such Shareholder chooses to subscribe for its pro-rata Rights Shares with Warrants entitlement and/or apply for excess Rights Shares with Warrants) to avoid placing the relevant Shareholder and parties acting in concert with him (as defined in the Take-over Code) in the position of incurring a mandatory general offer obligation under the Take-over Code, as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

In this connection, Bobby Lim and Bernard Lim have requested the Company to exercise the option to scale down, if necessary, and upon the approval of the Sponsor and/or the SGX-ST, their subscription for the Rights Shares with Warrants to avoid placing them in the position of incurring a mandatory general offer obligation under the Take-over Code as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of their subscription for the Rights Shares cum Warrants pursuant to the Rights cum Warrants Issue.

6.2 **Application to the SIC**

As illustrated in Section 6.1 above, the fulfilment of the Undertaking Shareholders of their obligations under the Irrevocable Undertakings may result in the Undertaking Shareholders and their Concert Parties incurring an obligation to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Take-over Code, unless such obligation to make a mandatory general offer is waived by the SIC.

Accordingly, an application was made to the SIC for the Whitewash Waiver, which was subsequently granted on 9 July 2013, subject to certain conditions set out in Section 6.3 below.

6.3 **Conditional Whitewash Waiver of the general offer requirement by the SIC**

The SIC had on 9 July 2013 exempted the Undertaking Shareholders and their Concert Parties from the requirement under Rule 14.1(a) of the Take-over Code to make a mandatory general offer for the Shares of the Company in the event that the Undertaking Shareholders and their Concert Parties increase their percentage of total voting rights in the Company to 30% or more, as a result of subscribing (the "**Subscription**") for (a) their pro-rata entitlements of the Rights Shares and (b) New Shares as a result of their exercise of the Warrants, subject to the following conditions:

(a) a majority of the holders of voting rights of the Company approve at a general meeting, held before the issue of the Rights Shares to the Undertaking Shareholders and their Concert Parties, the Whitewash Resolution, by way of a poll, to waive their rights to receive a general offer from the Undertaking Shareholders and their Concert Parties;

(b) the Whitewash Resolution is separate from other resolutions;

(c) the Undertaking Shareholders and their Concert Parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;

(d) the Undertaking Shareholders and their Concert Parties did not acquire and are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):

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

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

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

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

    (i) details of the Subscription;

    (ii) the dilution effect of the Subscription to the existing Shareholders;

    (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Undertaking Shareholders and their Concert Parties as at the Latest Practicable Date;

    (iv) the number and percentage of voting rights to be acquired by the Undertaking Shareholders and their Concert Parties through the Subscription;

    (v) specific and prominent reference to the fact that the Subscription could result in the Undertaking Shareholders holding Shares carrying over 49.0% of the voting rights of the Company, and the fact that the Undertaking Shareholders will be free to acquire further Shares without incurring any obligation under Rule 14 of the Take-over Code to make a general offer;

    (vi) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Undertaking Shareholders and their Concert Parties at the highest price paid by the Undertaking Shareholders and their Concert Parties for the Shares in the six (6) months preceding the commencement of the offer; and

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

(g) this Circular states that the waiver granted by the SIC to the Undertaking Shareholders and their Concert Parties from the requirement to make a general offer under Rule 14 of the Take-over Code is subject to the conditions set out in paragraphs (a) to (f) above;

(h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution;

(i) to rely on the Whitewash Resolution, the acquisition of the Rights Shares by the Undertaking Shareholders and their Concert Parties under the Rights cum Warrants Issue must be completed within three (3) months of the date of approval of the Whitewash Resolution and the acquisition of the New Shares by the Undertaking Shareholders and their Concert Parties upon the exercise of the Warrants must be completed within five (5) years of the date of the issue of the Warrants; and

(j) the Undertaking Shareholders will comply or procure the relevant persons to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Take-over Code.

6.4 **Whitewash Resolution**

The Independent Shareholders are therefore asked to vote, by way of a poll, on the Whitewash Resolution as set out as Ordinary Resolution 2 in the Notice of EGM attached to this Circular.

The Board has, on behalf of the Company, appointed SAC Capital Private Limited as the IFA to advise the Independent Directors on the Whitewash Resolution. The recommendation of the IFA to the Independent Directors is outlined in Section 6.5 of this Circular. The IFA Letter, setting out its advice in full, is reproduced in Appendix A of this Circular.

In connection with the Whitewash Waiver, the Undertaking Shareholders have confirmed that they, whether by themselves or with any of the parties acting in concert with them, have not acquired any Shares in the Company in the six (6) months prior to the Announcement and will not acquire any Shares in the Company in the period between the Announcement and the date on which Independent Shareholders' approval is obtained for the Whitewash Resolution at the EGM.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

(a) they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Take-over Code from the Undertaking Shareholders and their Concert Parties for their Shares, which the Undertaking Shareholders and their Concert Parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by the Undertaking Shareholders and their Concert Parties for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue;

(b) the Undertaking Shareholders and their Concert Parties may hold Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital as a result of the Subscription, and the Undertaking Shareholders and their Concert Parties will at that point be free to acquire further Shares without incurring any obligation under Rule 14 of the Take-over Code to make a mandatory general offer for the Shares; and

(c) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants held by the Undertaking Shareholders.

INDEPENDENT SHAREHOLDERS SHOULD ALSO NOTE THAT the passing of the resolutions to approve the Rights cum Warrants Issue are contingent upon, amongst others, the Whitewash Resolution being passed. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Rights cum Warrants Issue will not take place.

6.5 Advice from the Independent Financial Adviser

SAC Capital Private Limited has been appointed as the IFA to advise the Independent Directors in relation to the Whitewash Resolution. The IFA Letter, setting out its advice in full, is reproduced in Appendix A of this Circular. Taking into consideration the factors set out in the IFA Letter, the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that, from a financial point of view, the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of Independent Shareholders.

Accordingly, the IFA has advised the Independent Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution.

Shareholders are advised to read the IFA Letter as set out in Appendix A of this Circular in its entirety and consider carefully the recommendations of the Independent Directors for the Whitewash Resolution set out in Section 15.2 of this Circular.

7. RISK FACTORS

The Group could be affected by a number of risks that may relate to the industry and countries in which the Group operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein.

The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group currently deems immaterial, but which could affect its operations. If any of the following considerations and uncertainties develops into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

(a) Risks relating to the Group

The Group is dependent on the fire-fighting and protection business

Revenue generated from the fire-fighting and protection business accounted for approximately 30.8%, 27.7% and 22.9% of the Group's total revenue for FY2011, FY2012 and FY2013 respectively. The Group's financial performance would therefore be adversely affected if there is a downturn in the Group's fire-fighting and protection business.

There is no assurance that the Group's future plans in the energy business will be commercially successful

The Group's projects in the energy sector require substantial investments. In FY2011, FY2012 and FY2013, the Group's capital investments in terms of property, plant and equipment for the energy business amounted to approximately S$9.15 million, S$6.40 million and S$0.95 million respectively.

Success of these energy projects depends on factors including construction risks and market demand for power supply. The Group is contractually bound under separate power purchase agreements to supply a minimum quantity of electricity to the Japan Cambodia Development Corporation and Electricite Du Cambodge and failure to meet these obligations will lead to liability claims. As an example of risk factors that might arise in the implementation of the Group's energy business strategy, the Group was previously involved in arbitration proceedings in connection with a power plant project in the Phnom Penh Special Economic Zone, Cambodia, which was settled with transfers of land and other related equipment and assets subsequent to the financial year 2013.

In the event the Company is not able to raise funds to meet the capital funding requirements or is unable to successfully operate these plants, the Group's financial position and performance would be adversely affected.

Emphasis of matters in the AR2013 and the Independent Auditor's Report

The AR2013 and the Independent Auditor's report on the Group's and Company's financial statements for the financial year ended 31 March 2013 contained an emphasis of matter relating to the Group's negative working capital position and the following section in italics is an extract of the statements found therein.

"Emphasis of matter

We draw attention to Note 2.2 to the financial statements. The Group's current liabilities exceeded its current assets by S$26.37 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As disclosed in that note, the Group is currently in the process of trying to obtain new banking facilities as well as raise additional capital to fund its operations. The ability of the Group to continue as a going concern is dependent on the Group's ability to secure the new banking facilities, raise additional funds from the upcoming rights cum warrants issues and generate positive cash flows from operations. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter."

Shareholders are advised to read the relevant section of the AR2013 carefully and in its entirety.

Any inability to procure long-term loans to meet financing requirements may adversely affect the cash flow liquidity and financial position of the Group

The Group's projects in the energy sector require substantial investments. If the Group is not able to secure long-term loans for these projects, it may have to rely on short term borrowings in order to meet the financing requirements for these projects, which may affect the cash flow liquidity and financial position of the Group.

The Group may require additional funding for its growth in the energy sector

If the Group secures new projects in the energy sector, the Group may need to obtain additional debt and/or equity financing to implement these growth opportunities. As projects in the energy sector typically require substantial investments, the Group may undertake additional equity financing in addition to bank borrowings as the Group cannot rely solely on bank financing to fund these projects.

Additional issue of securities may lead to a dilution in the equity interests of Shareholders. Additional debt financing may, apart from increasing gearing and interest expense, contain restrictions on dividend payments, future fund raising ability and other financial and operational matters.

There is no assurance that the Group will be able to obtain additional debt and/or equity financing on terms that are acceptable to the Group or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect the Group's business and the implementation of the Group's future plans.

The Group is exposed to defaults in payments by its customers

As announced by the Company on 29 May 2012, the Group has reached a settlement agreement to resolve all disputes pertaining to the power plant project in the Phnom Penh Special Economic Zone Co. Limited ("**PPSEZ**"). Following the completion of the settlement, Colben Energy (Cambodia) PPSEZ Limited, a subsidiary of the Company has been supplying power directly to PPSEZ's existing and future customers located in the Phnom Penh Special Economic Zone. Accordingly, Colben Energy (Cambodia) PPSEZ Limited is exposed to defaults in payments by these customers.

In relation to the Group's hydropower project in Vietnam, biomass project in Malaysia and existing project in Cambodia, the Group is also exposed to defaults in payments by its end customers.

In the event that these customers default in their payments, bad debts written off will increase, and this will in turn have an adverse impact on our financial performance and financial position.

The Group is subject to foreign exchange controls in Cambodia, Malaysia and Vietnam

As the Group has operations in Cambodia, Malaysia and Vietnam, the ability of the Group's overseas subsidiaries to pay dividends, repatriate profits or make other distributions to the Company will be subject to the exchange control laws and regulations in these respective jurisdictions. There is no assurance that the relevant laws and regulations will not be amended to the Group's disadvantage and that the ability of these overseas subsidiaries to distribute dividends, repatriate profits or make other distributions to the Company will not be materially and adversely affected.

The Group's profitability will be materially and adversely affected if the Group's principals fail to meet the Group's requirements

In the fire-fighting and power related business in which the Group operates in, the Group is dependent on principals for the supply of the Group's purchases.

There is no certainty that the Group's major principals will continually meet the Group's needs and expectations in terms of cost, lead time, functionality and quality. If they are unable to, the Group will have to incur costs in seeking and switching to alternative sources to service the Group's customers' needs.

Termination of distribution agreements with the Group's principals will materially and adversely affect the Group's financial performance

All of the Group's distribution agreements are renewable annually or continue until terminated and in some cases, terminated on a period of notice. In the event that the Group's principals terminate their distribution agreements with us, or where the Group is unable to renew the Group's distribution agreements with them on terms agreeable to us, the Group's ability to supply fire fighting and controlled power supply products will be affected, which will adversely affect the Group's financial performance.

In addition, there is a risk that the Group's principals may seek to establish their own distribution and service network in the Group's markets, thereby undermining the Group's operations.

The Group's financial performance will be adversely affected if the Group's customers transact directly with the Group's principals

If the Group's customers decide to buy directly from the Group's principals, or the Group's principals solicit the business of the Group's customers, the Group's financial performance will be adversely affected.

Loss of orders from the Group's customers will have a negative impact on the Group's sales revenue which will materially and adversely affect the Group's financial results

In the fire fighting and protection business, the Group has no long term supply contract with the Group's customers. The Group's ability to procure sales on an on-going basis is therefore dependent on, amongst others, intangible business considerations, such as business relationships and quality service. Failure to meet the Group's customers' expectations might result in them purchasing from other parties thereby adversely affecting the Group's financial performance.

The Group depends on the continued employment and performance of certain key management personnel

Tan Boon Kheng, Tan Boon Siang and Tan Boon Yew who are the Group's Acting Chairman and Managing Director, Executive Director and Executive Director respectively, have contributed significantly to the Group's success, providing strategic leadership and vision for the Group's business. The loss of the services of any or all of them and other key management personnel without adequate replacements, or the inability to attract or retain qualified personnel will adversely affect the Group's performance.

An inability on the Group's customers to settle amounts due to the Group for products sold and services rendered to them may adversely affect the Group's financial performance

The Group's sales to existing customers are usually made either under letters of credit or on an open-account basis with a credit period of up to 60 days. The Group's debtors turnover in FY2011, FY2012 and FY2013 were 99 days, 131 days and 120 days respectively. Any inability by the Group's customers to settle the amounts due to us promptly may cause the Group's financial performance to be affected.

Fluctuations in foreign exchange rates may result in the Group incurring foreign exchange losses

The Group's sales and purchases are exposed to foreign currency fluctuations, such as US$ and Euro. Any significant fluctuation in the currency exchange rates at the time of purchase and at the time of sale will have a material impact on the Group's profits. For example, sales in US$ would be lower in S$ due to exchange losses should there be any depreciation in the exchange rate of US$ against the S$.

The Group's foreign exchange gains/losses for the past three financial years ended 31 March 2013 are as follows:

S$('000)	FY2011	FY2012	FY2013
Foreign exchange loss	(203)	(329)	(72)

Currently, the Group does not have a foreign currency hedging policy. The Group's management believes that it is more efficient for the Group to assess each transaction on the need to hedge, if necessary. The Group will continue to monitor the Group's foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise.

The Group is subject to general and political risks associated with doing businesses outside Singapore

The Group presently has business operations in Singapore, Cambodia, Malaysia and Vietnam. There are risks inherent in doing business overseas and these would include unexpected changes in regulatory requirements relating to the operation of businesses, or unexpected changes on rules in profit repatriation, greater legal uncertainties regarding the Group's legal liability or enforcement of the Group's legal rights and political and social risks. Any of these risks, if materialised, can adversely affect the Group's operations, and consequently the Group's financial performance.

Revenue from the Group's Controlled Power supply business is dependent on the number and size of contracts secured

Revenue for the Group's Controlled Power supply business is derived through the sales of goods and services. Revenue from the sales of services is generally recurring revenue from maintenance services, while revenue from the sales of goods is generally on a contract basis. The number of contracts secured may bear no correlation from one year to another.

The ability to sustain revenue from the Group's Controlled Power supply business depends on the Group's ability to expand the Group's customer base and secure contracts in this field. If the Group is unable to do so, the Group's financial performance would be adversely affected.

The Group's Energy Division may be affected by a downward trend in demand

The energy and infrastructure sectors in neighbouring developing countries may be affected by the on-going global financial and economic weakness, and may result in generally lower demand for electricity as industries either reduced their production output or scaled down their expansion plans. If any downward pressure in electricity demand is seen and persists for a prolonged period, the Group's financial performance would be adversely affected.

The Group's fire fighting and protection business and Controlled Power supply business may be subject to product liability claims

The Group's fire fighting and protection business may involve the supply of products including extinguishers, hose reels, hydrants, alarm systems, fire detectors and emergency lighting. The Group's Controlled Power supply business may involve the supply of equipment such as UPS systems and Frequency Converters for the protection of the Group's clients' systems against Voltage Dips and Harmonics, which often result in the severe disruption to their business operations or the loss of large quantities of data.

Accordingly, the Group may be subject to product liability claims from the Group's fire fighting and protection business as well as the Group's Controlled Power supply business. Although the Group's companies in these businesses are insured against product liability claims, there is no assurance that such protection may be adequate.

The Group is responsible for the quality of work completed by its sub-contractors for installation services

The Group provides installation services in conjunction with the supply of products and equipment for the Group's fire-fighting and protection as well as Controlled Power supply businesses. In projects requiring such installation services, the Group typically engages the services of sub-contractors to undertake the installation works.

The Group is responsible for the quality of work completed by the Group's sub-contractors. In addition, the Group relies on sub-contractors to deliver work on time. In the event that work done by the Group's sub-contractors is below acceptable standards and/or the Group's subcontractors are unable to meet the contractual deadline, it may incur additional costs which may arise from rectification works and delays in completing the projects and the Group's financial results may be adversely affected.

The Group may not be able to implement its business strategy and future plans effectively

There is no assurance that the Group will be able to or continue to implement its business strategy effectively. Further, the implementation of the Group's strategy relies on, amongst others, the following factors:

(i) maintaining the Group's competitive edge;

(ii) focusing on the Group's core competencies;

(iii) continuing to build upon the Group's technical expertise; and

(iv) conducive and facilitative regulatory environment.

There is no assurance that the Group will be able to accomplish any of the above objectives properly or effectively. If the Group fails to implement its business strategies successfully, the Group's prospects and competitive edge may be adversely affected. Further, the Group intends to implement certain plans in keeping with its business strategies. There is no guarantee that the Group would be able to implement any of these plans successfully, if at all. If the Group is unable to carry out its future plans, its business may be adversely affected. In addition, the implementation of the Group's future plans involves uncertainties and the Group could suffer material losses (financial or otherwise) if it is unable to implement its plans successfully.

(b) **Risks relating to the Rights Shares**

The Company's Share price may be volatile

The market price for the Shares may be highly volatile and can fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond the Company's control, namely (i) variations in the Group's operating results, (ii) changes in securities analysts' recommendations, perceptions or estimates of the Group's financial performance, (iii) success or failure of the Company's management team in implementing business and growth strategies, (iv) gain or loss of an important business relationship, (v) additions or departures of key personnel, (vi) fluctuations in stock market prices and volume, (vii) involvement in litigation and (viii) general economic, stock and credit market conditions.

In the event a Shareholder is unable or unwilling to participate in certain additional fund-raising exercises, he may suffer potential dilution in his investment

The Group's working capital requirements, financing plans and capital expenditure needs may vary from those presently expected. If the Group does not meet its goals with respect to revenues, or if costs are higher than anticipated or if there are changes to its current financing plans, substantial additional funds may be required. To the extent that funds generated from operations have been exhausted, the Group may have to raise additional funds to meet new financial requirements. These additional funds may be raised by way of a placement or by further rights offering (which would be subject to Shareholders' approval if necessary) or through the issuance of new Shares. In all such events, if any Shareholder is unable or unwilling to participate in such fund raising, such Shareholder may suffer a dilution in his investment.

An active trading market in the "nil-paid" rights may not develop

There is no certainty that an active trading market for the "nil-paid" rights on Catalist will develop during the trading period for such nil-paid entitlements. Even if an active market develops, the trading price for the "nil-paid" rights, which depends on the trading price of the Shares, may be volatile.

Fluctuations in market price and trading volume

The demand for the Shares and accompanying price fluctuations as well as trading volume may vary from that of the Warrants.

Liquidity of the Shares

Active and liquid trading for securities generally result in lower volatilities in price and more efficient execution of buy and sell orders for investors. Generally, the liquidity of the market for a particular share is dependent on, amongst others, the size of the free float, the price of each board lot, institutional interests, and the business prospects of the Group as well as the prevailing market sentiment. There is no assurance that the liquidity of the Shares or the volume of the Shares as traded on Catalist may not change or decline after the Rights cum Warrants Issue.

Negative publicity may adversely affect the price of the Shares

Any negative publicity or announcement, whether justifiable or not, relating to the Group or any of its Directors or existing or future joint venture partners may adversely affect the price of the Shares. Such negative publicity or announcement may include involvement in insolvency proceedings, litigation suits and failed attempts in joint ventures or takeovers.

Shareholders need to act promptly and follow proper procedures, otherwise their acceptance and/or Excess Application and payment may be rejected and their provisional allotments of Rights Shares with Warrants may expire without value and without any compensation

Shareholders who wish to accept the Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants under the Rights cum Warrants Issue must act promptly to ensure that all required forms, letters and payments are received by the relevant agents prior to the respective expiration dates and times. Failure to complete and sign the required acceptance forms or letters, the sending of an incorrect payment amount, or otherwise failure to follow the procedures that apply to a Shareholder's desired transaction may lead to rejection of all or part of the Shareholder's acceptance and/or excess application and payment, and their provisional allotments of Rights Shares with Warrants will expire without value and without any compensation.

The Company, the Share Registrar and the CDP do not undertake to contact the Shareholder concerning, or attempt to correct, an incomplete or incorrect acceptance form, letter or payment.

The Company has sole discretion to determine whether an acceptance and/or Excess Application and payment follows the proper procedures. Shareholders who hold Shares through a securities sub-account, brokerage account or other similar custodial account with a Depository Agent, broker, custodian or nominee other than CDP are urged to consult their Depository Agent, broker, custodian or nominee without delay regarding the proper procedures that they need to follow. The Shares may not be traded regularly. There is no assurance that there will be an active trading market for the Shares subsequent to the Rights cum Warrants Issue and even if there is, there is no assurance that an active trading market for the Shares will be sustained.

(c) Risks relating to ownership of the Warrants

Warrants may expire and be worthless

The Warrants issued pursuant to the Rights cum Warrants Issue have an Exercise Period of two (2) years. In the event that the Warrants are not exercised by the end of the Exercise Period, the Warrants will expire and will be worthless.

Potential dilution in the event the Warrants are not exercised

In the event that an Entitled Shareholder does not take up his entitlement to the Rights Shares with Warrants under the Rights cum Warrants Issue or does not exercise any Warrants taken up under the Rights cum Warrants Issue while the other Warrants issued under the Rights cum Warrants Issue are exercised, such Entitled Shareholder's interest in the Company may be diluted or varied.

There may be further issues of Shares

Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company may issue Shares for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit, but the Warrantholders shall not have any participating rights in such further issues unless otherwise resolved by the Company in a general meeting.

The listing of Warrants is subject to a sufficient spread of holdings

In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants due to an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants, the Company shall nevertheless proceed and complete the Rights cum Warrants Issue. Accordingly, the Warrantholders will not be able to trade their Warrants on Catalist.

Fluctuations in price and trading volume

The demand for the Warrants and its accompanying price fluctuations as well as trading volume may vary from that of the Shares.

8. THE PROPOSED TCL SHARES AND WARRANTS ISSUE

8.1 Introduction

The Company had on 11 March 2013 entered into a consultancy agreement (as supplemented by letters dated 13 April 2013 and 27 May 2013) ("**Consultancy Agreement**") with TCL (as consultant) pursuant to which the Company has agreed to pay TCL a consultancy fee of S$600,000 ("**TCL Consultancy Fee**") as payment for the consultancy services provided by TCL in relation to, amongst others, the Company's funding needs and methods of capital raising by the Company, for the period from March 2013 to June 2014.

The TCL Consultancy Fee shall be satisfied as follows:

(a) subject to the Company obtaining the requisite approvals as set out in Section 8.3 of this Circular, by the allotment and issue of the TCL Consultancy Fee Shares at a nominal consideration of S$30,000 in aggregate and the TCL Warrants, each TCL Warrant carrying the right to subscribe for one (1) New TCL Share at an exercise price of S$0.0175 for each New TCL Share; or

(b) in the event that the Company fails to obtain the requisite approvals for the allotment and issue of the TCL Consultancy Fee Shares and the TCL Warrants to TCL, the Company shall pay the TCL Consultancy Fee in cash.

For illustrative purposes, based on the Maximum Subscription Scenario:

(a) 10,519,000 TCL Consultancy Fee Shares and 16,000,000 TCL Warrants will be issued to TCL; and

(b) the average issue price of approximately S$0.0343 for each TCL Consultancy Fee Share and New TCL Share arising from the exercise of the TCL Warrant represents:

    (i) approximately 51.00% discount to the volume weighted price of the Shares traded on 4 March 2013 of S$0.07, being the last full Market Day trades were done preceding the date of signing of the Consultancy Agreement on 11 March 2013; and

    (ii) approximately 56.86% discount to the theoretical ex-rights trading price of S$0.0795 per Share.

For illustrative purposes, based on the Minimum Subscription Scenario:

(a) 6,757,000 TCL Consultancy Fee Shares and 4,531,000 TCL Warrants will be issued to TCL; and

(b) the average issue price of approximately S$0.0628 for each TCL Consultancy Fee Share and New TCL Share arising from the exercise of the TCL Warrant represents:

    (i) approximately 10.29% discount to the volume weighted price of the Shares traded on 4 March 2013 of S$0.07, being the last full Market Day trades were done preceding the date of signing of the Consultancy Agreement on 11 March 2013;

    (ii) approximately 21.50% discount to the last transacted price of S$0.08 per Share on Catalist on 27 May 2013, being the last full Market Day trades were done preceding the Announcement;

    (iii) approximately 21.50% discount to the weighted average price of S$0.08 per Share for trades done on Catalist on 27 May 2013, being the last full Market Day trades were done preceding the Announcement; and

    (iv) approximately 39.79% discount to the theoretical ex-rights trading price of S$0.1043 per Share.

The rationale for the payment in TCL Consultancy Fee Shares and the 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 generate additional funds to the Company.

The exercise price for the TCL Warrants is the same as the Exercise Price for the Warrants.

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.

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 8.5 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 Warrantholders**") 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.

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 8.3 of this Circular.

8.2 **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.

TCL has confirmed that as at the Latest Practicable Date:

(a) save for (i) the provision of the consultancy services to the Group pursuant to the Consultancy Agreement; (ii) the provision of the consultancy services to the Company in relation to the placement of 50,000,000 Shares to Bobby Lim in March 2013; and (iii) its sole director and shareholder, David Tan Chao Hsiung, who holds 200,000 Shares representing approximately 0.06% of the total number of issued Shares, 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 Catalist Rules.

8.3 **Approvals for the Proposed TCL Shares and Warrants Issue**

The issue and allotment of the TCL Consultancy Fee Shares and the 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;

(c) the Whitewash Resolution being approved by the Independent Shareholders at the EGM; and

(d) 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 Catalist, 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.

The Company will, through the Sponsor, 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 Catalist 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.

The Undertaking Shareholders had on 28 May 2013 provided an undertaking in favour of TCL that they shall vote in favour of the resolution to be proposed at the EGM to approve the allotment and issue of the TCL Consultancy Fee Shares, the TCL Warrants and the New TCL Shares to TCL.

8.4 **Use of proceeds from the Proposed TCL Shares and Warrants Issue**

The Company intends to use the entire net proceeds from the TCL Consultancy Fee Shares of S$30,000 and the net proceeds from the TCL Warrants of S$280,000 (assuming that 16,000,000 TCL Warrants are issued and all the TCL Warrants are fully exercised) to fund current energy project at the subsidiary level.

The Company will make periodic announcements on the utilisation of the 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.

8.5 **Principal Terms of the TCL Warrants**

The TCL Warrants will, together with the Warrants to be issued under the Rights cum Warrants Issue, be constituted by the Deed Poll. The terms and conditions governing the TCL Warrants will be on the same or substantially the same terms and conditions as the Warrants to be issued under the Rights cum Warrants Issue.

Number of TCL Warrants	:	Such number of free warrants representing 2.30% of the total number of Warrants allotted and issued following the Rights cum Warrants Issue but before the issue of warrants to TCL, odd lots to be disregarded, or up to 16,000,000 free warrants.
Detachability and trading	:	The TCL Warrants will be listed and traded separately on Catalist under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants and the TCL Warrants on Catalist, 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 1,000 TCL Warrants or such other number as may be notified by the Company.
Listing of the TCL Warrants	:	The Company will, through the Sponsor, 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 Catalist 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 TCL Warrantholder, at any time during the exercise period, to subscribe for one (1) New TCL Share at the exercise price in force on the relevant exercise date.
Exercise Price	:	The price of S$0.0175 payable for each New TCL Share on the exercise of a TCL Warrant, which price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the TCL Warrants to be set out in the Deed Poll.
Discount	:	The exercise price of S$0.0175 for each New TCL Share represents a discount of approximately: (a) 78.13% to the last transacted price of S$0.08 per Share on Catalist on 27 May 2013, being the last day trades were done preceding the Announcement; (b) 78.13% to the weighted average price of S$0.08 per Share for trades done on Catalist for full Market Day on 27 May 2013, being last day trades were done preceding the Announcement; and

(c) 85.89% to the closing price of S$0.124 per Share on the Latest Practicable Date.

Based on the last transacted price of the Shares of the Company as at the Latest Practicable Date of S$0.124 per Share, the theoretical ex-rights trading price based on the Maximum Subscription Scenario will be S$0.0795 per Share and the exercise price represents a discount of approximately 77.99% 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 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, 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 will 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 Members and/or Register of Warrantholders may be closed), subject to 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 : Not less than one (1) month before the expiry of the exercise period, the Company shall:

(i) make an announcement to the SGX-ST of the expiry of the exercise period;

(ii) 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

(iii) take all reasonable steps to despatch to the TCL Warrantholders 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 notice 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 TCL Warrants	:	TCL Warrantholders who exercise their TCL Warrants must pay the exercise price of S$0.0175 for each New TCL Share 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; and/or (b) subject to the TCL Warrants being listed on Catalist, by debiting the relevant holder's CPF Investment Account with the specified CPF Approved Bank for the credit of the Designated Account (each term as defined in the Deed Poll).
Adjustment to Exercise Price and/or the number of TCL Warrants	:	The exercise price and/or the number of TCL Warrants to be held by the TCL Warrantholders will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. Any additional TCL Warrants issued shall rank *pari passu* with the TCL Warrants issued under the Proposed TCL Shares and Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the Catalist Rules from time to time) be announced by the Company to the SGX-ST.
Status of the New TCL Shares	:	The New TCL Shares arising from the exercise of the TCL Warrants, upon issue and allotment, 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 New TCL Shares.
Modification of rights of the TCL Warrantholders	:	The Company may, without the consent of the Warrantholders and the TCL Warrantholders but in accordance with the terms and conditions of the Deed Poll, effect any modification to the terms and conditions of the Deed Poll including the terms and conditions of the Warrants and the TCL Warrants which, in the opinion of the Company is: (a) not materially prejudicial to the interests of the Warrantholders and TCL Warrantholders; (b) of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the Catalist Rules; and/or

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

Any such modification shall be binding on the Warrantholders and the TCL Warrantholders 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 Warrantholders and the TCL Warrantholders 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 the TCL Warrants after the issue thereof to the advantage of the Warrantholders and the TCL Warrantholders and prejudicial to the Shareholders must be approved by the Shareholders in a general meeting, and if necessary, the SGX-ST, except where the alterations are made pursuant to the terms and conditions of the Warrants and TCL Warrants to be set out in the Deed Poll.

Transfer and transmission : The TCL Warrants may only be transferred in lots, such that the subscription of the New TCL Shares by TCL may only be effected in whole numbers. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the TCL Warrants to be set out in the Deed Poll including, *inter alia*, the following:

(i) TCL Warrants not registered in the name of CDP — a TCL Warrantholder whose TCL Warrants are registered otherwise than in the name of CDP (the "**Transferor**") shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with a transfer form as prescribed by the Company from time to time (the "**Transfer Form**") duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP. A Transferor shall be deemed to remain a TCL Warrantholder of the TCL Warrants until the name of the transferee is entered in the Register of Warrantholders by the Warrant Agent;

(ii) Deceased TCL Warrantholder — the executors or administrators of a deceased TCL Warrantholder whose TCL Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the TCL Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company as having any title to the TCL Warrants registered in the name of the deceased TCL Warrantholder. Such persons shall be entitled to be registered as TCL Warrantholders and/or to make such transfer(s) as the deceased TCL Warrantholder could have made, upon the production by such persons to the Company and the Warrant Agent of such evidence as may be required by the Company to prove their title and on completion of a Transfer Form and payment of the fees and expenses to be set out in the Deed Poll; and

(iii) TCL Warrants registered in the name of CDP — where the TCL Warrants are registered in the name of CDP and the TCL Warrants are to be transferred between Depositors, such TCL Warrants must be transferred in the Depository Register by CDP by way of book entry. A Depositor shall be deemed to remain a holder of the TCL Warrants until the name of the transferee is entered in the Depository Register by CDP.

Winding-up : In the event of 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 the 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 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 participating rights in such issue unless otherwise resolved by the Company in a general meeting.
Warrant Agent	:	Boardroom Corporate & Advisory Services Pte. Ltd.
Governing Law	:	Laws of Singapore.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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' Shareholdings are as follows:

	Direct Interest		Deemed Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Boon Kheng[(1), (2)]	33,389,001	9.65	175,000	0.05
Tan Ah Kan @ Tan Kow La[(1)]	18,200,000	5.26	–	–
Tan Boon Siang[(1)]	16,218,000	4.69	–	–
Tan Boon Yew[(1)]	20,084,000	5.80	–	–
Seah Hai Yang	–	–	–	–
Liew Ah Choy	–	–	–	–
Substantial Shareholders				
Bobby Lim[(3)]	50,000,000	14.45	–	–
Bernard Lim[(3)]	30,000,000	8.67	–	–
Brian Chang Holdings (S) Pte Ltd[(4)]	44,108,886	12.75	–	–
Brian Chang[(4)]	–	–	44,108,886	12.75
Tracy Chang[(4)]	–	–	44,108,886	12.75

Notes:

(1) Tan Ah Kan @Tan Kow La is the father of Tan Boon Kheng, Tan Boon Siang and Tan Boon Yew.

(2) Tan Boon Kheng is deemed interested in the 175,000 Shares held by his wife, Ms Lee Yoke Chun.

(3) Bobby Lim is the father of Bernard Lim.

(4) Brian Chang and Tracy Chang each holds a 50% equity interest in Brian Chang Holdings (S) Pte Ltd and accordingly, Brian Chang and Tracy Chang are each deemed interested in all the Shares held by Brian Chang Holdings (S) Pte Ltd. Brian Chang is the father of Tracy Chang.

10. INTER-CONDITIONALITY OF RESOLUTIONS

Shareholders should note that the approval of the Rights cum Warrants Issue and the Whitewash Resolution are each conditional on the other. This means that if any resolution is not approved, the other resolution will not be duly passed.

11. 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 and Independent Shareholders for the Whitewash Resolution being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue may only be made on the following (all of which will form part of the Offer Information Statement):

(i) the PAL, in the case of Entitled Scripholders whose Shares are registered in their own names;

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

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

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. THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN

13.1 Introduction

The Directors are proposing to implement a new performance share plan, the Asiatic Performance Share Plan.

The Plan is subject to the receipt of a listing and quotation notice from the SGX-ST for the listing and quotation of the New Shares (Plan) on Catalist to be issued and allotted under the Plan, as well as the approval of the Shareholders, which is being sought at the EGM, notice of which is set out on pages N-1 to N-6 of this Circular.

The following is a summary of the rationale and principal rules of the Plan. The detailed rules of the Plan are set out in Appendix B of this Circular.

13.2 Rationale

The Company has an existing share option scheme, the ESOS, which was approved by the Shareholders at an extraordinary general meeting held on 25 July 2008. The purpose of the ESOS is to provide an opportunity for employees of the Group to participate in the equity of the Company so as to motivate them towards greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. As at the Latest Practicable Date, no Option has been granted under the ESOS. Accordingly, no Shares have been allotted on the exercise of Options issued under the ESOS.

The Directors are proposing to implement the Plan to complement the existing ESOS and to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. The Directors believe that the Plan will provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining local and foreign talent.

Unlike the ESOS whereby participants are required to pay the exercise price of the Options, the Plan allows the Company to provide an incentive for Participants to achieve certain specific performance targets by awarding fully paid Shares to Participants after these targets have been met.

In addition, the assessment criteria for granting Option(s) under the ESOS are more general (e.g. based on length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Company. In contrast, the assessment criteria for granting of Awards under the Plan will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

13.3 Summary of the Plan

13.3.1 Eligibility

The Plan allows for participation by Group Employees (including Group Executive Directors) and Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the Award provided that none shall be an undischarged bankrupt at the relevant time, and who, in the absolute discretion of the Remuneration Committee, will be eligible to participate in the Plan.

Subject to the absolute discretion of the Remuneration Committee, the Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Plan, provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the Plan to, a Participant who is a Controlling Shareholder or his Associate shall be approved by independent Shareholders in a general meeting in separate resolutions for each such person.

Subject to the absolute discretion of the Remuneration Committee and prior to any grant of an Award to any Controlling Shareholder or his Associate, the Company will seek approval from its independent Shareholders for the participation of such person in the Plan and/or the grant of an Award to such person.

There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Remuneration Committee.

13.3.2 Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed performance targets.

The selection of the Participants and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

In the case of a performance-related Award, the performance targets will be set by the Remuneration Committee depending on each individual Participant's job scope and responsibilities. The performance targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The performance targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance and development and overall enhancement to Shareholder value, amongst others, will be taken into account.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, the following:

(a) in relation to a performance-related Award, the performance targets and the performance period during which the prescribed performance targets shall be met;

(b) the number of Shares to be vested on the Participant; and

(c) the date by which the Award shall be vested.

The Remuneration Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the pre-determined dollar amount which the Remuneration Committee decides that a Participant deserves for meeting his performance targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Remuneration Committee may decide absolute number of Shares to be awarded to Participants irrespective of the price of the Shares. The Remuneration Committee shall monitor the grant of Awards carefully to ensure that the size of the Plan will comply with the relevant rules of the Catalist Rules.

13.3.3 **Size and duration of the Plan**

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of all Awards granted under the Plan and all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company on the day preceding the date on which the Award shall be granted.

The Directors believe that the size of the Plan will give the Company sufficient flexibility to decide the number of Shares to be offered under the Plan. However, it does not indicate that the Remuneration Committee will definitely issue Shares up to the prescribed limit. The Remuneration Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the Plan. This, in turn, will depend on and be commensurate with the performance and value of the Participant brings to the Group.

The aggregate number of Shares that are available to the Controlling Shareholders and their Associates under the Plan shall not exceed 25% of the total number of Shares available under the Plan. The number of Shares that are available to each Controlling Shareholder or his Associate under the Plan shall not exceed 10% of the Shares available under the Plan.

The Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

13.3.4 **Operation of the Plan**

The Remuneration Committee shall have the discretion to determine whether performance targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance targets if the Remuneration Committee decides that a changed performance targets would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee being satisfied that the Participant has achieved the performance targets.

Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will be delivering Shares to Participants upon vesting of their Awards by way of an issue of New Shares (Plan) or the transfer of existing Shares held as treasury shares to the Participants. In determining whether to issue New Shares (Plan) or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares (Plan) or purchasing existing Shares.

The financial effects of the delivery of Shares to Participants upon vesting of the Awards are set out in Section 13.12 of this Circular.

New Shares (Plan) allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Memorandum and Articles of Association of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares (Plan) or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

13.3.5 **Adjustments and alterations under the Plan**

(a) Variation of Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(ii) the class and/or number of Shares over which future Awards may be granted under the Plan,

shall be adjusted by the Remuneration Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Remuneration Committee shall determine at its own discretion the manner in which such adjustment shall be made.

Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

(i) the issue of securities as consideration for an acquisition or a private placement of securities;

(ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

(iii) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to share option scheme or share plan approved by Shareholders in general meeting, including the Plan; and

(iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

Notwithstanding the provisions of the rules of the Plan:

(i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and

(ii) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(b) Modifications to the Plan

Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee, provided that:

(i) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders in a general meeting; and

(ii) no modification or alteration shall be made without due compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

13.4 **Reporting requirements**

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Award and provide details of the grant, including the following:

(a) date of grant;

(b) market price of the Shares on the date of grant of the Award;

(c) number of Shares granted under the Award;

(d) number of Shares granted to Directors under the Award, if any; and

(e) the vesting period in relation to the Award.

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

(a) the names of the members of the Remuneration Committee administering the Plan;

(b) in respect of the following Participants:

(i) Directors of the Company;

(ii) Participants who are Controlling Shareholders and their Associates; and

(iii) Participants (other than those in paragraphs (b)(i) and (b)(ii) above) who have received Shares pursuant to the vesting of Awards granted under the Plan which, in aggregate, represent five per cent. (5)% or more of the total number of Shares available under the Plan, the following information:

(aa) the name of the Participant;

(bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;

(cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the Plan to the end of the financial year under review;

(dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the Plan since the commencement of the Plan to the end of the financial year under review;

(ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and

(iv) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

13.5 **Role and composition of the Remuneration Committee**

The Remuneration Committee shall be responsible for the administration of the Plan. As at the date of this Circular, the Remuneration Committee comprises Liew Ah Choy, Seah Hai Yang and Tan Ah Kan @ Tan Kow La.

The Remuneration Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Plan) for the implementation and administration of the Plan as they think fit including, but not limited to:

(a) imposing restrictions on the number of Awards that may be vested within each financial year; and

(b) amending performance targets if by so doing, it would be a fairer measure of performance for a Participant or for the Plan as a whole.

In compliance with the requirements of the Catalist Rules, any Participant of the Plan who is a member of the Remuneration Committee shall not be involved in its deliberations in respect of Awards granted or to be granted to him or his Associate.

13.6 **Rationale for participation by Controlling Shareholders and their Associates**

As at the Latest Practicable Date, the Controlling Shareholders who are eligible to participate in the Plan are Tan Boon Kheng, Tan Ah Kan @ Tan Kow La, Tan Boon Siang and Tan Boon Yew.

The Company is of the view that all employees of the Group, including those who are Controlling Shareholders and their Associates, should be remunerated for their contribution to the Group on the same basis with no differentiation between employees who are Controlling Shareholders or their Associates, and employees who are not. The extension of the Plan to allow the Controlling Shareholders and their Associates to participate in the Plan will ensure that they are equally entitled, with the other Group Employees who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration.

The Company is of the view that the Controlling Shareholders and their Associates should not be unduly discriminated against by virtue only of their shareholdings in the Company or the fact that they exercise control in the Company. The Company is also of the view that the extension of the Plan to Controlling Shareholders and their Associates will enhance their long-term commitment to the Group as it will ensure that they will continue to have a stake in the Company even if they decrease their shareholdings in the Company in the future.

As a safeguard against abuse, all members of the Board (and not just members of the Remuneration Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of Awards to be granted to or held by Controlling Shareholders or their Associates and the terms and conditions, including the performance targets, attached to such Awards. Furthermore, specific approval of the independent Shareholders is required for the (a) participation of, and (b) the terms of each grant and the actual number of Awards granted under the Plan to, a Participant who is a Controlling Shareholder or his Associate.

13.7 **Rationale for participation by Mr Tan Boon Kheng**

Mr Tan Boon Kheng is the Acting Chairman and Managing Director of the Company. He is also a Controlling Shareholder of the Company (please refer to Section 9 of this Circular for details on his shareholding interest). He determines the overall strategic and expansion plans of the Group, and is responsible for the overall business development and general management of the Group. He was instrumental in the Group's foray into the overseas markets and expansion into the power generation business. He has played a pivotal role in the growth and development of the Group.

The extension of the Plan to Mr Tan Boon Kheng is consistent with the Company's objective to motivate its employees to achieve and maintain a high level of performance and contribution, which is vital to the success of the Company. The extension of the Plan to him will ensure that he is equally entitled to take part in and benefit from this system of remuneration, thereby further enhancing his long-term commitment to the Company.

The Company recognises that Mr Tan Boon Kheng will continue to play an integral role in driving the strategic development and success of the Group and therefore wishes to allow Mr Tan Boon Kheng to participate in the Plan.

Subject to the Shareholders' approval at the EGM for the adoption of the Plan and for Mr Tan Boon Kheng's participation in the Plan, in the event that the Company decides to grant Awards under the Plan to Mr Tan Boon Kheng, it will make a full disclosure of the rationale and justification for, and the terms of, such grant of Awards to its independent Shareholders and also seek the approval of its independent Shareholders at a general meeting.

13.8 **Rationale for participation by Mr Tan Ah Kan @ Tan Kow La**

Mr Tan Ah Kan @ Tan Kow La is the founder of the Group and currently, a Non-Executive Director of the Company. He is the father of Mr Tan Boon Kheng, Mr Tan Boon Siang and Mr Tan Boon Yew. He is a Controlling Shareholder of the Company (please refer to Section 9 of this Circular for details on his shareholding interest). As a Non-Executive Director, he provides guidance and assistance to the management and Board of the Company. He was instrumental in building up the fire fighting and protection business over the past 30 years and has extensive experience and knowledge in the fire fighting and protection industry.

The extension of the Plan to Mr Tan Ah Kan @ Tan Kow La is consistent with the Company's objective to motivate its employees to achieve and maintain a high level of performance and contribution, which is vital to the success of the Company. The extension of the Plan to him will ensure that he is equally entitled to take part in and benefit from this system of remuneration, thereby further enhancing his long-term commitment to the Company.

The Company recognises that Mr Tan Ah Kan @ Tan Kow La will continue to play an integral role in driving the success of the Group and therefore wishes to allow Mr Tan Ah Kan @ Tan Kow La to participate in the Plan.

Subject to the Shareholders' approval at the EGM for the adoption of the Plan and for Mr Tan Ah Kan @ Tan Kow La's participation in the Plan, in the event that the Company decides to grant Awards under the Plan to Mr Tan Ah Kan @ Tan Kow La, it will make a full disclosure of the rationale and justification for, and the terms of, such grant of Awards to its independent Shareholders and also seek the approval of its independent Shareholders at a general meeting.

13.9 **Rationale for participation by Mr Tan Boon Siang**

Mr Tan Boon Siang is the Executive Director of the Company and a Controlling Shareholder of the Company (please refer to Section 9 of this Circular for details on his shareholding interest). He is responsible for the management and supervision of the land-based fire fighting and protection business.

The extension of the Plan to Mr Tan Boon Siang is consistent with the Company's objective to motivate its employees to achieve and maintain a high level of performance and contribution, which is vital to the success of the Company. The extension of the Plan to him will ensure that he is equally entitled to take part in and benefit from this system of remuneration, thereby further enhancing his long-term commitment to the Company.

The Company recognises that Mr Tan Boon Siang will continue to play an integral role in driving the success of the Group and therefore wishes to allow Mr Tan Boon Siang to participate in the Plan.

Subject to the Shareholders' approval at the EGM for the adoption of the Plan and for Mr Tan Boon Siang's participation in the Plan, in the event that the Company decides to grant Awards under the Plan to Mr Tan Boon Siang, it will make a full disclosure of the rationale and justification for, and the terms of, such grant of Awards to its independent Shareholders and also seek the approval of its independent Shareholders at a general meeting.

13.10 **Rationale for participation by Mr Tan Boon Yew**

Mr Tan Boon Yew is the Executive Director of the Company and a Controlling Shareholder of the Company (please refer to Section 9 of this Circular for details on his shareholding interest). He is responsible for the management and supervision of the marine-based fire fighting and protection business.

The extension of the Plan to Mr Tan Boon Yew is consistent with the Company's objective to motivate its employees to achieve and maintain a high level of performance and contribution, which is vital to the success of the Company. The extension of the Plan to him will ensure that he is equally entitled to take part in and benefit from this system of remuneration, thereby further enhancing his long-term commitment to the Company.

The Company recognises that Mr Tan Boon Yew will continue to play an integral role in driving the success of the Group and therefore wishes to allow Mr Tan Boon Yew to participate in the Plan.

Subject to the Shareholders' approval at the EGM for the adoption of the Plan and for Mr Tan Boon Yew's participation in the Plan, in the event that the Company decides to grant Awards under the Plan to Mr Tan Boon Yew, it will make a full disclosure of the rationale and justification for, and the terms of, such grant of Awards to its independent Shareholders and also seek the approval of its independent Shareholders at a general meeting.

13.11 **Rationale for participation by Non-Executive Directors**

While the Plan caters principally to Group Employees, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the Non-Executive Directors.

The Non-Executive Directors are persons from different professions and working backgrounds, bringing to the Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping the Group shape its business strategy by allowing the Group to draw on their diverse backgrounds and working experience. It is crucial for the Group to attract, retain and incentivise the Non-Executive Directors. By aligning the interests of the Non-Executive Directors with the interests of Shareholders, the Company aims to inculcate a sense of commitment on the part of the Non-Executive Directors towards serving the short and long-term objectives of the Group.

The Directors are of the view that including the Non-Executive Directors in the Plan will show the Company's appreciation for, and further motivate them in their contribution towards the success of the Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of the Group, while it is desired that participation in the Plan be made open to the Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of the Company's appreciation.

For the purpose of assessing the contributions of the Non-Executive Directors, the Remuneration Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Non-Executive Directors. In addition, the Remuneration Committee will also consider the scope of advice given, the number of contracts and the size of deals which the Group is able to procure from the contacts and recommendations of the Non-Executive Directors. The Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the number of Shares vested under the Plan to be delivered to the Non-Executive Directors based on the criteria set out above will be relatively small, in terms of frequency or numbers. Based on this, the Directors are of the view that the participation by the Non-Executive Directors in the Plan will not compromise the independent status of those who are Independent Directors.

13.12 **Financial effects of the Plan**

13.12.1 **Cost of Awards**

Financial Reporting Standard 102 ("**FRS 102**") relating to share-based payment takes effect for all listed companies beginning 1 January 2005. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made. This accounting treatment has been referred to as the "modified grant date method" because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the grant date.

The amount charged to profit or loss would be the same whether the Company settles the Awards by issuing New Shares (Plan) or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

In the event that the Participants receive cash, the Company shall measure the fair value of the liability at grant date. Until the liability is settled, the Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in profit or loss.

13.12.2 **Share capital**

The Plan will result in an increase in the Company's issued share capital where New Shares (Plan) are issued to Participants. The number of New Shares (Plan) issued will depend on, amongst others, the size of the Awards granted under the Plan. However, if existing Shares are purchased for delivery to Participants in lieu of issuing New Shares (Plan) to Participants, the Plan would have no impact on the Company's total number of issued Shares.

13.12.3 **NTA**

The Plan will result in a charge to the Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When New Shares (Plan) are issued under the Plan, there would be no effect on the NTA. However, instead of issuing New Shares (Plan) to Participants, existing Shares are purchased for delivery to Participants, or the Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

13.12.4 **EPS**

The Plan will result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to Participants of the Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

14. THE PROPOSED SHARE BUYBACK MANDATE

14.1 Introduction

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Catalist Rules that an issuer which wishes to purchase its own shares should obtain prior approval of its shareholders at a general meeting. In this regard, approval is now being sought from Shareholders at the EGM for the Share Buyback Mandate.

Ordinary Resolution 9 as set out in the Notice of EGM will be proposed, pursuant to which the Share Buyback Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buyback Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Buyback Mandate will continue to be in force until the conclusion of the next AGM of the Company or the date by which such an AGM is required to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which Share purchases or acquisitions have been carried out to the full extent mandated or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

14.2 **Rationale**

The approval of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in Section 14.3.1 below at any time, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.

(b) The Company has at present a share-based incentive scheme, namely the ESOS, and is proposing to adopt the share plan, namely the Asiatic Performance Share Plan, for its employees. Share buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the ESOS or Plan (if approved by the Shareholders at the EGM), thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders.

(c) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

(d) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders' confidence and employees' morale.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in Section 14.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from Catalist. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on Catalist.

14.3 **Authority and limits of the Share Buyback Mandate**

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

14.3.1 **Maximum number of Shares**

Only Shares which are issued and fully paid may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the EGM at which the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes only, on the basis of 346,032,791 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the EGM, not more than 34,603,279 Shares (representing 10% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

14.3.2 **Duration of authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM at which the Share Buyback Mandate is approved, up to:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

14.3.3 **Manner of purchase or acquisition of Shares**

Purchases or acquisitions of Shares can be effected by the Company by way of:

(a) market purchases transacted on Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback ("**Market Purchases**"); and/or

(b) off-market purchases ("**Off-Market Purchase**") effected otherwise than on Catalist pursuant to an equal access scheme.

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Articles, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:

    (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;

    (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

    (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase or acquisition of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on Catalist;

(f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

14.3.4 **Maximum price to be paid for the Shares**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

14.4 **Sources of funds**

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Articles of Association and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Previously, any payment made by the Company in consideration of the purchase or acquisition of its Shares may only be made out of the Company's distributable profits. The Companies Amendment Act 2005 now permits the Company to also purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

14.5 **Status of purchased or acquired Shares**

Under Section 76B of the Companies Act, any Shares purchased or acquired by the Company through a Share buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

14.6 **Treasury Shares**

Under the Companies Act (as amended by the Companies Amendment Act 2005), the Shares purchased or acquired by the Company may be held or dealt with as treasury shares.

Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

(c) In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

    (i) sell the treasury shares (or any of them) for cash;

    (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

    (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

    (iv) cancel the treasury shares (or any of them); or

    (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

The Directors will also consider and decide whether to purchase or acquire Shares to satisfy the Options granted under the ESOS or, if the Asiatic Performance Share Plan is approved at the upcoming EGM, the Shares awarded under the Plan.

The Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

14.7 **Reporting requirements**

The Company shall notify the ACRA in the prescribed form within 30 days of a purchase or acquisition of Shares on Catalist or otherwise. Such notification shall include, *inter alia*, details of the purchases or acquisitions and the total number of Shares purchased or acquired by the Company, the Company's issued ordinary share capital before and after the purchase or acquisition of Shares, and the amount of consideration paid by the Company for the purchases or acquisitions. Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with the ACRA.

Pursuant to the Catalist Rules, the Company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

(a) the date of the sale, transfer, cancellation and/or use;

(b) the purpose of such sale, transfer, cancellation and/or use;

(c) the number of treasury shares sold, transferred, cancelled and/or used;

(d) the number of Shares before and after such sale, transfer, cancellation and/or use;

(e) the percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

14.8 **Financial effects**

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Company and the Group as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. Any Share buyback will:

(a) reduce the number of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Under the Companies Act (as amended by the Companies Amendment Act 2005), purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses)

will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share of the Group.

Purely for illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2013 and based on the assumptions set out below:

(a) based on 346,032,791 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, not more than 34,603,279 Shares (representing 10% of the total number of issued Shares (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 34,603,279 Shares at the Maximum Price of S$0.126 (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 34,603,279 Shares (excluding related expenses) is approximately S$4.36 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 34,603,279 Shares at the Maximum Price of S$0.144 (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 34,603,279 Shares (excluding related expenses) is approximately S$4.98 million.

Purely for illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that:

(i) such purchase or acquisition of Shares is financed solely by internal sources of funds available as at 31 March 2013 and external borrowings;

(ii) the Share Buyback Mandate had been effective on 1 April 2012; and

(iii) the Company had purchased or acquired 34,603,279 Shares (representing 10% of its total number of issued Shares at the Latest Practicable Date) on the Latest Practicable Date,

the financial effects of the purchase or acquisition of the 34,603,279 Shares by the Company pursuant to the Share Buyback Mandate:

(1) by way of purchases made entirely out of capital and held as treasury shares; and

(2) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 March 2013 pursuant to the Share Buyback Mandate are as follows:

14.8.1 Purchases made out of capital and held as treasury shares

	Group			Company		
As at 31 March 2013	**Before Share Buyback (S$'000)**	**After Share Buyback assuming Market Purchase (S$'000)**	**After Share Buyback assuming Off-Market Purchase (S$'000)**	**Before Share Buyback (S$'000)**	**After Share Buyback assuming Market Purchase (S$'000)**	**After Share Buyback assuming Off-Market Purchase (S$'000)**
Share Capital	24,077	24,077	24,077	24,077	24,077	24,077
Translation reserves	(4,904)	(4,904)	(4,904)	–	–	–
Accumulated profits	13,419	13,419	13,419	7,175	7,175	7,175
Treasury shares	–	(4,360)	(4,983)	–	(4,360)	(4,983)
Equity attributable to the owners of the parent	32,592	28,232	27,609	31,252	26,892	26,269
NTA[1]	32,417	28,057	27,434	31,252	26,892	26,269
Cash and cash equivalents	9,395	5,035	4,412	3,239	–	–
Current assets	48,772	44,412	43,789	10,908	7,669	7,669
Current liabilities	75,143	75,143	75,143	2,794	3,915	4,538
Working capital	(26,371)	(30,731)	(31,354)	8,114	3,754	3,131
Total borrowings[2]	45,302	45,302	45,302	–	1,121	1,744
Profit for the financial year	360	360	360	709	709	709
Number of issued Shares ('000)	346,033	346,033	346,033	346,033	346,033	346,033
Treasury shares ('000)	–	34,603	34,603	–	34,603	34,603
Number net of treasury shares ('000)	346,033	311,430	311,430	346,033	311,430	311,430
Financial Ratios						
NTA per Share (cents)[3]	9.37	9.01	8.81	9.03	8.64	8.43
EPS (cents) [4]	0.10	0.12	0.12	0.20	0.23	0.23
Current ratio (times)[5]	0.65	0.59	0.58	3.90	1.96	1.69
Gearing ratio (times)[6]	1.40	1.61	1.65	–	0.04	0.07
Return on equity (%)[7]	1.10	1.28	1.30	2.27	2.64	2.70

Notes:

(1) NTA refers to total net assets less intangible assets.

(2) Total borrowings refer to the total of short term and long term borrowings, and finance lease obligations.

(3) NTA per Share is calculated based on NTA and 346,032,791 Shares in issue as at the Latest Practicable Date less treasury shares.

(4) For illustrative purpose, EPS is calculated based on 346,032,791 Shares in issue as at the Latest Practicable Date less treasury shares.

(5) Current ratio equals current assets divided by current liabilities.

(6) Gearing ratio equals total borrowings divided by Equity attributable to the owners of the parent.

(7) Return on equity equals profit for the financial year divided by Equity attributable to the owners of the parent.

14.8.2 Purchases made out of capital and cancelled

As at 31 March 2013	Group			Company		
	Before Share Buyback (S$'000)	After Share Buyback assuming Market Purchase (S$'000)	After Share Buyback assuming Off-Market Purchase (S$'000)	Before Share Buyback (S$'000)	After Share Buyback assuming Market Purchase (S$'000)	After Share Buyback assuming Off-Market Purchase (S$'000)
Share Capital	24,077	24,077	24,077	24,077	24,077	24,077
Reserves	(4,904)	(4,904)	(4,904)	–	–	–
Accumulated profits	13,419	13,419	13,419	7,175	7,175	7,175
Reserve	–	(4,360)	(4,983)	–	(4,360)	(4,983)
Equity attributable to the owners of the parent	32,592	28,232	27,609	31,252	26,892	26,269
NTA[1]	32,417	28,057	27,434	31,252	26,892	26,269
Cash and cash equivalents	9,395	5,035	4,412	3,239	–	–
Current assets	48,772	44,412	43,789	10,908	7,669	7,669
Current liabilities	75,143	75,143	75,143	2,794	3,915	4,538
Working capital	(26,371)	(30,731)	(31,354)	8,114	3,754	3,131
Total borrowings[2]	45,302	45,302	45,302	–	1,121	1,744
Profit for the financial year	360	360	360	709	709	709
Number of issued Shares ('000)	346,033	311,430	311,430	346,033	311,430	311,430
Financial Ratios						
NTA per Share (cents)[3]	9.37	9.01	8.81	9.03	8.64	8.43
EPS (cents)[4]	0.10	0.12	0.12	0.20	0.23	0.23
Current ratio (times)[5]	0.65	0.59	0.58	3.90	1.96	1.69
Gearing ratio (times)[6]	1.40	1.61	1.65	–	0.04	0.07
Return on equity (%)[7]	1.10	1.28	1.30	2.27	2.64	2.70

Notes:

(1) NTA refers to total net assets less intangible assets.

(2) Total borrowings refer to the total of short term and long term borrowings, and finance lease obligations.

(3) NTA per Share is calculated based on NTA and 346,032,791 Shares in issue as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(4) For illustrative purpose, EPS is calculated based on 346,032,791 Shares in issue as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(5) Current ratio equals current assets divided by current liabilities.

(6) Gearing ratio equals total borrowings divided by Equity attributable to the owners of the parent.

(7) Return on equity equals profit for the financial year divided by Equity attributable to the owners of the parent.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for the financial year ended 31 March 2013, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

14.9 **Catalist Rules**

While the Catalist Rules do not expressly prohibit purchase or acquisition of shares by a Catalist company during any particular time or times, because a company would be considered an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one month immediately preceding the announcement of the Company's full-year results; and

(b) two (2) weeks immediately preceding the announcement of the Company's quarterly results for each of the first three quarters of its financial year.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of its Shares are in the hands of the public. The "**public**", as defined under the Catalist Rules, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings maintained by the Company as at the Latest Practicable Date, approximately 122,452,655 Shares, representing 35.39% of the issued Shares (excluding treasury shares), are in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

14.10 **Take-over Code implications**

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

14.10.1 **Obligations to make a Take-over Offer**

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

14.10.2 **Persons acting in concert**

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

(a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

14.10.3 **Effect of Rule 14 and Appendix 2 of the Take-over Code**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Substantial Shareholders and Directors

Based on the information in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings, as at the Latest Practicable Date, the Undertaking Shareholders and their Concert Parties collectively hold 99,471,250 Shares representing approximately 28.74% of the total number of issued Shares of the Company. Please refer to Section 6.1 of this Circular for the name, relationship and number of Shares held by each Undertaking Shareholder and his Concert Parties.

Assuming that the Company purchases the maximum of 34,603,279 Shares (being 10% of its issued Shares excluding treasury shares) pursuant to the Share BuyBack Mandate and that such Shares are cancelled upon purchase, and assuming further that there is no change in the number of Shares held by each of the Undertaking Shareholders and their Concert Parties, the aggregate interests of the Undertaking Shareholders and their Concert Parties would increase from 28.74% to 31.94% of the issued share capital of the Company. Accordingly, each of the Undertaking Shareholders and their Concert Parties will incur an obligation to make a takeover offer under Rule 14 of the Take-over Code.

Exemption under Appendix 2 of the Take-over Code and conditions for exemption from having to make a general offer under Rule 14 of the Take-over Code

Section 3(a) of Appendix 2 of the Take-over Code sets out the conditions for exemption from the obligation to make a general offer under Rule 14 of the Take-over Code in the case of directors and persons acting in concert with them incurring such an obligation as a result of a listed company making a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act.

The conditions are as follows:

(a) the circular to shareholders on the resolution to authorise the Share Buyback Mandate to contain advice to the effect that by voting for the Share Buyback Mandate resolution, shareholders are waiving their right to a general offer at the required price from directors and parties acting in concert with them who, as a result of the company buying back its shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the company's voting rights, would increase their voting rights by more than 1% in any period of 6 months, and the names of such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed Share buyback to be disclosed in the same circular;

(b) the resolution to authorise the Share Buyback Mandate to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share buy-back;

(c) directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the Share Buyback Mandate;

(d) within seven days after the passing of the resolution to authorise a Share buyback, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC;

(e) directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the Share Buyback Mandate is imminent and the earlier of:

(i) the date on which the authority of the Share Buyback Mandate expires; and

(ii) the date on which the company announces it has bought back such number of shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to 30% or more; and

(f) directors and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:

(i) the date on which the authority of the share buy-back expires; and

(ii) the date on which the company announces it has bought back such number of shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding 6 months.

It follows that where the aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the share buy-back and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

Submission of Form 2 to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2 of the Take-over Code) is the prescribed form to the submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to paragraph (d) above) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its Share Buyback Mandate.

Each of the Undertaking Shareholders and their Concert Parties have informed the Company that they will be submitting a Form 2 to the SIC within seven (7) days after the passing of the resolution authorising the Share Buy-Back Mandate.

Waiver

Shareholders should note that by voting for the Share Buy-Back Mandate, they are waiving their rights to a take-over offer by the Undertaking Shareholders and their Concert Parties in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by SIC, would have to be made in cash or be accompanied by a cash alternative at not less than the highest price (excluding stamp duty and commission) paid by the Undertaking Shareholders and their Concert Parties for any Share within the preceding six (6) months.

Voting to be on a poll

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Buyback Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Take-over Code as a result of the Share Buyback Mandate. Accordingly, the Ordinary Resolution 9 relating to the Share Buyback Mandate set out in the Notice of EGM is proposed to be taken on a poll and each of the Undertaking Shareholders and their Concert Parties shall abstain from voting on such Ordinary Resolution 9.

Save as disclosed above, and based on the information in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 of the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Buyback by the Company.

14.11 Share buybacks in the previous 12 months

The Company has not purchased or acquired any Shares during the 12-month period immediately preceding the Latest Practicable Date.

15. DIRECTORS' RECOMMENDATION

15.1 Rights cum Warrants Issue

The Directors are of the opinion, based on the rationale for and the terms of the Rights cum Warrants Issue as set out in this Circular, that the Rights cum Warrants Issue is in the best interests of the Shareholders and the Company, and accordingly unanimously recommend Shareholders to vote in favour of the Ordinary Resolution 1 relating to the Rights cum Warrants Issue to be proposed at the EGM as set out in the Notice of EGM.

15.2 Whitewash Resolution

Tan Boon Kheng, Tan Ah Kan @ Tan Kow La, Tan Boon Siang and Tan Boon Yew have abstained from deliberating and making any recommendations on the Whitewash Resolution as they are Undertaking Shareholders.

The Independent Directors having considered the rationale for the Rights cum Warrants Issue, the terms and conditions of the Rights cum Warrants Issue, the financial effects of the Rights cum Warrants Issue and the advice of the IFA, are of the opinion that the Whitewash Resolution is not prejudicial to the interests of the Independent Shareholders. In addition, the Independent Directors note that the AR2013 and the Independent Auditor's report on the Group's and Company's financial statements for the financial year ended 31 March 2013 contained an emphasis of matter relating to the Group's negative working capital position. The proceeds from the Rights cum Warrants Issue will serve to strengthen the shareholders' funds of the Group. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of the Ordinary Resolution 2 relating to the Whitewash Waiver to be proposed at the EGM as set out in the Notice of EGM. The Independent Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of a poll to approve the same.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

(a) they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Take-over Code from the Undertaking Shareholders and their Concert Parties for their Shares, which the Undertaking Shareholders and their Concert Parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by the Undertaking Shareholders and their Concert Parties for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue;

(b) the Undertaking Shareholders and their Concert Parties may hold Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital as a result of the Subscription, and the Undertaking Shareholders and their Concert Parties will at that point be free to acquire further Shares without incurring any obligation under Rule 14 of the Take-over Code to make a mandatory general offer for the Shares; and

(c) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants held by the Undertaking Shareholders.

INDEPENDENT SHAREHOLDERS SHOULD ALSO NOTE THAT the passing of the resolutions to approve the Rights cum Warrants Issue are contingent upon, amongst others, the Whitewash Resolution being passed. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Rights cum Warrants Issue will not take place.

Shareholders are advised to read this Circular in its entirety and, for those who may require advice in the context of their specific investment, to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser.

15.3 **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. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the Proposed TCL Shares and Warrants Issue to be proposed at the EGM as set out in the Notice of EGM.

15.4 **The Plan and the proposed participation by the Controlling Shareholders in the Plan**

As all the Directors are eligible to participate in, and are therefore, interested in the Plan, they have refrained from making any recommendations as to how Shareholders should vote in respect of the Ordinary Resolutions 4, 5, 6, 7 and 8 relating to the Plan and the proposed participation by the Controlling Shareholders in the Plan as set out in the Notice of EGM.

15.5 **The proposed Share Buyback Mandate**

Tan Boon Kheng, Tan Ah Kan @ Tan Kow La, Tan Boon Siang and Tan Boon Yew have refrained from making any recommendation as to how Shareholders should vote in respect of the Ordinary Resolution 9 relating to the Share Buyback Mandate as set out in the Notice of EGM as they are Undertaking Shareholders.

After having considered the rationale and the information relating to the Share Buyback Mandate, the Directors who are independent for the purposes of Ordinary Resolution 9 (namely, Mr Seah Hai Yang and Mr Liew Ah Choy) are of the opinion that the proposed Share Buyback Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders (other than the Undertaking Shareholders and their Concert Parties) vote in favour of Ordinary Resolution 9 relating to the Share Buyback Mandate as set out in the Notice of EGM. The independent Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Shareholders (other than the Undertaking Shareholders and their Concert Parties) present and voting at the EGM by way of a poll to approve the same.

16. ABSTENTIONS FROM VOTINGS

16.1 Whitewash Resolution

Pursuant to the Whitewash Waiver, the Undertaking Shareholders and their Concert Parties will abstain from voting at the EGM on Ordinary Resolution 2 relating to the Whitewash Resolution.

The Undertaking Shareholders and their Concert Parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 2 relating to the Whitewash Resolution, unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

16.2 The Proposed TCL Shares and Warrants Issue

David Tan Chao Hsiung will abstain from voting in respect of his holding of Shares at the EGM in respect of Ordinary Resolution 3 and shall not accept appointments as proxies for voting at the EGM in respect of the aforesaid Ordinary Resolution 3 unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolution 3.

16.3 The Plan and the proposed participation by the Controlling Shareholders in the Plan

As all the Directors are eligible to participate in the Plan, the Directors shall abstain from voting in respect of their holdings of Shares (if any) at the EGM in respect of Ordinary Resolutions 4, 5, 6, 7 and 8 and will not accept appointments as proxies for voting at the EGM in respect of the aforesaid Ordinary Resolutions 4, 5, 6, 7 and 8 unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolutions 4, 5, 6, 7 and 8.

The Company will also procure Shareholders who are eligible to participate in the Plan to abstain from voting at the EGM in respect of Ordinary Resolutions 4, 5, 6, 7 and 8 and to not accept nominations to act as proxy, corporate representative or attorney to vote at the EGM in respect of the aforesaid Ordinary Resolutions 4, 5, 6, 7 and 8 unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolutions 4, 5, 6, 7 and 8.

16.4 The proposed Share Buyback Mandate

Pursuant to the conditions under Appendix 2 of the Take-over Code as set out in Section 14.10.3 of this Circular, the Undertaking Shareholders and their Concert Parties will abstain from voting at the EGM on Ordinary Resolution 9 relating to the proposed Share Buyback Mandate.

The Undertaking Shareholders and their Concert Parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 9 relating to the proposed Share Buyback Mandate, unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

17. EXTRAORDINARY GENERAL MEETING

An EGM, notice of which is attached to this Circular, will be held at the Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 August 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications the Ordinary Resolutions as set out in the Notice of EGM.

18. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf, will find attached to this Circular a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 65 Joo Koon Circle, Singapore 629078 not less than forty-eight (48) hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending the EGM and voting in person in place of his proxy should he subsequently wish to do so.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, at least forty-eight (48) hours before the time fixed for the EGM.

19. MANAGER'S RESPONSIBILITY STATEMENT

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

20. CONSENTS

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

SAC Capital Private Limited, the Independent Financial Adviser to the Independent Directors in relation to the Whitewash Resolution, has given and has not withdrawn its written consent for the issue of this Circular with the inclusion of its name, the IFA Letter attached as Appendix A to this Circular and all references thereto, in the form and the context in which they appear in this Circular.

21. 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 contains full and true disclosure of all the material facts about the proposed Rights cum Warrants Issue, the Whitewash Resolution, the Proposed TCL Shares and Warrants Issue, the Plan, the proposed Share Buyback Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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

22. MATERIAL CONTRACTS

Saved as disclosed herein and below, neither the Company nor any of its Subsidiaries have entered into any material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its Subsidiaries) during the two (2) years preceding the Latest Practicable Date:

(a) the subscription agreement dated 12 March 2012 entered into between the Company and Brian Chang Holdings (S) Pte Ltd (as placee) in relation to the subscription of 44,108,886 Shares;

(b) the settlement agreement dated 28 May 2012 entered into between Phnom Penh Special Economic Zone Co. Limited ("**PPSEZ**"), Colben System Pte Ltd, Colben Energy Holdings (PPSEZ) Limited, Colben Energy (Cambodia) PPSEZ Limited to resolve all ongoing disputes pertaining to the power plant project in the Phnom Penh Special Economic Zone. Please refer to the announcement of the Company on 29 May 2012 for the salient terms of the settlement agreement;

(c) the conditional subscription agreement dated 25 October 2012 entered into between Viet Hydro Pte. Ltd. ("**VietHydro**"), Colben Energy (Vietnam) Joint Stock Company ("**CEVJSC**"), Colben Energy Holdings (Vietnam) Limited, Vietnam Infrastructure Development and Finance Investment Joint Stock Company and HVD Construction and Investment Consultants Joint Stock Company pursuant to which VietHydro will subscribe for up to 33,992,840 ordinary shares representing up to 73.6% of the enlarged paid-up capital of CEVJSC in CEVJSC at an aggregate consideration of VND 339.93 billion (or approximately US$16.2 million), on the terms and subject to the conditions of the conditional subscription agreement. Please refer to the announcement of the Company on 30 October 2012 for the salient terms of the conditional subscription agreement;

(d) the subscription agreement dated 8 March 2013 entered into between the Company and Bobby Lim (as placee) in relation to the subscription of 50,000,000 Shares;

(e) the consultancy agreement dated 8 March 2013 entered into between the Company and TCL in relation to the provision of consultancy services by TCL in respect of the placement of 50,000,000 Shares to Bobby Lim;

(f) the Consultancy Agreement, details of which are set out in Section 8 of this Circular; and

(g) the Irrevocable Undertakings dated 28 May 2013 given by the Undertaking Shareholders to the Company in relation to the Rights cum Warrants Issue.

23. MATERIAL LITIGATION

The Board is not aware of any legal or arbitration proceedings pending or threatened or known to be contemplated by or against the Group which might or which have had in the twelve (12) months immediately preceding the date of this Circular, a material effect on the financial position or profitability of the Company or the Group taken as a whole or of any facts likely to give rise to such litigation or arbitration claim.

24. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents may be inspected at the Company's registered office at 65 Joo Koon Circle, Singapore 629078 during normal business hours from the date of this Circular up to and including the date of the EGM:

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

(b) the annual report of the Company for FY2011, FY2012 and FY2013;

(c) the letters of consent referred to in Section 20 of this Circular;

(d) the material contracts referred to in Section 22 of this Circular; and

(e) the proposed rules of the Plan.

Yours faithfully
For and on behalf of the Board of Directors of
ASIATIC GROUP (HOLDINGS) LIMITED

_____

Tan Boon Kheng
Acting Chairman and
Managing Director

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

LETTER FROM SAC CAPITAL PRIVATE LIMITED
TO THE INDEPENDENT DIRECTORS OF ASIATIC GROUP (HOLDINGS) LIMITED
IN RELATION TO THE WHITEWASH RESOLUTION

31 July 2013

To: The Independent Directors of Asiatic Group (Holdings) Limited
(in relation to the Whitewash Resolution)

Seah Hai Yang
Liew Ah Choy

Dear Sirs

THE WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE UNDERTAKING SHAREHOLDERS AND THEIR CONCERT PARTIES FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings herein.

1. INTRODUCTION

On 28 May 2013, the board of directors (the "**Directors**") of Asiatic Group (Holdings) Limited (the "**Company**") announced (the "**Announcement**"), *inter alia*, that the Company proposed to undertake a renounceable non-underwritten rights cum warrants issue of up to 346,032,791 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.035 (the "**Issue Price**") for each Rights Share, with up to 692,065,582 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**New Shares**") at an exercise price of S$0.0175 for each New Share (the "**Exercise Price**"), on the basis of (i) one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the "**Shares**"), held by Entitled Shareholders as at the Books Closure Date and (ii) two (2) Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded (the "**Rights cum Warrants Issue**").

As at the Latest Practicable Date, Tan Boon Kheng ("**TBK**"), Acting Chairman and Managing Director, Tan Ah Kan @ Tan Kow La ("**TAK**"), Non-Executive Director, Tan Boon Siang ("**TBS**"), Executive Director, Tan Boon Yew ("**TBY**"), Executive Director, and Tan Ah Soi ("**TAS**"), a director of a wholly-owned subsidiary of the Company (collectively, the "**Undertaking Shareholders**"), hold an aggregate of 98,500,000 Shares, representing approximately 28.46% of the Existing Issued Share Capital. Tan Chee Meng and Tan Tze Wee, sons of TAS, Tan Ah Bah, brother of TAK, and Lee Yoke Chun, spouse of TBK (collectively their "**Concert Parties**"), are presumed under The Singapore Code on Take-overs and Mergers (the "**Code**") to be parties acting in concert with the Undertaking Shareholders. As at the Latest Practicable Date, the Undertaking Shareholders and their Concert Parties own 28.74% of the Existing Issued Share Capital.

To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to and confidence in the prospects of the Group, the Undertaking Shareholders had on 28 May 2013 unconditionally and irrevocably undertaken to the Company to, *inter alia*, subscribe and pay for (or procure subscription and payment for) all of such number of Rights Shares with Warrants which may be provisionally allotted to the Undertaking Shareholders on the basis of 98,500,000 Shares

(the "**Relevant Shares**"). Consequently, the Undertaking Shareholders and their Concert Parties may acquire Shares carrying 30% or more of the voting rights of the Company and/or acquire in any period of 6 months additional Shares carrying more than 1% of the voting rights of the Company pursuant to the Rights cum Warrants Issue.

The Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of the company, or (b) any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or persons acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the Securities Industry Council (the "**SIC**").

An application was made to the SIC for the waiver from the requirement for the Undertaking Shareholders and their Concert Parties to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Code as a result of the Rights cum Warrants Issue, and the SIC had on 9 July 2013 exempted (the "**Whitewash Waiver**") the Undertaking Shareholders and their Concert Parties from the requirement under Rule 14.1(a) of the Code to make a mandatory general offer for the Shares of the Company in the event that the Undertaking Shareholders and their Concert Parties increase their percentage of total voting rights in the Company to 30% or more, as a result of subscribing (the "**Subscription**") for (a) their pro-rata entitlements of the Rights Shares and (b) New Shares as a result of their exercise of the Warrants, subject to, *inter alia*, a majority of the holders of voting rights of the Company approve at a general meeting, held before the issue of the Rights Shares to the Undertaking Shareholders and their Concert Parties, a resolution (the "**Whitewash Resolution**") by way of a poll, to waive their rights to receive a general offer from the Undertaking Shareholders and their Concert Parties and the appointment of an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution.

The Company has appointed us as the independent financial adviser to advise the Directors who are independent for the purpose of the Whitewash Resolution (the "**Independent Directors**") on whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders.

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

2. TERMS OF REFERENCE

We have been appointed as the independent financial adviser to advise the Independent Directors in respect of the Whitewash Resolution.

We are not and were not involved in any aspect of the negotiations entered into by the Group in connection with the Whitewash Resolution or in the deliberations leading up to the decision by the Directors to undertake the Rights cum Warrants Issue. Accordingly, we do not, by this letter, warrant the merits of the Rights cum Warrants Issue, other than to advise on whether the Whitewash Resolution, from a financial point of view, is prejudicial to the interests of the Independent Shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the strategic or commercial merits or risks of the Rights cum Warrants Issue or the future growth prospects or earnings potential of the Group after the completion of the Rights cum Warrants Issue. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Rights cum Warrants Issue or on the future financial performance of the Group after the completion of the Rights cum Warrants Issue.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the "**Management**") and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management. We have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however, made reasonable enquiries and exercised our judgment (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations which we have relied on.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Rights cum Warrants Issue and the Whitewash Resolution has been disclosed in the Circular; (b) such information is true and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nonetheless have made such enquiries and exercised such judgement as were deemed necessary and have found no reason to doubt the reliability of the information or facts. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

Save as disclosed, all information relating to the Group that we have relied upon in arriving at our advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group at any time or as at the Latest Practicable Date. We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of the Group. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of the Group and we did not conduct any discussions with the Directors and the Management on any such business plan or financial projections of the Group.

Our advice, as set out in this letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of, the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our advice in the light of any subsequent development after the Latest Practicable Date that may affect our views contained herein.

In arriving at our advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our advice in relation to the Whitewash Resolution should be considered in the context of the entirety of this letter and the Circular.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

3. THE RIGHTS CUM WARRANTS ISSUE

3.1. Basis of the Rights cum Warrants Issue

As at the Latest Practicable Date, the Existing Issued Share Capital comprised 346,032,791 Shares.

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis, with up to 346,032,791 Rights Shares at the Issue Price for each Rights Share, with up to 692,065,582 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of (i) one (1) Rights Share for every one (1) existing Share held by the Entitled Shareholders as at the Books Closure Date, and (ii) two (2) 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 and, upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

3.2. Purpose of the Rights cum Warrants Issue and Use of Proceeds

Further details of the purpose of the Rights cum Warrants Issue and use of proceeds are set out in Section 2.8 of the Circular, and Shareholders are advised to read the information carefully.

3.3. Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is subject to, *inter alia,* the approval from the Independent Shareholders on the Whitewash Resolution at the EGM. Further details of the other conditions are set out in Section 2.6 of the Circular, and Shareholders are advised to read the information carefully.

3.4. Irrevocable Undertakings

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 98,500,000 shares in the capital of the Company, representing approximately 28.46% of the Existing Issued Share Capital. To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to and confidence in the prospects of the Group, the Undertaking Shareholders had on 28 May 2013 unconditionally and irrevocably undertaken to the Company that they will*, inter alia*, subscribe and pay for (or procure subscription and payment for) in accordance with the terms of the Rights cum Warrants Issue, at the Issue Price, all of such number of Rights Shares with Warrants which may be provisionally allotted to them on the basis of the Relevant Shares held by them as at the Books Closure Date.

Notwithstanding the preceding paragraph, the Undertaking Shareholders agree to reduce or allow the Company to reduce their application for the Rights Shares and Warrants to such extent in order to maintain a minimum public float of 10% of the Company's enlarged share capital in compliance with Rule 723 of the Catalist Rules.

3.5. Abstention from making Recommendation and Voting

Tan Boon Kheng, Tan Ah Kan @ Tan Kow La, Tan Boon Siang and Tan Boon Yew, being Directors of the Company have abstained from deliberating and making any recommendations on the Whitewash Resolution.

The Undertaking Shareholders and their Concert Parties will abstain from voting at the EGM on Ordinary Resolution 2 relating to the Whitewash Resolution.

The Undertaking Shareholders and their Concert Parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of Ordinary Resolution 2 relating to the Whitewash Resolution, unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

4. THE WHITEWASH RESOLUTION

As at the Latest Practicable Date, the Undertaking Shareholders and their Concert Parties hold in aggregate 99,471,250 Shares, representing approximately 28.74% of the Existing Issued Share Capital. Under the Minimum Subscription Scenario, the Undertaking Shareholders will acquire 98,500,000 Rights Shares with Warrants pursuant to their Irrevocable Undertakings under the Rights cum Warrants Issue, resulting in the aggregate shareholding interests of the Undertaking Shareholders and their Concert Parties increasing from 28.74% as at the Latest Practicable Date to 44.53% of the enlarged issued share capital of the Company of 444,532,791 Shares following the completion of the Rights cum Warrants Issue and assuming that none of the Warrants issued by the Company pursuant to the Rights cum Warrants Issue is exercised.

Following the completion of the Rights cum Warrants Issue under the Minimum Subscription Scenario, in the event that the Undertaking Shareholders were to exercise all of the Warrants obtained pursuant to the Rights cum Warrants Issue, the aggregate shareholding interests of the Undertaking Shareholders and their Concert Parties will further increase to 61.56% of the enlarged issued share capital of the Company of 641,532,791 Shares.

Accordingly, there may be circumstances under which the aggregate voting rights of the Company held by the Undertaking Shareholders and their Concert Parties may increase to 30% or more of the voting rights of the Company and/or the Undertaking Shareholders and their Concert Parties may acquire in any period of 6 months additional Shares carrying more than 1% of the voting rights of the Company pursuant to the Rights cum Warrants Issue.

The Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more the voting rights of the company, or (b) any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or persons acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the SIC.

An application was made to the SIC for the Whitewash Waiver, and the SIC had on 9 July 2013 exempted the Undertaking Shareholders and their Concert Parties from the requirement under Rule 14.1(a) of the Code to make a mandatory general offer for the Shares of the Company in the event that the Undertaking Shareholders and their Concert Parties increase their percentage of total voting rights in the Company to 30% or more, as a result of the Subscription, subject to the satisfaction of certain conditions. Further details of the other conditions precedent are set out in Section 6.3 of the Circular, and Shareholders are advised to read the information carefully.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

(a) they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Code from the Undertaking Shareholders and their Concert Parties for their Shares, which the Undertaking Shareholders and their Concert Parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by the Undertaking Shareholders and their Concert Parties for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue;

(b) the Undertaking Shareholders and their Concert Parties may hold Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital as a result of the Subscription, and the Undertaking Shareholders and their Concert Parties will at that point be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Shares; and

(c) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants held by the Undertaking Shareholders.

INDEPENDENT SHAREHOLDERS SHOULD ALSO NOTE THAT the passing of the resolutions to approve the Rights cum Warrants Issue are contingent upon, amongst others, the Whitewash Resolution being passed. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Rights cum Warrants Issue will not take place.

5. EVALUATION OF THE WHITEWASH RESOLUTION

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

(a) the purpose of and use of proceeds from the Rights cum Warrants Issue;

(b) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;

(c) the historical financial performance of the Group;

(d) an assessment of the Issue Price;

(e) the valuation of the Warrants; and

(f) other relevant considerations.

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

The purpose of and use of proceeds from the Rights cum Warrants Issue, as set out in Section 2.8 of the Circular is reproduced in italics below:

"The purpose of the Rights cum Warrants Issue is to strengthen the capital base of the Company to provide the Group with additional capital for the continuous development of the Group's energy business and to provide opportunities for Shareholders to continue participating in the development and growth of this business.

In the Maximum Subscription Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S$11.86 million (if the Warrants are not yet exercised) or S$23.97 million (if the Warrants are fully exercised), after deducting professionals and related expenses of approximately S$250,000 (excluding the fees payable to TCL as set out in Section 8 of this Circular) incurred in connection with the Rights cum Warrants Issue.

In the Minimum Subscription Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S$3.20 million (if the Warrants are not yet exercised) or S$6.65 million (if the Warrants are fully exercised), after deducting professionals and related expenses of approximately S$250,000 (excluding the fees payable to TCL as set out in Section 8 of this Circular) incurred in connection with the Rights cum Warrants Issue.

The Rights cum Warrants Issue is not underwritten, in view of the Irrevocable Undertakings provided by the Undertaking Shareholders, the savings in costs by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised from the Rights cum Warrants Issue.

*The Company intends to utilise the net proceeds from the Rights cum Warrants Issue ("**Net Proceeds**") to (i) fund current energy projects at the subsidiary level; and (ii) for other general working capital purposes of the Group. In respect of (ii), part of the Net Proceeds will also serve to strengthen the Group's financial position to meet its present requirements and thereby provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans.*

The following table is an estimate of the proportions of how the Company intends to use the Net Proceeds (assuming the Maximum Subscription Scenario and that all the Warrants are fully exercised):

Use of Proceeds	*Amount (S$' million)*	*Percentage Allocation (%)*
To fund current energy projects at the subsidiary level	*21.57*	*90*
For general working capital purposes	*2.40*	*10*
Total	*23.97*	*100*

Should the amounts raised fall below the Maximum Subscription Scenario, the use of proceeds would be reduced in proportion to the fixed percentage allocation."

5.2. Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares with Warrants on Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for the Excess Rights Shares with Warrants.

Provisional allotments of the Rights Shares with Warrants which are not taken up or allotted for any reason shall be aggregated and used to satisfy excess applications for Rights Shares with Warrants (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company.

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

Accordingly, the Independent Shareholders will not be disadvantaged or prejudiced relative to the Undertaking Shareholding and their Concert Parties in the allocation of their application for their entitlements of Rights Shares with Warrants and Excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue.

In the event that the Rights Shares with Warrants are fully subscribed for by the Entitled Shareholders, the current shareholding structure of the Company will remain unchanged.

5.3. Historical Financial Performance of the Group

The salient historical financial information of the Group for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 ("**FY2011**", "**FY2012**" and "**FY2013**" respectively) is set out below:

Income Statement	←	**Audited**	→
(S$'000)	**FY2011**	**FY2012**	**FY2013**
Revenue	48,713	51,204	70,030
Profit from operations	4,406	1,941	2,226
Profit before taxation	3,419	866	725
Profit after taxation attributable to Shareholders	2,487	322	360

Balance Sheet	← Audited →		
(S$'000)	31 March 2011	31 March 2012	31 March 2013
Current assets	27,746	29,780	48,772
Current liabilities	37,829	53,717	75,143
Working capital	(10,083)	(23,937)	(26,371)
Shareholders' equity	27,041	26,590	32,592

Cash Flow Statement	← Audited →		
(S$'000)	FY2011	FY2012	FY2013
Net cash flows from operating activities	7,519	1,635	9,041
Net cash flows used in investing activities	(14,287)	(7,323)	(1,318)
Net cash flows from/(used in) financing activities	(591)	2,593	(2,977)
Net increase/(decrease) in cash and cash equivalents	(7,359)	(3,095)	4,746
Cash and cash equivalents at end of year	5,575	2,480	7,226

Source: Company's annual reports for FY2011, FY2012 and FY2013.

We note the following:

(a) the Group's revenue increased from S$48.7 million in FY2011 to S$51.2 million in FY2012 mainly due to an increase in revenue from the Power related Division as fuel price increased in FY2012, and partially offset by a decrease in revenue from the Fire-fighting and Protection Division as marine projects declined in FY2012. However, the profit before taxation decreased from S$3.4 million in FY2011 to S$0.87 million in FY2012 as a result of a decrease in profit from operations mainly due to the lower margins yielded from the Power related Division as compared to the Fire-fighting and Protection Division and an increase in the interest expenses;

(b) the Group's revenue increased from S$51.2 million in FY2012 to S$70.0 million in FY2013, mainly due to an increase in the revenue generated by the Power related Division from the construction revenue in relation to a biomass project in Malaysia and the Fire-fighting and Protection Division due to an improvement in revenue for both the industrial and marine sectors. The profit before taxation decreased from S$0.87 million in FY2012 to S$0.73 million in FY2013 despite the slight increase in the profit from operations due to the lower margins yielded from the construction of the power plant as compared to the electricity generation and Fire-fighting and Protection Division and an increase in the finance costs;

(c) the Group had negative working capital of S$10.1 million, S$23.9 million and S$26.4 million as at 31 March 2011, 31 March 2012 and 31 March 2013 respectively. This was mainly due to an increase in short term borrowings for development works on the projects in Vietnam and Malaysia and an increase in excess of progress billing over construction work in progress in relation to the Malaysia power plant in FY2013; and

(d) the Group recorded a decrease in the net cashflows used in investing activities from S$14.3 million in FY2011 to S$1.3 million in FY2013 mainly due to a decrease in cash flow used for the acquisition of plant and equipment.

We also note the following commentary in relation to factors or events that may affect the Group in the next reporting period and the next 12 months as set out in the announcement of the Group's unaudited financial statements for FY2013.

"Construction is on going for biomass project in Malaysia. Project financing for the Malaysia project has been concluded and partial drawdown has been made. The Group will continue to recognise the construction revenue in relation to the Malaysia project according to the completion phase. The revenue and excess of progress billing over construction in progress is expected to cease upon the completion of the Malaysia power plant at the end of the FY2014.

The Group will explore other financing options to improve the net current liabilities position of the Group.

As announced on 29 May 2012, the Group has reached a settlement agreement to resolve all disputes pertaining to the power plant project in the Phnom Penh Special Economic Zone Co. Limited ("PPSEZ"), and is in the process of completing the settlement. Upon completion, a portion of the account receivables from the customer will be settled with tangible assets. Colben Energy (Cambodia) PPSEZ Limited is currently supplying power directly to PPSEZ's existing and future customers located in the Phnom Penh Special Economic Zone. Revenue in the PPSEZ is expected to reduce as there will not be a minimum off-take of electricity for the direct supply."

We further note the following emphasis of matter as set out in the Independent Auditors' Report of the Company for FY2013 (the "**Emphasis of Matter**"):

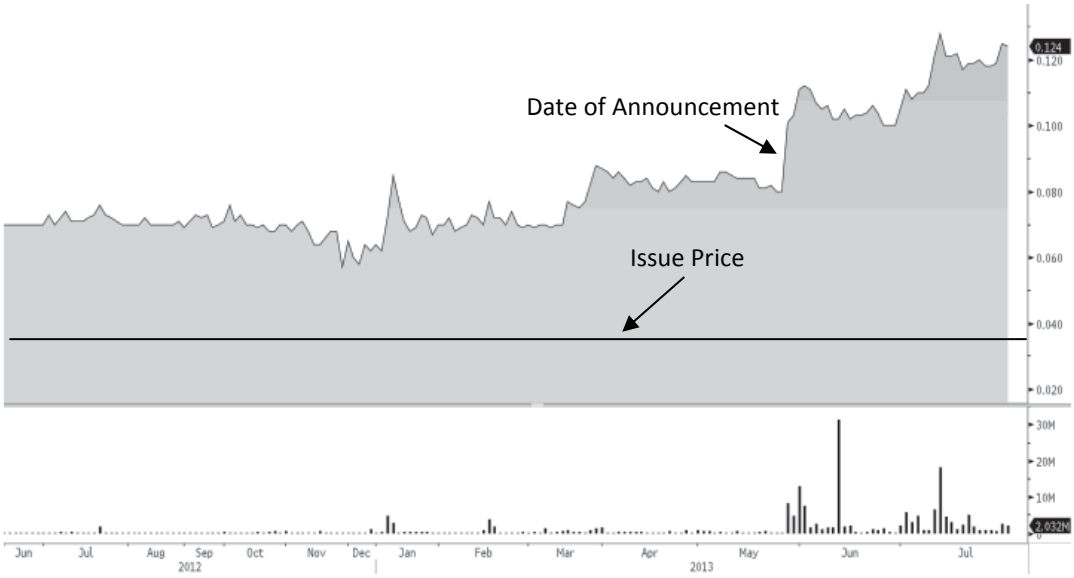
"We draw attention to Note 2.2 to the financial statements. The Group's current liabilities exceeded its current assets by S$26.37 million. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As disclosed in that note, the Group is currently in the process of trying to obtain new banking facilities as well as raise additional capital to fund its operations. The ability of the Group to continue as a going concern is dependent on the Group's ability to secure the new banking facilities, raise additional funds from the upcoming rights cum warrants issues and generate positive cash flows from operations. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter."

5.4. Assessment of the Issue Price

In evaluating whether the Issue Price of S$0.035 for each Rights Share with Warrant is reasonable, we have considered the following factors:

5.4.1. Share price performance

The trend of the daily closing prices of the Shares for the period commencing 12 months prior to the Announcement and ending on the Latest Practicable Date is set out in the chart below:



Source: Bloomberg

The trading statistics of the Shares during the 12-month period prior to the date of the Announcement and up to the Latest Practicable Date are set out below:

	Lowest closing price (S$)	Highest closing price (S$)	Volume-weighted average price ("VWAP") (S$)	Discount of Issue Price to VWAP (%)
Periods prior to Announcement				
Last 12 months	0.057	0.088	0.076	53.95
Last 6 months	0.058	0.088	0.077	54.54
Last 3 months	0.069	0.088	0.082	57.32
Last one month	0.080	0.086	0.083	57.83
Last Market Day prior to Announcement (1)	0.080	0.080	0.080	56.25
Period after Announcement and up to Latest Practicable Date				
After Announcement and up to Latest Practicable Date	0.100	0.128	0.103	66.02
Latest Practicable Date	0.124	0.124	0.126	72.22

Source: Bloomberg

Note:

(1) This refers to 27 May 2013, being the last Market Day on which the Shares were traded prior to the Announcement which was released on the SGXNET on 28 May 2013 at 11.22 p.m..

We note the following:

(a) during the 12-month period prior to the Announcement, the closing prices of the Shares ranged between a low of S$0.057 and a high of S$0.088. The Issue Price represents a discount of 38.60% over the lowest closing price of the Shares of S$0.057 and a significant discount of 60.23% to the highest closing price of S$0.088 over the 12-month period prior to the Announcement;

(b) the Issue Price represents a significant discount of 53.95%, 54.54%, 57.32% and 57.83% to the VWAP of the Shares for the 12-, 6-, 3- and one-month periods prior to the Announcement respectively;

(c) the Issue Price represents a significant discount of 56.25% to the closing price of the Shares of S$0.080 on 27 May 2013, being the last Market Day prior to the Announcement;

(d) the Issue Price represents a significant discount of 66.02% to the VWAP of the Shares of S$0.103 for the period after the Announcement and up to the Latest Practicable Date; and

(e) the Issue Price represents a significant discount of 71.77% to the closing price of the Shares of S$0.124 as at the Latest Practicable Date.

5.4.2. NTA of the Group

Based on the audited financial statements of the Group as at 31 March 2013, the audited NTA attributable to owners of the Company amounted to S$32.4 million or S$0.094 per Share based on 346,032,791 Shares as at 31 March 2013. Accordingly, the Issue Price represents a significant discount of 62.77% to the audited NTA per Share as at 31 March 2013.

The Directors have confirmed that, to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NTA of the Group as at the Latest Practicable Date to be materially different from that as at 31 March 2013; and (b) there are no contingent liabilities or impairment losses which are likely to have a material impact on the audited NTA of the Group as at 31 March 2013.

5.4.3. Market statistics of selected rights issues

In assessing the reasonableness of the Issue Price, we have reviewed the salient terms of selected rights issues of shares with and without free detachable warrants (excluding rights issues of warrants and bonds) by companies listed on the SGX-ST (the "**Comparable Transactions**") during the 6-month period prior to the Announcement and which were completed prior to the Latest Practicable Date. The table below summarises the salient statistics of the Comparable Transactions:

Company	Date of Announcement	Terms of rights issue	Issue price of rights shares (S$)	Theoretical ex-rights price (S$)[1]	Discount to theoretical ex-rights price (%)
Moya Asia Limited	8 December 2012	2 for 5	0.040	0.046	13.04
Gallant Venture Ltd.	14 December 2012	1 for 1	0.280	0.280	0.00
Aspial Corporation Limited	19 December 2012	1 for 25	0.380	0.438	13.24
Ramba Energy Limited	22 December 2012	2 for 5	0.200	0.336	40.50
Federal International (2000) Ltd	28 December 2012	1 for 2	0.022	0.039	43.59
China Fishery Group Limited	26 February 2013	1 for 1	0.340	0.515	34.00
KS Energy Limited	27 February 2013	1 for 4	0.410	0.698	41.26
Tiger Airways Holdings Limited	4 March 2013	1 for 5	0.470	0.674	30.00
GSH Corporation Limited	6 March 2013	1 for 1	0.050	0.087	42.53
Viking Offshore and Marine Limited	11 March 2013	1 for 5 with 1 free warrant for every rights share[2]	0.080	0.110	27.27
Sysma Holdings Limited	18 March 2013	1 for 1	0.170	0.225	24.44
Rickmers Maritime	19 March 2013	1 for 1	0.240	0.300	20.00
KLW Holdings Limited	25 March 2013	1 for 1	0.010	0.015	33.33
Global Investments Limited	6 May 2013	2 for 5	0.143	0.162	11.70
Asia-Pacific Strategic Investments Limited	7 May 2013	1 for 2 with 1 free warrant for every rights share [2]	0.100	0.165	39.39
				High	43.59
				Mean	29.59[3]
				Median	31.67[3]
				Low	0.00
Company	28 May 2013	1 for 1 with 2 free Warrants for every Rights Share[2]	0.035	0.0575	39.13

Sources: Bloomberg, announcements, circulars and/or offer information statements of the respective companies and SAC Capital's computations

Notes:

(1) Computed based on the respective last transacted price immediately prior to the announcement of the rights issue save for KS Energy Limited which was based on volume weighted average price on the market day immediately prior to the announcement of its rights issue.

(2) For the purpose of this illustration, we have not ascribed any value to the free warrants issued in conjunction with the rights issues of Viking Offshore and Marine Limited, Asia-Pacific Strategic Investments Limited and the Company.

(3) Gallant Venture Ltd. has been excluded as it is an outlier.

We note that the discount of the Issue Price to the theoretical ex-rights price of the Shares of 39.13% is:

(a) within the range of corresponding discounts for the Comparable Transactions of between 0.00% and 43.59%; and

(b) above the corresponding mean and median discounts for the Comparable Transactions of 29.59% and 31.67% respectively.

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

5.5. Valuation of the Warrants

Based solely on the Exercise Price of S$0.0175 and the theoretical ex-rights price of S$0.0575 (based on the last transacted price of the Shares of S$0.08 preceding the Announcement), the Warrants would be in-the-money and would have an intrinsic value of S$0.04.

However, given that the Warrants are exercisable over a 2-year period commencing on and including the date of issue of the Warrants, there is time value to the Warrants in addition to the aforesaid intrinsic value. In this regard, we have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the Exercise Price *vis-à-vis* the current price of the underlying Shares, the life period of the Warrants, the nature of the call option as to whether it is a European call option (which is only exercisable on a predetermined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the Warrant), the risk free interest rate and the price volatility of the underlying Shares.

Based on the risk-free interest rate and the price volatility of the Shares on the date of the Announcement (as provided by Bloomberg) as well as the theoretical ex-rights price of the Shares of S$0.0575 (based on the last transacted price of the Shares of S$0.08 preceding the Announcement), the theoretical value of the Warrants (being similar to an American Call option) with a 2-year option period and an Exercise Price of S$0.0175 would be approximately S$0.04.

It should be noted that the theoretical value of the Warrants using the Black-Scholes model may not reflect the actual value of the Warrants to be transacted on the SGX-ST, and there can be no assurance that an active trading of the Warrants will ensue or will trade at or close to the theoretical value as suggested by the Black-Scholes model.

5.6. Other Relevant Considerations

5.6.1. The Rights cum Warrants Issue being conditional on the approval of the Whitewash Resolution

Shareholders should note that the Rights cum Warrants Issue is conditional upon, *inter alia*, the passing of the Whitewash Resolution by the Independent Shareholders. Accordingly, if the Whitewash Resolution is not passed by a majority of the Independent Shareholders, the Rights cum Warrants Issue will not take place.

5.6.2 Financial effects of the Rights cum Warrants Issue

The financial effects of the Rights cum Warrants Issue on the Group have been set out in Section 4 of the Circular for illustrative purposes only and are based on the latest consolidated financial statements of the Group for FY2013 and certain assumptions as detailed in Section 4 of the Circular.

We note the following:

Share Capital

(a) Under the Maximum Subscription Scenario, the issued and paid-up share capital of the Group would increase from S$24.1 million comprising 346,032,791 Shares as at 31 March 2013 to S$35.9 million comprising 692,065,582 Shares after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further increase to S$48.0 million comprising 1,384,131,164 Shares assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and

(b) Under the Minimum Subscription Scenario, the issued and paid-up share capital of the Group would increase from S$24.1 million comprising 346,032,791 Shares as at 31 March 2013 to S$27.3 million comprising 444,532,791 Shares after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further increase to S$30.7 million comprising 641,532,791 Shares assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

NTA per Share

(a) Under the Maximum Subscription Scenario, the NTA per Share of the Group would decrease from 9.37 cents as at 31 March 2013 to 6.40 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 4.07 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and

(b) Under the Minimum Subscription Scenario, the NTA per Share of the Group would decrease from 9.37 cents as at 31 March 2013 to 8.01 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 6.09 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

EPS

(a) Under the Maximum Subscription Scenario, the EPS of the Group would decrease from 0.12 cents for FY2013 to 0.06 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.03 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and

(b) Under the Minimum Subscription Scenario, the EPS of the Group would decrease from 0.12 cents for FY2013 to 0.09 cents after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.06 cents assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

Gearing

(a) Under the Maximum Subscription Scenario, the gearing of the Group would decrease from 1.39 times as at 31 March 2013 to 1.02 times after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 0.80 times assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants; and

(b) Under the Minimum Subscription Scenario, the gearing of the Group would decrease from 1.39 times as at 31 March 2013 to 1.27 times after the completion of the Rights cum Warrants Issue (assuming that none of the Warrants are exercised) and further decrease to 1.15 times assuming all the Warrants are exercised and there are no expenses incurred for the exercise of the Warrants.

5.6.3 Potential dilution effect on the Independent Shareholders arising from the Rights cum Warrants Issue

Immediately after the completion of the Rights cum Warrants Issue and prior to the exercise of the Warrants, the Rights cum Warrants Issue will not result in any shareholding dilution of the Independent Shareholders in the Company if all Independent Shareholders subscribe for their full entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue. A dilution impact will only occur for the Independent Shareholders who do not subscribe for their full entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue.

As at the Latest Practicable Date, the Undertaking Shareholders and their Concert Parties hold an aggregate shareholding interest of 28.74% in the Company.

The potential changes in the shareholding structure of the Company arising from the Rights cum Warrants Issue assuming (i) the Minimum Subscription Scenario and that the Undertaking Shareholders do not exercise their Warrants ("**Scenario 1**"), and (ii) the Minimum Subscription Scenario and that the Undertaking Shareholders exercise all of their Warrants ("**Scenario 2**"), are set out below:

	Before the Rights cum Warrants Issue		**After the Rights cum Warrants Issue**			
	As at the Latest Practicable Date		**Scenario 1**		**Scenario 2**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Undertaking Shareholders	98,500,000	28.46	197,000,000	44.31	394,000,000	61.41
Concert Parties	971,250	0.28	971,250	0.22	971,250	0.15
	99,471,250	28.74	197,971,250	44.53	394,971,250	61.56
Independent Shareholders						
Directors and Substantial Shareholders (other than the Undertaking Shareholders and their Concert Parties)	124,108,886	35.87	124,108,886	27.92	124,108,886	19.35
Public Shareholders	122,452,655	35.39	122,452,655	27.55	122,452,655	19.09
	246,561,541	71.26	246,561,541	55.47	246,561,541	38.44
Total	**346,032,791**	**100.00**	**444,532,791**	**100.00**	**641,532,791**	**100.00**

Pursuant to the Rights cum Warrants Issue, the Undertaking Shareholders and their Concert Parties may potentially hold up to an aggregate of approximately 61.56% of the enlarged issued share capital of the Company. Correspondingly, the aggregate shareholding interests of the Independent Shareholders' could potentially be diluted to 38.44% from 71.26% as at the Latest Practicable Date following the completion of the Rights cum Warrants Issue.

Such an event may result in the Company being in a relatively less favourable position in the context of interest from potential parties seeking control of the Company or who may have intentions to acquire a significant interest or control of the Company, by virtue of the aggregate controlling interest held by the Undertaking Shareholders and their Concert Parties after the Rights cum Warrants Issue.

We further note that the Company had entered into a Consultancy Agreement with Tanamerah Capital Limited ("**TCL**") (as consultant) pursuant to which the Company has agreed to pay the TCL Consultancy Fee which shall be satisfied by the Proposed TCL Shares and Warrants Issue. For illustrative purposes, based on the Maximum Subscription Scenario, 10,519,000 TCL Consultancy Fee Shares and 16,000,000 TCL Warrants will be issued to TCL and based on the Minimum Subscription Scenario, 6,757,000 TCL Consultancy Fee Shares and 4,531,000 TCL Warrants will be issued to TCL. Please refer to Section 8 of the Circular for further details on the Proposed TCL Shares and Warrants Issue.

5.6.4 Implications of approval of the Whitewash Resolution

Independent Shareholders should note that by voting in favour of the Whitewash Resolution:

(a) they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Code from the Undertaking Shareholders and their Concert Parties for their Shares, which the Undertaking Shareholders and their Concert Parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by the Undertaking Shareholders and their Concert Parties for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue;

(b) the Undertaking Shareholders and their Concert Parties may hold Shares carrying over 49% of the voting rights of the Company based on its enlarged issued share capital as a result of the Subscription, and the Undertaking Shareholders and their Concert Parties will at that point be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Shares; and

(c) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants held by the Undertaking Shareholders.

5.6.5 No material changes to the existing management of the Group

We understand from the Company that following the completion of the Rights cum Warrants Issue, it is not envisaged that there will be material changes to the existing management of the Group which may affect the operation of the Group's business activities.

5.6.6 Support from the Undertaking Shareholders

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 98,500,000 Shares, representing approximately 28.46% of the Existing Issue Share Capital. The Undertaking Shareholders had on 28 May 2013 unconditionally and irrevocably undertaken to the Company that they will, *inter alia*, subscribe and pay for (or procure subscription and payment for) their rights entitlements under the Rights cum Warrants Issue pursuant to their Irrevocable Undertakings.

We believe that the above Irrevocable Undertakings from the Undertaking Shareholders underscore their support for the Rights cum Warrants Issue and demonstrate their commitment to and confidence in the prospects of the Group.

5.6.7 Alternative fund-raising options

We understand from the Company that the Directors have considered other fund-raising options prior to proceeding with the Rights cum Warrants Issue. Having considered that (i) bank borrowings from financial institutions will result in the Group incurring interest liabilities; and (ii) other fund-raising options such as private share placements would not be on a *pro-rata* basis that will provide the Shareholders with an opportunity to maintain their proportionate equity in the Company, the Directors have decided to proceed with the Rights cum Warrants Issue.

6. OUR ADVICE

In arriving at our advice in respect of the Whitewash Resolution, we have taken into account the following key considerations:

(a) the purpose of the Rights cum Warrants Issue is to strengthen the capital base of the Company to provide the Group with additional capital for the continuous development of the Group's energy business and to provide opportunities for Shareholders to continue participating in the development and growth of this business;

(b) the proposed use of proceeds from the Rights cum Warrants Issue, mainly being for the funding of the Group's current energy projects at the subsidiary level;

(c) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;

(d) the historical financial performance and condition of the Group, namely, (i) the Group's revenue had been increasing from S$48.7 million in FY2011 to S$70.0 million in FY2013; (ii) the Group's profit before taxation had been decreasing from S$3.4 million in FY2011 to S$0.73 million in FY2013; (iii) the Group recorded negative working capital of S$10.1 million, S$23.9 million and S$26.4 million as at 31 March 2011, 31 March 2012, 31 March 2013 respectively; (iv) the Group's net cashflows used in investing activites had been decreasing from S$14.3 million in FY2011 to S$1.3 million in FY2013; and (v) the emphasis of matter as set out in the Independent Auditors' Report of the Company for FY2013, further details of which are set out in Section 5.3 of this letter;

(e) an assessment of the Issue Price of the Rights Shares as follows:

    (i) the Issue Price represents a discount of 38.60% over the lowest closing price of the Shares of S$0.057 and a significant discount of 60.23% to the highest closing price of S$0.088 over the 12-month period prior to the Announcement;

    (ii) the Issue Price represents a significant discount of 53.95%, 54.54%, 57.32% and 57.83% to the VWAP of the Shares for the 12-, 6-, 3- and one-month periods prior to the Announcement respectively;

    (iii) the Issue Price represents a significant discount of 56.25% to the closing price of the Shares of S$0.080 on 27 May 2013, being the last Market Day prior to the Announcement;

    (iv) the Issue Price represents a significant discount of 66.02% to the VWAP of the Shares of S$0.103 for the period after the Announcement and up to the Latest Practicable Date; and

    (v) the Issue Price represents a significant discount of 71.77% to the closing price of the Shares of S$0.124 as at the Latest Practicable Date;

(f) a comparison with the NTA of the Group, namely, that the Issue Price represents a significant discount of 62.77% to the audited NTA per Share of S$0.094 as at 31 March 2013;

(g) a comparison with the market statistics of the selected rights issues, namely, that the discount of the Issue Price to the theoretical ex-rights price of the Shares of 39.13% is (i) within the range of corresponding discounts of the Comparable Transactions of between 0.00% and 43.59%; and (ii) above the corresponding mean and median discounts for the Comparable Transactions of 29.59% and 31.67% respectively;

(h) based (i) solely on the Exercise Price of S$0.0175 and the theoretical ex-rights price of S$0.0575 (based on the last transacted price of the Shares of S$0.08 preceding the Announcement), the Warrants would be in-the-money and have an intrinsic value of S$0.04; and (ii) based on the Black-Scholes model, the theoretical value of the Warrants would be approximately S$0.04; and

(i) other relevant considerations as follows:

(i) the Rights cum Warrants Issue being conditional on the approval of the Whitewash Resolution;

(ii) the financial effects of the Rights cum Warrants Issue, namely, that (aa) the issued share capital of the Company as at 31 March 2013 would increase, (bb) the NTA per Share of the Group as at 31 March 2013 would decrease, (cc) the EPS of the Group for FY2013 would decrease, and (dd) the gearing of the Group as at 31 March 2013 would decrease, in both the Maximum Subscription Scenario and the Minimum Subscription Scenario;

(iii) the potential dilution effect on the Independent Shareholders arising from the Rights cum Warrants Issue;

(iv) the implications of approval of the Whitewash Resolution;

(v) no material changes to the existing management of the Group following the completion of the Rights cum Warrants Issue;

(vi) the Irrevocable Undertakings from the Undertaking Shareholders that underscores their support for the Rights cum Warrants Issue and their commitment to and confidence in the prospects of the Group; and

(vii) alternative fund-raising options considered by the Directors.

Having considered the above, from a financial point of view, we are of the opinion that the Whitewash Resolution, when considered in the context of the Rights cum Warrants Issue, is not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Independent Directors to recommend the Independent Shareholders to vote in favour of the Whitewash Resolution.

Our advice is addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Whitewash Resolution. The recommendation to be made by them to the Independent Shareholders shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital Private Limited in each specific case, except for the forthcoming EGM and for the purposes of the Whitewash Resolution.

Our advice is governed by, and construed in accordance with, the laws of Singapore. Our advice is strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Ong Hwee Li
CEO

Alicia Kwan
Senior Manager

APPENDIX B – RULES OF THE ASIATIC PERFORMANCE SHARE PLAN

1. Name of the Plan

The Plan shall be called the "Asiatic Performance Share Plan".

2. Definitions

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Adoption Date"	:	The date on which the Plan is adopted by the Company in general meeting
"Auditors"	:	The auditors for the time being of the Company
"Asiatic Performance Share Plan" or "Plan"	:	The Asiatic Performance Share Plan, as modified or supplemented from time to time
"Award"	:	An award of Shares granted under the Plan
"Board"	:	The board of Directors of the Company for the time being
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist
"CDP"	:	The Central Depository (Pte) Limited
"Commencement Date"	:	The date for the commencement of the Plan
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company"	:	Asiatic Group (Holdings) Limited
"Controlling Shareholder"	:	A Shareholder who, in relation to the Company, has control, as further defined in Rule 2.2
"Director"	:	A director of the Company for the time being
"Group"	:	The Company and its subsidiaries
"Group Employee"	:	Any confirmed employee of the Group (including any Group Executive Director) selected by the Remuneration Committee to participate in the Plan in accordance with the provisions thereof
"Group Executive Director"	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"New Shares"	:	The new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the Plan
"Non-Executive Director"	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
"Participant"	:	A person who is selected by the Remuneration Committee to participate in the Plan in accordance with the provisions of the Plan

"Performance Targets"	:	The performance targets prescribed by the Remuneration Committee to be fulfilled by a Participant for any particular period under the Plan
"Remuneration Committee"	:	The remuneration committee of the Company duly authorised and appointed by the Board to administer the Plan, from time to time
"Rules"	:	The rules of the Plan, as the same may be amended or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	:	Ordinary shares in the capital of the Company
"treasury shares"	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and since purchase have been continuously held by the Company
"Vesting Date"	:	In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Remuneration Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10
"$" and "cents"	:	Singapore dollars and cents respectively
"%" or "per cent."	:	Percentage or per centum

2.2 For the purposes of the Plan:

(a) in relation to a Shareholder (including, where the context requires, the Company), "control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;

(b) unless rebutted, a person who holds directly or indirectly a shareholding of 15% or more of the Company's total number of issued shares, excluding treasury shares, shall be presumed to be a Controlling Shareholder; and

(c) in relation to a Controlling Shareholder, his "associate" shall have the meaning ascribed to it by the Catalist Rules (as modified, supplemented or amended from time to time).

2.3 The terms "Depositor" and "Depository Agent" shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

2.4 Any reference in the Plan or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Plan and the Rules shall have the meaning assigned to it under the Companies Act.

2.5 Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine gender where the context admits.

2.6 Any reference to a time of day shall be a reference to Singapore time.

3. Objectives

The main objectives of the Plan are as follows:

(a) to attract potential employees with relevant skills to contribute to the Company and to create value for Shareholders;

(b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Company;

(c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Company;

(d) to give recognition to the contributions made by the Participants to the success of the Company; and

(e) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Company.

4. Eligibility

4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Plan at the absolute discretion of the Remuneration Committee:

(a) confirmed Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and

(b) Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.

Any Director who is a member of the Remuneration Committee shall not be involved in the Remuneration Committee's deliberations and decisions in respect of Awards to be granted to or held by that Director or his Associate.

4.2 For the purposes of determining eligibility to participate in the Plan, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

4.3 Persons who are Controlling Shareholders of the Company and/or their Associates who satisfy the requirements of Rule 4.1 above shall also be eligible to participate in the Plan at the absolute discretion of the Remuneration Committee and in accordance with the applicable requirements of the Rules, provided that:

(a) their participation in the Plan is specifically approved by independent Shareholders in a general meeting in separate resolutions for each such Controlling Shareholder or his Associate;

(b) the actual number and terms of any Awards to be granted to them have been specifically approved by independent Shareholders in a general meeting in separate resolutions for each such Controlling Shareholder or his Associate; and

(c) all conditions for their participation in the Plan as may be required by the regulations of the SGX-ST from time to time are satisfied.

4.4 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.

4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. Limitations under the Plan

5.1 The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of all Awards granted under the Plan and all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company on the day preceding the date on which the Award shall be granted.

5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Remuneration Committee under the Plan.

5.3 The aggregate number of Shares that are available to the Controlling Shareholders and their Associates (including adjustments made in accordance with Rule 11) shall not exceed 25% of the total number of Shares available under the Plan.

5.4 The number of Shares that are available to each Controlling Shareholder or his Associate (including adjustments made in accordance with Rule 11) under the Plan shall not exceed 10% of the Shares available under the Plan.

6. Date of Grant

The Remuneration Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

7. Awards

7.1 The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

7.2 In the case of a performance-related Award, the Performance Targets will be set by the Remuneration Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Targets, value-add to the Group's performance and development and overall enhancement to shareholders' value, amongst others, will be taken into account.

7.3 As soon as reasonably practicable after an Award is finalised by the Remuneration Committee, the Remuneration Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:

(a) in relation to a performance-related Award, the Performance Targets for the Participant and the performance period during which the Performance Targets shall be met;

(b) the number of Shares to be vested on the Participant; and

(c) the date by which the Award shall be vested.

7.4 The Remuneration Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the pre-determined dollar amount which the Remuneration Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Remuneration Committee may decide absolute number of Shares to be awarded to Participants irrespective of the price of the Shares. The Remuneration Committee shall monitor the grant of Awards carefully to ensure that the size of the Plan will comply with the relevant rules of the Catalist Rules.

7.5 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Remuneration Committee.

8. Vesting of the Awards

8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:

(a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;

(b) in the event of any misconduct on the part of the Participant as determined by the Remuneration Committee in its discretion;

(c) subject to Rule 8.2 and Rule 8.3, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or

(d) in the event that the Remuneration Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Plan (as set out in Rule 3) has not been met.

8.2 A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:

(a) through ill health, injury or disability (in each case, evidence to the satisfaction of the Remuneration Committee);

(b) redundancy;

(c) retirement at or after the legal retirement age;

(d) retirement before the legal retirement age with the consent of the Remuneration Committee; or

(e) any other event approved by the Remuneration Committee.

8.3 If a Participant has fulfilled his Performance Targets but dies before an Award is made, the Award shall in such circumstances be given to the personal representatives of the Participant.

9. Take-over and winding up of the Company

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Targets which fall within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of 6 months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Remuneration Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be met); or

(b) the date of expiry of the period for which the Performance Targets are to be met, provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfill such Performance Targets until the expiry of such specified date or the expiry date of the Performance Targets relating thereto, whichever is earlier, before an Award can be vested.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Remuneration Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

9.3 If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested, shall be deemed or become null and void.

9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Remuneration Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have commenced or become effective in law.

9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

10. Shares

10.1 As soon as reasonably practicable after the end of each performance period, the Remuneration Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.

10.2 The Remuneration Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Remuneration Committee decides that a changed Performance Targets would be a fairer measure of performance.

10.3 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee being satisfied that the Participant has achieved the Performance Targets.

10.4 Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants.

10.5 In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing existing Shares.

10.6 The Remuneration Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders' approval under the Companies Act for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.

10.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Remuneration Committee referred to in Rule 10.1. On the Vesting Date, the Remuneration Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.

10.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for quotation of such Shares on Catalist.

10.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:

(a) the securities account of that Participant maintained with CDP;

(b) the securities sub-account of that Participant maintained with a Depository Agent; or

(c) the CPF investment account maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

10.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Memorandum and Articles of Association of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

10.11 Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Remuneration Committee.

11. Variation of Capital

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the Plan,

shall be adjusted by the Remuneration Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Remuneration Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2 Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

(a) the issue of securities as consideration for an acquisition or a private placement of securities;

(b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

(c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to share option scheme or share plan approved by Shareholders in general meeting, including the Plan; and

(d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

11.3 Notwithstanding the provisions of Rule 11.1:

(a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and

(b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

12. Administration of the Plan

12.1 The Plan shall be administered by the Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Remuneration Committee shall participate in any deliberation or decision in respect of Awards to be granted to or held by him or his Associate. Further, where Awards are proposed to be granted to or held by Controlling Shareholders or their Associates, all members of the Board (and not just members of the Remuneration Committee) who are not Controlling Shareholders or Associates of Controlling Shareholders, will be involved in the deliberations on the same.

12.2 The Remuneration Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Plan) for the implementation and administration of the Plan as they think fit including, but not limited to:

(a) imposing restrictions on the number of Awards that may be vested within each financial year; and

(b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the Plan as a whole.

12.3 Any decision of the Remuneration Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the Plan or any rule, regulation, procedure thereunder or as to any rights under the Plan.

13. Notices and Annual Report

13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.

13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Remuneration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

13.3 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

(a) the names of the members of the Remuneration Committee administering the Plan;

(b) in respect of the following Participants:

(i) Directors of the Company;

(ii) Participants who are Controlling Shareholders and their Associates; and

(iii) Participants (other than those in paragraphs (b)(i) and (b)(ii) above) who have received Shares pursuant to the vesting of the Awards granted under the Plan which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the Plan, the following information:

(aa) the name of the Participant;

(bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;

(cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the Plan to the end of the financial year under review;

(dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the Plan since the commencement of the Plan to the end of the financial year under review;

(ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and

(iv) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

14. Modifications to the Plan

14.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee, provided that:

(a) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders in a general meeting; and

(b) no modification or alteration shall be made without due compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

14.2 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. Terms of employment unaffected

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. Duration of the Plan

16.1 The Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2 The Plan may be terminated at any time at the discretion of the Remuneration Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be offered by the Company thereunder.

16.3 Notwithstanding the expiry or termination of the Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

17. Taxes

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the Plan shall be borne by that Participant.

18. Costs and expenses

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

19. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board, the Remuneration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on Catalist.

20. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Remuneration Committee and its decision shall be final and binding in all respects.

21. Condition of Awards

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. Governing Law

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the Plan, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

ASIATIC GROUP (HOLDINGS) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200209290R)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of Asiatic Group (Holdings) Limited (the "**Company**") will be held at the Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 August 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolutions as ordinary resolutions:

All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular of the Company dated 31 July 2013 ("**Circular**").

ORDINARY RESOLUTION 1: THE PROPOSED RIGHTS CUM WARRANTS ISSUE

THAT subject to and contingent upon the passing of Ordinary Resolution 2 in this notice of EGM:

(a) a renounceable non-underwritten Rights cum Warrants Issue (the "**Rights cum Warrants Issue**") by the Company of up to 346,032,791 new ordinary shares in the capital of the Company (the "**Rights Shares**") at the issue price of S$0.035 for each Rights Share, with up to 692,065,582 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**New Share**") at the exercise price of S$0.0175 for each New Share, on the basis of (i) one (1) Rights Share for every one (1) Share held by shareholders of the Company (the "**Shareholders**") as at the books closure date to be determined (the "**Books Closure Date**"), and (ii) two (2) free Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded, be and is hereby approved; and

(b) the Board of Directors be and is hereby authorised to:

(i) create and issue:

(aa) such number of Rights Shares as the Directors may determine up to a maximum of 346,032,791 Rights Shares at an issue price of S$0.035 for each Rights Share;

(bb) such number of free detachable Warrants as the Directors may determine, subject to a maximum of 692,065,582 free Warrants to be issued together with the Rights Shares, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S$0.0175 for each New Share during the period commencing on and including the date of issue of the Warrants and expiring at 5:00 p.m. on the date immediately preceding the second (2nd) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the Deed Poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and

(cc) 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); and

(ii) provisionally allot and issue up to 346,032,791 Rights Shares with up to 692,065,582 free Warrants, at an issue price of S$0.035 for each Rights Share, on the basis of (i) one (1) Rights Share for every one (1) Share held by the Shareholders as at the Books Closure Date to be determined, and (ii) two (2) free Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:

(aa) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the share registrar of the Company (the "**Share Registrar**"), as the case may be, addresses in Singapore for the service of notices and documents;

(bb) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**");

(cc) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold "nil-paid" on Catalist and to pool and thereafter distribute the net proceeds thereof, if any (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 S$10.00, such amount shall instead be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;

(dd) provisional allotments of the Rights Shares with Warrants not taken up or cannot be sold or are not sold on Catalist for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Rights cum Warrants Issue, shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;

(ee) the Rights Shares when issued and fully paid will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares;

(ff) the New Shares to be issued on exercise of the Warrants will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the New Shares;

(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) a maximum of 692,065,582 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 (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 Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (b) above;

(d) the Directors be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Resolution 1 or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

ORDINARY RESOLUTION 2: THE WHITEWASH RESOLUTION

THAT subject to and contingent upon the passing of Ordinary Resolution 1 and the satisfaction of all the conditions set out in the Securities Industry Council's ("**SIC**") letter of 9 July 2013, the Shareholders of the Company (other than Tan Boon Kheng, Tan Ah Kan @ Tan Kow La, Tan Boon Siang, Tan Boon Yew and Tan Ah Soi (the "**Undertaking Shareholders**")), do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") from the Undertaking Shareholders and parties acting in concert with them, as defined in paragraph 1 of the Definitions Section of the Take-over Code, in respect of all or any part of the Shares held by such Shareholders, in the event that their subscription of the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue by the Company results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Take-over Code.

ORDINARY RESOLUTION 3: THE PROPOSED TCL SHARES AND WARRANTS ISSUE

THAT subject to and contingent upon the passing of Ordinary Resolutions 1 and 2:

(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**"):

(aa) such number of new Shares representing 1.52% of the enlarged total number of issued Shares immediately after the allotment and issue of the Rights Shares but before the allotment of the new Shares to TCL ("**TCL Consultancy Fee Shares**"), odd lots to be disregarded, at a nominal consideration of S$30,000 in aggregate to TCL, credited as fully paid, such new Shares to rank *pari passu* in all respects with the then existing issued Shares of the Company;

(ab) such number of free warrants representing 2.30% of the total number of Warrants allotted and issued following the Rights cum Warrants Issue but before the issue of 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 S$0.0175 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

(ac) 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 3.

ORDINARY RESOLUTION 4: THE PROPOSED ASIATIC PERFORMANCE SHARE PLAN

THAT:

(a) a new performance share plan to be known as the "Asiatic Performance Share Plan" ("**Plan**"), the details and rules whereof are set out in the Circular, under which awards ("**Awards**") of fully-paid Shares will be granted, free of payment, to eligible persons, details of which are set out in the Circular, be and is hereby approved;

(b) the Directors be and are hereby authorised:

(i) to establish and administer the Plan;

(ii) to modify and/or amend the Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Plan and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary, expedient, desirable, incidental or in the interests of the Company in order to give full effect to the Plan;

(iii) subject to the same being allowed by law, to apply any share purchased or acquired under any share purchase mandate or shares held in treasury by the Company, towards the satisfaction of Awards granted under the Plan; and

(iv) to offer and grant Awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Plan, provided that the aggregate number of Shares issued and issuable pursuant to the Plan, when added to the number of Shares issued and issuable in respect of all Awards granted under the Plan, and all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares) from time to time.

ORDINARY RESOLUTION 5: THE PROPOSED PARTICIPATION BY MR TAN BOON KHENG IN THE PLAN

THAT subject to and contingent upon the passing of Ordinary Resolution 4, approval be and is hereby given for the participation in the Plan by Mr Tan Boon Kheng, a Controlling Shareholder.

ORDINARY RESOLUTION 6: THE PROPOSED PARTICIPATION BY MR TAN AH KAN @ TAN KOW LA IN THE PLAN

THAT subject to and contingent upon the passing of Ordinary Resolution 4, approval be and is hereby given for the participation in the Plan by Mr Tan Ah Kan @ Tan Kow La, a Controlling Shareholder.

ORDINARY RESOLUTION 7: THE PROPOSED PARTICIPATION BY MR TAN BOON SIANG IN THE PLAN

THAT subject to and contingent upon the passing of Ordinary Resolution 4, approval be and is hereby given for the participation in the Plan by Mr Tan Boon Siang, a Controlling Shareholder.

ORDINARY RESOLUTION 8: THE PROPOSED PARTICIPATION BY MR TAN BOON YEW IN THE PLAN

THAT subject to and contingent upon the passing of Ordinary Resolution 4, approval be and is hereby given for the participation in the Plan by Mr Tan Boon Yew, a Controlling Shareholder.

ORDINARY RESOLUTION 9: THE PROPOSED SHARE BUYBACK MANDATE

THAT:

(a) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on Catalist; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on Catalist in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Tan Sian Leong
Yoo Loo Ping
Company Secretaries
31 July 2013

Notes:

1) A member entitled to attend and vote at the Extraordinary General Meeting (the "**Meeting**") is entitled to appoint a proxy or proxies (not more than two (2)) to attend and vote on his/her behalf. A proxy need not be a member of the Company. Where a shareholder appoints two (2) proxies, he must specify the proportion of his shareholdings percentage to be represented by each proxy.

2) 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 seal or under the hand of an officer or attorney duly authorised.

3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 65 Joo Koon Circle, Singapore 629078 at least 48 hours before the time fixed for the Meeting.

4) Investors who have used their CPF account savings to buy Shares and who wish to attend the Meeting as observers are to register with their respective CPF approved nominees.

ASIATIC GROUP (HOLDINGS) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200209290R)

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is 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 Extraordinary General Meeting as an observer must submit their requests 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.

PROXY FORM
EXTRAORDINARY GENERAL MEETING

*I/We _____ (Name)

of _____ (Address)
being a *member/members of Asiatic Group (Holdings) Limited (the "**Company**") hereby appoint

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the meeting, as *my/our proxy/proxies to vote for *me/us on *my/ our behalf at the Extraordinary General Meeting ("**EGM**") of the Company, to be held at the Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 August 2013 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the EGM.

No.	Resolutions Relating To:	For	Against
	Ordinary Resolution		
1.	To approve the Proposed Rights cum Warrants Issue		
2.	To approve the Whitewash Resolution		
3.	To approve the Proposed TCL Shares and Warrants Issue		
4.	To approve the Proposed Asiatic Performance Share Plan ("**Plan**")		
5.	To approve the Proposed Participation of Mr Tan Boon Kheng in the Plan		
6.	To approve the Proposed Participation of Mr Tan Ah Kan @ Tan Kow La in the Plan		
7.	To approve the Proposed Participation of Mr Tan Boon Siang in the Plan		
8.	To approve the Proposed Participation of Mr Tan Boon Yew in the Plan		
9.	To approve the Proposed Share Buyback Mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the EGM.)

* Please delete accordingly

Dated this _____ day of _____ 2013.

Number of Shares held in	
CDP Register	
Member's Register	
TOTAL	

_____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 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 registered in 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 entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his stead.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 65 Joo Koon Circle, Singapore 629078, not less than 48 hours before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the EGM if he is able to do so.
10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company shall reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Affix postage stamp here

ASIATIC GROUP (HOLDINGS) LIMITED
65 JOO KOON CIRCLE
SINGAPORE 629078