CIRCULAR DATED 27 SEPTEMBER 2016

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

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

If you have sold or transferred all your ordinary shares in the capital of Eucon Holding Limited (the "**Company**"), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular. Approval in-principle by the SGX-ST, which is subject to the conditions as reproduced in full in Section 2 of this Circular, is not to be taken as an indication of the merits of the Proposed Transactions (as defined herein), the Company, and its subsidiaries and/or their securities.

EUCON HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED SUBSCRIPTION, COMPRISING:

(A) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 4,926,759,333 NEW SHARES (AS DEFINED HEREIN) BY THE COMPANY TO ORIENTAL STRAITS FUND III, BEING THE SUBSCRIBER AT THE ISSUE PRICE OF S$0.018 FOR EACH NEW SHARE ("PROPOSED NEW SHARES ISSUE");

(B) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 279,764,726 OPTION SHARES (AS DEFINED HEREIN) BY THE COMPANY TO THE SUBSCRIBER AT THE ISSUE PRICE OF S$0.018 FOR EACH OPTION SHARE ("PROPOSED OPTION SHARES ISSUE"); AND

(C) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 104,130,481 INTRODUCER SHARES (AS DEFINED HEREIN) AT THE ISSUE PRICE OF S$0.018 BY THE COMPANY TO WELLMONT INVESTMENT LIMITED (AND/OR ITS NOMINEES) IN LIEU OF THE CASH PAYMENT OF INTRODUCER FEE AMOUNTING TO APPROXIMATELY S$1.87 MILLION, CREDITED AS FULLY PAID-UP ("PROPOSED INTRODUCER SHARES ISSUE");

(2) THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN);

(3) THE TRANSFER OF CONTROLLING INTEREST (AS DEFINED HEREIN) TO THE SUBSCRIBER ARISING FROM THE PROPOSED NEW SHARES ISSUE AND THE PROPOSED OPTION SHARES ISSUE;

(4) THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE COMPANY INTO THE MEDIA BUSINESS (AS DEFINED HEREIN) ("PROPOSED DIVERSIFICATION"); AND

(5) THE PROPOSED GENERAL SHARE ISSUE MANDATE TO ISSUE AND ALLOT SHARES (AS DEFINED HEREIN) AND CONVERTIBLE SECURITIES IN THE COMPANY ("PROPOSED SHARE ISSUE MANDATE").

Financial Adviser to the Company
in respect of the Proposed Subscription

RHB Securities Singapore Pte. Ltd.

RHB SECURITIES SINGAPORE PTE. LTD.
(formerly known as DMG & Partners Securities Pte Ltd)
(Incorporated in the Republic of Singapore)
(Company Registration No. 198701140E)

Independent Financial Adviser
in respect of the Proposed Whitewash Resolution

STIRLING COLEMAN
施霖高诚

STIRLING COLEMAN CAPITAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200105040N)

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	:	10 October 2016 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	12 October 2016 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Grand Mercure Roxy Hotel (Katong Room) 50 East Coast Road, Roxy Square, Singapore 428769

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PROXY FORM

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

Companies, Organizations and Other Entities

"CCIAM"	:	China Capital Impetus Asset Management Pte Ltd
"CCIF"	:	China Capital Impetus Fund
"CCIIL" or "Fund Manager"	:	China Capital Impetus Investment Limited
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Eucon Holding Limited, a company incorporated in the Republic of Singapore with the company registration number 200107762R and its registered address at 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269
"Fund Investors"	:	The investors of the Subscriber
"Fund Substantial Investors"	:	Mr. Ji Zenghe and Mr. Fan Xianyong
"**Group**"	:	The Company and its subsidiaries
"**IFA" or "Independent Financial Adviser**"	:	Stirling Coleman Capital Limited
"**Independent Shareholders**"	:	Shareholders who are considered independent for the purpose of the Proposed Whitewash Resolution
"**Introducer**"	:	Wellmont Investment Limited
"**MAS**"	:	Monetary Authority of Singapore
"**Parties**"	:	Collectively, the Subscriber, the Undertaking Shareholder and the Company
"**PRC**"	:	People's Republic of China
"Subscriber" or "Oriental Straits Fund III"	:	Oriental Straits Fund III, a company incorporated in the Cayman Islands on 5 November 2012 under the company registration number 272875, with its registered address at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands, and its principal place of business at Level 6, Unit 17, China World Office Tower 1, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing, People's Republic of China 100004
"The Place"	:	The Place, Beijing (世贸天阶)
"Undertaking Shareholder"	:	Mr. Wen Yao-Long, who is the Company's Executive Chairman and Chief Executive Officer with a 7.22% direct interest in the Company and a 19.01% deemed interest in the Company held through Sunny Worldwide Int'l Ltd

General

"**Board of Directors**" or "**Board**"	:	The board of Directors of the Company as at the Latest Practicable Date
"**Bonds Issue Date**"	:	Subject to the satisfaction or waiver (as the case may be) of the conditions precedent set out in the Bonds Subscription Agreement, the date on which the Bonds are issued by the Company to the Subscriber, further details of which are set out in Section 3.8.9
"**Bonds Subscription Agreement**"	:	The definitive subscription agreement in respect of the Bonds to be entered into between the Company and the Subscriber within one (1) month from the Bonds Subscription Notification Date (or such other date as may be mutually agreed in writing between the Company and the Subscriber), further details of which are set out in in Section 3.8.9
"**Bonds Subscription Option**"	:	The option granted by the Company to the Subscriber to subscribe for redeemable convertible bonds issued by the Company on such principle terms set out in Section 3.8.9 in substitution for completing the Tranche 2 Completion, further details of which are set out in Section 1.1
"**Bonds Subscription Notification Date**"	:	The date on which the Subscriber exercises the Bonds Subscription Option by issuing the Company a notice in writing at any time prior to the completion Date (or such other date mutually agreed by the Parties in writing), further details of which are set out in Section 3.8.9
"**Bonds**"	:	Subject to the exercise of the Bonds Subscription Option by the Subscriber and the entry into the Bonds Subscription Agreement, the redeemable convertible bonds which may be issued by the Company on such principle terms set out in Section 3.8.9 in substitution for completing the Tranche 2 Completion, further details of which are set out in Section 1.1
"**Business Day(s)**"	:	A day (excluding Saturdays, Sundays and public holidays) on which commercial banks are open for business in Singapore
"**Circular**"	:	This circular to Shareholders dated 27 September 2016
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**Companies Act**"	:	Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
"**Constitution**"	:	The constitution of the Company comprising the memorandum and articles of association of the Company, as amended, modified or supplemented from time to time
"**Corporate Exercises**"	:	Means any Share splits, consolidations, rights, bonus and/or other capitalization issues undertaken by the Company
"**Council**"	:	Security Industries Council

"**Designated Bank Account**"	:	A US$ denominated bank account to be opened in the name of the Company and maintained at a bank to be selected by the Subscriber for the purpose of receiving the Subscription Amount and any Option Share Subscription Amount
"**Direct Account**"	:	The account maintained with CDP by an account holder (as defined under Section 81SF of the SFA)
"**EGM**" or "**Extraordinary General Meeting**"	:	The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-4 of this Circular
"**Enlarged Share Capital**"	:	The enlarged share capital of the Company amounting up to 5,880,654,540 Shares assuming the full issuance of 4,926,759,333 New Shares, the maximum 279,764,726 Option Shares and up to 104,130,481 Introducer Shares
"**EPS**"	:	Earnings per Share
"**Exercise Period**"	:	A twelve (12) month period commencing from Tranche 1 Completion Date, during which the Subscriber may exercise its right but not the obligation to subscribe for such number of Option Shares in accordance with the terms of the Subscription Agreement
"Existing Core Business"	:	The existing core business of the Group prior to Tranche 1 Completion, being the business of mechanical drilling, laser drilling, routing, manufacturing of integrated printed circuit boards, further details of which are set out in Section 7.1
"**Existing Share Capital**"	:	The issued and paid-up share capital of the Company immediately prior to Tranche 1 Completion comprising 570,000,000 Shares
"Existing Share Issue Mandate"	:	The general mandate granted to the Directors to issue and allot Shares and convertible securities in the share capital of the Company in accordance with Rule 806 of the Listing Manual and Section 161 of the Companies Act, pursuant to a resolution approved by the Shareholders at the Company's annual general meeting on 26 April 2016
"**FY**"	:	The financial year ending or ended 31 December, as the case may be
"**General Offer**"	:	A mandatory general offer in accordance with Rule 14 of the Code and Section 139 of the SFA
"Gross Proceeds"	:	The proceeds of approximately S$93.7 million to be raised from (i) the issue and allotment of the Tranche 1 New Shares; (ii) the issue and allotment of the Tranche 2 New Shares or the Proposed Bonds Issue, as the case may be; and (iii) the Proposed Option Shares Issue. Please see Section 3.11 for further details on the use of the Gross Proceeds
"**IFA Letter**"	:	The letter dated 27 September 2016 from the Independent Financial Adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution as set out in Appendix 1 "Letter from the Independent Financial Adviser" of this Circular

"**Introducer Shares**"	:	Up to 104,130,481 Shares, equivalent to 2.0% of the Maximum Subscription Amount computed at the Issue Price, credited as fully-paid up as consideration for introductory services rendered to the Company pursuant to the Introductory Agreement, further details of which are set out in Section 3.7
"**Introductory Agreement**"	:	The agreement between the Company and the Introducer dated 28 May 2015 (as amended, supplemented or otherwise modified), pursuant to which the Introducer shall be entitled to the Introducer Shares as consideration for introductory services rendered to the Company, further details of which are set out in Section 3.7
"**Issue Price**"	:	Means S$0.018 per New Share and Option Share
"**Latest Practicable Date**"	:	14 September 2016
"**Listing Manual**"	:	The listing manual of the SGX-ST, as amended, supplemented or modified from time to time
"**LPS**"	:	Loss per Share
"**Maximum Option Shares Subscription Amount**"	:	Subject to the terms and conditions of the Subscription Agreement, S$5,035,765, being the maximum dollar amount which the Subscriber may subscribe pursuant to the exercise of its right but not the obligation to subscribe for the Option Shares
"**Maximum Subscription Amount**"	:	Subject to the terms and conditions of the Subscription Agreement, S$93,717,433 comprising (i) the Tranche 1 Subscription Amount; (ii) the Tranche 2 Subscription Amount or the principal amount of the Bonds, as the case may be; and (iii) the Option Shares Subscription Amount;
"**Media Business**"	:	The media and digital advertising business, which the Company proposes to expand into pursuant to the Proposed Diversification further details of which are set out in Section 7.1
"**Memorandum**"	:	The memorandum of association of the Company, as amended, supplemented, or modified from time to time
"New Share Issue Mandate"	:	The new share issue mandate proposed to be issued to the board of directors of the Company pursuant to Rule 806 of the Listing Manual, as a result of the anticipated changes to the capital structure of the Company pursuant to the Proposed Subscription and Proposed Introducer Share Issue, further details of which are set out in Section 8.1
"**New Shares**"	:	An aggregate of up to 4,926,759,333 Shares issued pursuant to the Tranche 1 Subscription and the Tranche 2 Subscription in accordance with the terms of the Subscription Agreement
"**Notice of EGM**"	:	The notice of the EGM which is set out on pages N-1 to N-4 of this Circular
"**NTA**"	:	Net tangible assets

"**Option Shares Issue Date**"	:	Subject to the terms and conditions of the Subscription Agreement, the date on which the Option Shares are to be issued to the Subscriber, being no later than seven (7) Business Days after the Company's receipt of the respective Subscription Request(s), or such other date as may be mutually agreed in writing between the Company and Subscriber
"**Option Shares Subscription Amount**"	:	Subject to terms and conditions of the Subscription Agreement, the subscription amount in respect of the Option Shares to be issued by the Company to the Subscriber at the Issue Price, as specified by the Subscriber in a Subscription Request
"**Option Shares**"	:	Subject to the terms and conditions of the Subscription Agreement, an aggregate of up to 279,764,726 Shares to be issued by the Company to the Subscriber, in the event any Subscription Request is issued by the Subscriber to the Company
"PRC"	:	People's Republic of China
"Prescribed Occurrence"	:	Has the meaning ascribed to it in Section 3.8.4(j)
"**Prevailing Share Capital**"	:	The issued share capital of the Company, comprising the aggregate of (i) the Existing Share Capital, being the Company's issued share capital as at the time of passing of the resolution approving the New Share Issue Mandate (excluding treasury shares); and (ii) the actual number of New Shares, Option Shares and Introducer Shares, as the case may be, issued and allotted pursuant to the Proposed Subscription, which shall be used for the purposes of determining the aggregate number of Shares and convertible securities that may be issued pursuant to the New Share Issue Mandate
"Proposed Board Composition"	:	The proposed new board of directors to be appointed upon Tranche 1 Completion, comprising six (6) Directors, among which (i) two (2) executive directors shall be nominated by the Fund Substantial Investors; (ii) one (1) non-executive director shall be nominated by the Fund Manager; and (iii) three (3) independent directors shall be recommended by the Fund Manager. Please see Section 3.9 for further details
"Proposed Bonds Issue"	:	The proposed issue and subscription of the Bonds on Bonds Issue Date in accordance with the terms set out in the Bonds Subscription Agreement, which for the avoidance of doubt shall be subject to the approval of Shareholders (other than the Subscriber and its associates, who are deemed as "*interested persons*" pursuant to Chapter 9 of the Listing Manual) at an extraordinary general meeting to be convened
"**Proposed Diversification**"	:	The proposed diversification by the Company from the Existing Core Business to the Media Business, further details of which are set out in Section 7

"**Proposed Introducer Shares Issue**"	:	The proposed issue and allotment of up to 104,130,481 Introducer Shares by the Company to the Introducer (and/or its nominees) credited as fully paid-up, in accordance with the terms of the Subscription Agreement and the Introductory Agreement
"**Proposed New Shares Issue**"	:	The proposed allotment and issue of up to 4,926,759,333 New Shares at the Issue Price by the Company to the Subscriber pursuant to the Tranche 1 Subscription and the Tranche 2 Subscription
"**Proposed Option Shares Issue**"	:	The proposed allotment and issue of up to 279,764,726 Option Shares at the Issue Price by the Company to the Subscriber in accordance with the terms and conditions of the Subscription Agreement
"**Proposed Share Issue Mandate**"	:	The proposed grant of the New Share Issue Mandate to the board of directors of the Company
"**Proposed Subscription**"	:	Collectively, the Proposed New Shares Issue, the Proposed Option Shares Issue and the Proposed Introducer Shares Issue, in accordance with the terms and conditions of the Subscription Agreement and Introductory Agreement
"**Proposed Transactions**"	:	Collectively, the Proposed Subscription, the Proposed Whitewash Resolution, the Transfer of Controlling Interest, the Proposed Diversification and Proposed Share Issue Mandate
"**Proposed Whitewash Resolution**"	:	The resolution for the waiver of the rights of the Independent Shareholders from receiving a General Offer from the Subscriber for all the Shares not already owned or controlled by the Subscriber following the allotment and issue of the Tranche 1 New Shares as set out in the Notice of EGM attached to this Circular
"**Proxy Form**"	:	The proxy form attached to this Circular
"**Recommending Directors**"	:	The Directors who are deemed to be non-interested for the purpose of making a recommendation to the Shareholders in respect of the Proposed Transactions, namely Messrs Ong Sim Ho, Seow Han Chiang, Winston and Er Kwong Wah
"**Relevant Introducer Shares**"	:	Such number of Introducer Shares, representing 2.0% of each of the following: Tranche 1 Subscription Amount, Tranche 2 Subscription Amount or Bonds Subscription Amount, as the case may be, and Option Shares Subscription Amount
"**Relevant Sections**"	:	Sections 3.2, 3.3, 3.4 and 7.6
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time

"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "**Shareholders**" shall, where the context admits, mean the persons named as depositors in the depository register maintained by CDP and whose Securities Accounts those Shares are credited into
"**Shares**"	:	The ordinary shares in the capital of the Company
"**Subscription Agreement**"	:	The conditional subscription agreement dated 11 December 2015 (as amended, supplemented or otherwise modified from time to time) which was entered into between the Company as the issuer, Oriental Straits Fund III as the Subscriber and the Undertaking Shareholder, pursuant to which the Company has agreed to allot and issue to the Subscriber up to 5,206,524,059 new Shares, comprising (i) up to 4,926,759,333 New Shares and (ii) up to 279,764,726 Option Shares, at the Issue Price and for up to the Maximum Subscription Amount upon the terms and conditions set out therein
"**Subscription Request**"	:	The duly completed subscription request substantially in the form set out in the Subscription Agreement, which the Subscriber may complete and issue to the Company at any time and from time to time during the Exercise Period requesting the Company to allot and issue such number of Option Shares in accordance with the terms and conditions of the Subscription Agreement
"**Substantial Shareholder**"	:	A person who has an interest (whether direct or indirect) in the Shares of which is not less than five per cent. (5%) of all the voting shares of the Company
"**Tranche 1 Completion Date**"	:	Subject to the terms and conditions of the Subscription Agreement, the date on which the Tranche 1 New Shares, Tranche 1 Introducer Shares and/or the Option Shares (if any) shall be issued, being within fourteen (14) Business Days from the date on which the last condition precedent of the Subscription Agreement is satisfied, fulfilled or waived (as the case may be), or on such other date as the Parties may agree in writing
"**Tranche 1 Introducer Shares**"	:	Subject to the terms and conditions of the Subscription Agreement and the Introductory Agreement, such number of Introducer Shares equivalent to 2.0% of the Tranche 1 Subscription Amount to be issued by the Company to the Introducer (and/or its nominees) credited as fully paid-up, on Tranche 1 Completion Date
"Tranche 1 New Shares"	:	Subject to the terms and conditions of the Subscription Agreement, 2,500,000,000 New Shares to be issued by the Company to the Subscriber at the Issue Price, on Tranche 1 Completion Date

"Tranche 1 Subscription Amount"	:	Subject to the terms and conditions of the Subscription Agreement, an aggregate amount of S$45,000,000 which the Subscriber will be required to pay to the Company in consideration for its subscription for the Tranche 1 New Shares
"**Tranche 1 Subscription**"	:	Subject to the terms and conditions of the Subscription Agreement, the issue and allotment by the Company, and the subscription by the Subscriber, of the Tranche 1 New Shares
"Tranche 2 Completion Date"	:	Subject to the terms and conditions of the Subscription Agreement, the date on which the Tranche 2 New Shares, Tranche 2 Introducer Shares and/or the Option Shares (if any) shall be issued, being within three (3) Business Days from the date falling six months after the date of Shareholders' approval in respect of the Proposed Subscription is obtained, or on such other date as the Parties may agree in writing
"Tranche 2 Introducer Shares"	:	Subject to the terms and conditions of the Subscription Agreement and the Introductory Agreement, such number of Introducer Shares equivalent to 2.0% of the Tranche 2 Subscription Amount to be issued by the Company to the Introducer (and/or its nominees) credited as fully paid-up, on Tranche 2 Completion Date
"Tranche 2 New Shares"	:	Subject to the terms and conditions of the Subscription Agreement, 2,426,759,333 New Shares to be issued by the Company to the Subscriber at the Issue Price, on Tranche 2 Completion Date
"Tranche 2 Subscription Amount"	:	Subject to the terms and conditions of the Subscription Agreement, an aggregate amount of S$43,681,668 which the Subscriber will be required to pay to the Company in consideration for its subscription for the Tranche 2 New Shares
"**Tranche 2 Subscription**"	:	Subject to the terms and conditions of the Subscription Agreement, the issue and allotment by the Company, and the subscription by the Subscriber, of the Tranche 2 New Shares
"**Transfer of Controlling Interest**"	:	The transfer of a controlling interest in the Company to the Subscriber under the circumstances described herein as a result of the Proposed Subscription
"**VWAP**"	:	Volume weighted average price
"**Zero Liability Requirement**"	:	Has the meaning ascribed to it in Section 3.8.1

Currencies, Units and Others

"**S$**" or "**SGD** and "**cents**"	:	Singapore Dollars and Cents respectively, being the lawful currency of the Republic of Singapore
"**US$**" or "**USD**"	:	United States Dollars, being the lawful currency of the United States of America
"**%**" or "**per cent**"	:	Per centum or percentage

The terms "**depositor**", "**depository agent**" and "**depository register**" shall have the meanings ascribed to them respectively by Section 81SF of the SFA.

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

References to persons shall include corporations.

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

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

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

EUCON HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

Board of Directors:

Wen Yao-Long (Executive Chairman and Chief Executive Officer)
Ong Sim Ho (Lead Independent Director)
Seow Han Chiang, Winston (Independent Director)
Er Kwong Wah (Independent Director)

Registered Office:

80 Marine Parade Road
#11-02 Parkway Parade
Singapore 449269

27 September 2016

To: The Shareholders of Eucon Holding Limited

Dear Sir / Madam

(1) THE PROPOSED SUBSCRIPTION, COMPRISING:

(A) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 4,926,759,333 NEW SHARES (AS DEFINED HEREIN) BY THE COMPANY TO ORIENTAL STRAITS FUND III, BEING THE SUBSCRIBER AT THE ISSUE PRICE OF S$0.018 FOR EACH NEW SHARE ("PROPOSED NEW SHARES ISSUE");

(B) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 279,764,726 OPTION SHARES (AS DEFINED HEREIN) BY THE COMPANY TO THE SUBSCRIBER AT THE ISSUE PRICE OF S$0.018 FOR EACH OPTION SHARE ("PROPOSED OPTION SHARES ISSUE"); AND

(C) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 104,130,481 INTRODUCER SHARES (AS DEFINED HEREIN) AT THE ISSUE PRICE OF S$0.018 BY THE COMPANY TO WELLMONT INVESTMENT LIMITED (AND/OR ITS NOMINEES) IN LIEU OF THE CASH PAYMENT OF INTRODUCER FEE AMOUNTING TO APPROXIMATELY S$1.87 MILLION, CREDITED AS FULLY PAID-UP ("PROPOSED INTRODUCER SHARES ISSUE").

(2) THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN);

(3) THE TRANSFER OF A CONTROLLING INTEREST (AS DEFINED HEREIN) TO THE SUBSCRIBER ARISING FROM THE PROPOSED NEW SHARES ISSUE AND THE PROPOSED OPTION SHARES ISSUE;

(4) THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE COMPANY INTO THE MEDIA BUSINESS (AS DEFINED HEREIN) ("PROPOSED DIVERSIFICATION"); AND

(5) THE PROPOSED GENERAL SHARE ISSUE MANDATE TO ISSUE AND ALLOT SHARES (AS DEFINED HEREIN) AND CONVERTIBLE SECURITIES IN THE COMPANY ("PROPOSED SHARE ISSUE MANDATE").

(1) INTRODUCTION

1.1. Purpose of Circular

On 11 December 2015, the Company announced, *inter alia*, that it had entered into the Subscription Agreement with (i) Oriental Straits Fund III (the "**Subscriber**"), and (ii) the Executive Chairman and Chief Executive Officer of the Company, Mr. Wen Yao-Long (the "**Undertaking**

Shareholder"), pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for up to 5,206,524,059 new Shares, comprising up to 4,926,759,333 New Shares and up to 279,764,726 Option Shares, at S$0.018 per Share (the "**Issue Price**") for the Maximum Subscription Amount of up to S$93,717,433.

On 29 June 2016, the Company further announced that it had entered into a supplemental agreement to the Subscription Agreement with each of the Subscriber and the Undertaking Shareholder to *inter alia:*

(a) permit the subscription of Shares by the Subscriber for an aggregate amount of S$88.68 million contemplated in the Subscription Agreement to be completed in two (2) tranches, the first S$45 million on Tranche 1 Completion Date and the second S$43.68 million to follow on Tranche 2 Completion Date; and

(b) grant the Subscriber the option to subscribe for redeemable convertible bonds issued by the Company on such principle terms set out in Section 3.8.9 (the "**Bonds**"), in substitution for completing the Tranche 2 Subscription (the "**Bonds Subscription Option**"). The Subscriber may exercise the Bonds Subscription Option at any time prior to the Tranche 2 Completion Date (or such other date mutually agreed by the Parties in writing). Please see Section 3.8.9 for more information on the Bonds.

Further details of the Subscription Agreement (as amended, supplemented and otherwise modified) are summarised below and in the relevant sections of this Circular.

The Directors of the Company propose to convene an EGM to be held on 12 October 2016 at 10.00 a.m. to seek Shareholders' approval for the following proposals:

(a) The Proposed Subscription;

(b) The Proposed Whitewash Resolution;

(c) The Transfer of a Controlling Interest;

(d) The Proposed Diversification; and

(e) The Proposed Share Issue Mandate,

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

1.2. Purpose of Circular

The purpose of this Circular is to explain the reasons for and to provide Shareholders with the relevant information relating to the Proposed Transactions and to seek the Shareholders' approval for the resolutions to be tabled at the EGM to be held on 12 October 2016 at 10.00 a.m. in connection with the Proposed Transactions. The resolutions are set out in the Notice of EGM attached at pages N-1 to N-4 to this Circular.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

1.3. Conditionality of the Resolutions

With respect to the resolutions set out in the Notice of EGM, Shareholders should note that each of the resolutions relating to the Proposed Subscription (Ordinary Resolution 1), Proposed Whitewash Resolution (Ordinary Resolution 2), the Transfer of Controlling Interests (Ordinary Resolution 3), Proposed Diversification (Ordinary Resolution 4) and Proposed Share Issue Mandate (Ordinary Resolution 5), are **INTER-CONDITIONAL** on each other.

This means that if any one of the resolutions is not approved, the other resolutions set out in the notice of EGM will not be passed.

(2) APPROVAL IN-PRINCIPLE FROM THE SGX-ST

In connection with the Proposed Subscription, an application was made for the approval of the SGX-ST for the listing of and quotation for up to 5,310,654,540 new Shares (comprising up to 4,926,759,333 New Shares, 279,764,726 Option Shares and up to 104,130,481 Introducer Shares).

On 9 September 2016, the Company announced its receipt of the approval-in-principle from the SGX-ST in which the SGX-ST has granted the approval for the listing and quotation of (i) up to 4,926,759,333 New Shares issued in two tranches comprising (A) 2,500,000,000 New Shares; and (B) 2,426,759,333 New Shares, each to be issued at the Issue Price (subject to Shareholders' approval at the Extraordinary General Meeting) or arising from the conversion of the Bonds pursuant to the exercise of the Bonds Subscription Option and the entry into the Bonds Subscription Agreement (terms and conditions to be subjected to Shareholders' approval in a separate extraordinary general meeting to be convened and the SGX-ST's approval); (ii) up to 279,764,726 Option Shares to be issued at the Issue Price; and up to 104,130,481 Introducer Shares at the Issue Price, subject to, *inter alia*, the following conditions:

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

(b) Shareholders' approval for the Proposed Subscription, the Proposed Whitewash Resolution and the Proposed Business Diversification;

(c) the Company shall not make any acquisition from the Fund Substantial Investors or their associates within 12 months following completion of the Proposed Subscription unless the Reverse-Takeover requirements under the Listing Rule 1015 are complied with;

(d) the Company shall consult the SGX-ST on any acquisitions entered into in the next 12 months following completion of the Proposed Subscription and the SGX-ST may require the Company to comply with one or more of the following conditions:

  (i) Target company to be profitable;

  (ii) Target company to be in healthy financial position;

  (iii) An independent valuation to be commissioned on the target company; and

  (iv) Moratorium of at least 6 months on the shareholdings of the controlling shareholders.

(e) The Company and the Fund Manager undertaking to comply with the requirements in Chapter 9 of the Listing Manual for any transactions or agreements to be entered into by the Company or any entity at risk with the Fund Substantial Investors or their associates. For the purpose of seeking shareholders' approval under Chapter 9 of the Listing Manual for any proposal involving the Fund Substantial Investors or their associates, the Subscriber and its associates and the Fund Manager will abstain from voting on the proposal; and

(f) Submission of the following documents:

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

  (ii) a written undertaking from the Company that it will comply with Listing Rule 803; and

(iii) a written confirmation from the Company that it will not issue the New Shares, the Bonds, the Option Shares and the Introducer Shares to persons prohibited under Rule 812(1) of the Listing Manual.

The approval in-principle approval granted by SGX-ST for the listing and quotation of the New Shares and Option Shares is not an indication of the merits of any of the Proposed Transactions, the New Shares, the Option Shares, the Introducer Shares, the Shares, the Company or the Group. The Company will proceed to satisfy the conditions of the approval-in-principle and provide the relevant disclosures as applicable.

For the avoidance of doubt, the SGX-ST's in-principle approval above does not cover any Shares to be issued by the Company pursuant to the conversion of any Bonds.

(3) THE PROPOSED SUBSCRIPTION

3.1. Overview

Subject to the terms and conditions of the Subscription Agreement, the Introductory Agreement and the Bonds Subscription Agreement (as the case may be), the Company shall:

(a) allot and issue an aggregate of up to 4,926,759,333 New Shares to the Subscriber in two (2) tranches on:

(i) Tranche 1 Completion Date, with respect to 2,500,000,000 Tranche 1 New Shares representing the Tranche 1 Subscription Amount of S$45,000,000 at the Issue Price; and

(ii) Either of the following dates:

(A) Tranche 2 Completion Date, with respect to 2,426,759,333 Tranche 2 New Shares representing the Tranche 2 Subscription Amount of approximately S$43,681,668 at the Issue Price; or

(B) in the event the Bonds are issued pursuant to the exercise by the Subscriber of the Bonds Subscription Option and the entry into the Bonds Subscription Agreement, the relevant dates on which all or any of the Bonds are converted at the Issue Price into an aggregate of 2,426,759,333 New Shares, in accordance with the terms of the Bonds Subscription Agreement;

(b) in the event any Subscription Request (with respect to the right but not the obligation of the Subscriber to subscribe for the Option Shares) is issued by the Subscriber to the Company, allot and issue an aggregate of up to 279,764,726 Option Shares; and

(c) allot and issue up to 104,130,481 Introducer Shares, equivalent to 2.0% of the Maximum Subscription Amount at the Issue Price, credited as fully-paid up as consideration for services rendered pursuant to the Introductory Agreement.

Please see Sections 3.5, 3.6, 3.7 and 3.8.9 for more information on the New Shares, Option Shares, Introducer Shares and the Bonds, respectively.

3.2. Information on the Subscriber

The information in this Section 3.2 relating to the Subscriber is based on information provided by and/or representations made by China Capital Impetus Investment Limited as the Fund Manager. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

The Subscriber is an exempted company incorporated on 5 November 2012 with limited liability in the Cayman Islands, and is structured as a closed-end discretionary private equity fund. Its registered office is at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands.

The Subscriber's investment objective is to invest directly in real estate or property assets which are for the purpose of or ancillary to the Media Business, or indirectly through companies with real estate portfolios which are for the purpose of or ancillary to the Media Business, or through underlying funds targeting investments in such asset classes. The Subscriber's directors are Mr Chio Hock Lai, Mr Zhou Yin, and Ms Dawn Cummings, whose particulars are set out below:

Mr. Chio Hock Lai provides consultancy services for businesses in PRC and Singapore. He also facilitates exchanges between Singapore and PRC businesses and personnel since 2005 in his role as the Managing Director of Access Corp Pte. Ltd.

Mr. Chio was the chief representative of Capitaland Residential in Beijing, PRC from 1999 to 2005 when he assisted in the completion of Ascott Beijing, a strategic development planning of private housing and service apartments for Capitaland Residential in Beijing, as well as sourcing for joint venture partners for housing projects. Prior to that, Mr Chio gained his marketing experience in both Singapore and Malaysia as the Director of Chinese Computer Software House in Singapore.

As the Director of Chinese Computer Software House in Singapore from 1991 to 1997, Mr Chio gained experiences in marketing products in both Singapore and Malaysia. Mr. Chio was awarded the SAF Sword of Honour (Signal) in 1974 during his stint in the Singapore Armed Forces between 1971 and 1990.

Mr. Zhou Yin joined Beijing Dejoera Investment Co., Ltd in China in 2009. As its Head of Research, Mr. Zhou is responsible for the research and analysis of PRC companies or companies with operating subsidiaries in the PRC and listed in global stock exchanges.

Prior to joining Beijing Dejoera Investment Co., Ltd, Mr. Zhou was responsible for research on foreign exchange and gold from 2005 to 2007 at Angaochina Information Consultancy. Prior to that, he gained his experience in research on A-shares and sectors such as real estate, energy and heavy industries during his tenure at Zhongfu Investment Group.

Ms. Dawn Cummings serves as a non-executive independent director on the boards of various hedge funds, investment management companies and related structures at DMS Offshore Investment Services Ltd. ("**DMS**"), where she is an executive director and is responsible for business development in the Caribbean. Prior to joining DMS, Ms. Cummings served as the manager of Mutual Funds at The Irish Trust Company (Cayman) Ltd. from 2001 to 2010, with the primary responsibility of overseeing staff in the administration of the company's hedge fund clients, liaising with regulatory authorities, broker relationships, legal counsel and auditors. She also held similar roles at several other firms previously since 1987.

3.3. Information on Investors of the Subscriber

The information in this Section 3.3 relating to the investors of the Subscriber is based on information provided by and/or representations made by the Fund Manager. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

As of the Latest Practicable Date, there are two investors who each own more than 15% interest in the Subscriber. They are Mr. Ji Zenghe and Mr. Fan Xianyong (collectively, the "**Fund Substantial Investors**"), each of whom holds 61.75% and 33.25% of The Place Investment (Beijing) Co., Ltd., which is the owner, developer and manager of The Place, Beijing (世贸天阶) ("**The Place**").

The Place is a city landmark and a commercial plaza located in the vicinity of the World Trade Centre of Beijing. Built in 2003, The Place comprises of shopping malls, two office buildings and its landmark LED roof/screen spanning 250 meters long and 30 meters wide. Boasting the largest LED screens in Asia, the Fund Substantial Investors have successfully grown The Place into a well-known brand in Beijing, by carefully curating The Place as a new media themed commercial real estate. During the Beijing Olympics in 2008, The Place was designated the Olympic cultural plaza, and attracted more than 1.46 million visitors.

Set out below are pictures of The Place.





The Company has on 9 September 2016 received approval from SGX-ST for the proposed listing and quotation of the New Shares, Options Shares and Introducer Shares. Subject to the conditions set out in Section 2 and as part of the conditions to the approval, the SGX-ST shall regard the Fund Substantial Investors, who own not less than 15% interest in the Subscriber, and their associates as defined in the Listing Manual as "*interested persons*" of the Company. Accordingly, transactions between the Fund Substantial Investors and the Group shall be regarded as "*interested person transactions*" and the requirements under Chapter 9 of the Listing Manual shall apply. The Company will make appropriate disclosures through its announcements on the SGXNET and its annual report in accordance with the requirements of the Chapter 9 of the Listing Manual.

Each of the Fund Substantial Investors had sought to invest into the Company via the Subscriber (as opposed to directly investing into the Company) due to the following key reasons:

(a) The Fund Manager has tied-up with a major bank to provide funding to the Fund Substantial Investors for prescribed overseas investments. As part of the bank's risk management arrangement, the said bank requires the Fund Substantial Investors to use loans extended to them to subscribe for the funds managed by the Fund Manager.

(b) The Fund Substantial Investors are not familiar with offshore fund raising channels and therefore requires the assistance of the Fund Manager to assist them in identifying and evaluating the most cost effective fund raising channels. It is anticipated that the Fund Manager will continue to provide such service to the Fund Substantial Investors subsequent to completion of the Proposed Transactions, which would also indirectly benefit the Company in reducing its funding costs going forward.

(c) The Fund Substantial Investors intend to leverage on the Fund Manager's extensive business network in Asia and expertise in identifying investment opportunities. This is especially true in the context of the Proposed Diversification.

3.4. Information of China Capital Impetus Investment Limited as the Fund Manager

The information in this Section 3.4 relating to the Fund Manager is based on information provided by and/or representations made by the Fund Manager. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

The Subscriber is managed by CCIIL. CCIIL is an exempted company with limited liability incorporated on 29 May 2009 in the Cayman Islands, and having its registered office at the offices of Campbell Corporate Services Limited, Floor 4, Willow House, Cricket Square PO Box 268, Grand Cayman, KY1-1104, Cayman Islands. The Fund Manager has been carrying on the business of securities investment since its incorporation.

CCIIL is wholly owned by Dejoera Investment Limited, a British Virgin Islands-investment holding company, which is in turn wholly-owned by Mr Sun Quan. The directors of CCIIL are Mr. Sun Quan, Mr. Chen Lei, Dr. Poon Ho Man and Mr. Don W. Ebanks, whose details are set out below:

(a) **Mr. Sun Quan** is a director of CCIIL. He concurrently holds the position of executive director and chief executive officer of CCIAM, which is an asset management company incorporated in Singapore and regulated by the MAS as a Registered Fund Management Company. CCIAM's principal businesses include management of hedge funds, private equity funds, fund of funds, and other collective investment schemes.

Mr. Sun has more than 20 years of experience in mergers and acquisitions, investments and management in the Greater China region, Singapore, Malaysia, Thailand and Indonesia, covering diverse businesses in high technology, pharmaceuticals, electronics, real estate, natural resources and chemicals industries. Mr. Sun has been instrumental in promoting collaboration in areas of economic, education, culture and relationship enhancement between China and numerous Southeast Asian countries.

(b) **Mr. Chen Lei** is currently a co-founder and Chief Operation Officer of AcuMedical, Inc, a corporation that researches and develops advanced medical devices to serve TCM doctors globally. Mr. Chen was the President and CEO of Technology Express, LLC, a company that he founded and engaged in the education technology industry from 2006 to 2009 He cofounded and served as the Vice President of China Insight Inc. from 1999 to 2003, a company that promotes US-China business exchanges via local media and community events.

(c) **Dr. Poon Ho Man** is the founder and Chairman of Friedmann Pacific Asset Management Limited, amassing over 18 years of experience in direct investment, structured finance and investment banking during which over 9 years of experience in the aviation sector. Over the years, Mr. Poon has developed an extensive network in China and overseas with airlines and aviation stakeholders. With unique and extensive cross-border investment experience, Dr. Poon created a solid track record in asset privatization in China since 2000, covering sectors of infrastructure, finance, energy, and consumer goods. He also achieved a solid record in co-investment with Chinese major state-owned enterprises in China and overseas.

(d) **Mr. Don W. Ebanks** is an Executive Director and Chief Compliance Officer of DMS Offshore Investment Services Ltd. He boasts extensive experience in the financial services sector from private banking, investment management, financial products, regulatory matters and distressed/restructuring scenarios.

Previously, Mr. Ebanks was employed as the Executive Director of the Secretariat of the Portfolio of Finance & Economics within the Cayman Islands Government, providing policy advice to the Financial Secretary and Cabinet Ministers. He routinely participated in or led consultative committees and working groups considering legislative amendments and other significant matters.

Mr. Ebanks is a member of the Cayman Islands Compliance Association, the Cayman Islands Directors Association. He is also a Registered Professional Director with the Cayman Islands Monetary Authority.

The Fund Manager is registered as an "*Excluded Person*" under the Securities Investment Business Law (2010 Revision) of the Cayman Islands, and is listed as such on the website of the Monetary Authority of the Cayman Islands. Under paragraph 4 of Schedule 4 to the Securities Investment Business Law (2010 Revision) of the Cayman Islands, an "*Excluded Person*" is a person carrying on securities investment business exclusively for one or more of the following classes of persons:

(a) a sophisticated person;

(b) a high net worth person; or

(c) a company, partnership or trust (whether or not regulated as a mutual fund) of which the shareholders, unit holders or limited partners are one or more persons falling within (a) or (b).

Pursuant to such registration, the Fund Manager is exempted from the requirement to hold a Securities Investment Business licence. The Fund Manager has confirmed that it carries on securities investment business exclusively for investors who belong to the above classes of persons (including the investors of the Subscriber).

As at the Latest Practicable Date, other than in respect of the Subscription Agreement, neither the Subscriber, its directors and the Fund Substantial Investors hold any Shares or voting rights or any instruments convertible into, rights to subscribe for and options in respect of the Shares.

3.5. New Shares

Subject to the terms and conditions of the Subscription Agreement, the New Shares shall be allotted and issued to the Subscriber in two (2) tranches on each of the Tranche 1 Completion Date and Tranche 2 Completion Date.

(a) Tranche 1 New Shares

Tranche 1 Subscription Amount	:	S$45,000,000
Tranche 1 New Shares	:	2,500,000,000 Tranche 1 New Shares, which shall be determined by dividing the Tranche 1 Subscription Amount by the Issue Price.
Issue Price	:	S$0.018 per Tranche 1 New Share. The Issue Price of S$0.018 represents a discount of approximately 35.7% to the VWAP of the Shares for trades done on the SGX-ST on 11 December 2015, being the market day on which the Subscription Agreement was signed. The Issue Price of S$0.018 represents a discount of approximately 37.2%, 24.7% and 11.6% to the 1-month VWAP, 6-month VWAP and 12-month VWAP of the Shares respectively, for trades done prior to the signing of the Subscription Agreement.
Tranche 1 Completion Date	:	Subject to the terms and conditions of the Subscription Agreement, the Tranche 1 New Shares shall be issued within fourteen (14) Business Days from the date on which the last condition precedent is satisfied, fulfilled or waived (as the case may be), or on such other date as the Parties may agree in writing.

(b) Tranche 2 New Shares

Tranche 2 Subscription Amount	:	S$43,681,668
Tranche 2 New Shares	:	2,426,759,330 Tranche 2 New Shares, which shall be determined by dividing the Tranche 2 Subscription Amount by the Issue Price.
Issue Price	:	S$0.018 per Tranche 2 New Share. The Issue Price of S$0.018 represents a discount of approximately 35.7% to the VWAP of the Shares for trades done on the SGX-ST on 11 December 2015, being the market day on which the Subscription Agreement was signed. The Issue Price of S$0.018 represents a discount of approximately 37.2%, 24.7% and 11.6% to the 1-month VWAP, 6-month VWAP and 12-month VWAP of the Shares respectively, for trades done prior to the signing of the Subscription Agreement.
Tranche 2 Completion Date	:	Subject to Tranche 1 Completion and the Bonds Subscription Option not being exercised by the Subscriber, the Tranche 2 New Shares shall be issued within three (3) Business Days from the date falling six months after the date of Shareholders' approval in respect of the Proposed Subscription is obtained, or on such other date as the Parties may agree in writing.

Notwithstanding the foregoing, the Company has undertaken to the Subscriber that, other than pursuant to the Proposed Subscription, it shall not undertake any Share splits, consolidations, rights, bonus and/or other capitalization issues ("**Corporate Exercises**") prior to the Company entering into the Bond Subscription Agreement with the Subscriber or the date of Tranche 2 New Shares are fully issued and allotted, whichever earlier.

3.6. Option Shares

The Option Shares shall be allotted and issued to the Subscriber on the Option Shares Issue Date on, *inter alia*, the following terms and conditions of the Subscription Agreement:

Maximum Option Shares Subscription Amount	:	S$5,035,765
Maximum number of Option Shares	:	279,764,726 Option Shares, which is determined by dividing the Maximum Option Shares Subscription Amount by the Issue Price.
Issue Price	:	S$0.018 per Option Share. The Issue Price of S$0.018 represents a discount of approximately 35.7% to the VWAP of the Shares for trades done on the SGX-ST on 11 December 2015, being the market day on which the Subscription Agreement was signed. The Issue Price of S$0.018 represents a discount of approximately 37.2%, 24.7% and 11.6% to the 1-month VWAP, 6-month VWAP and 12-month VWAP of the Shares respectively, for trades done prior to the signing of the Subscription Agreement.
Subscription Request	:	Subject to the terms and conditions of the Subscription Agreement, the Subscriber may require the Company to allot and issue such number of Option Shares at the Issue Price by issuing to the Company a duly completed subscription request substantially in the form set out in the Subscription Agreement to the Company at any time during the Exercise Period.
Option Shares Subscription Amount	:	Subject to the terms and conditions of the Subscription Agreement, the subscription amount in respect of the Option Shares to be issued at the Issue Price, as specified by the Subscriber in a Subscription Request.
Exercise Period	:	A twelve (12) month period commencing from the Tranche 1 Completion Date. Unless agreed in writing between the Company and the Subscriber, the option to subscribe to the Option Shares shall ipso facto lapse on the expiry of the Exercise Period.

Option Shares Issue Date	:	No later than seven (7) Business Days after the Company's receipt of the respective Subscription Request(s), or such other date as may be mutually agreed in writing between the Company and Subscriber.
Adjustments	:	The terms of issue of the Option Shares do not provide for adjustment to the Issue Price in respect of the Option Shares, and the number of Option Shares to be issued in the event of Corporate Exercises. Notwithstanding the foregoing, the Company has undertaken to the Option Holder that, other than pursuant to the Proposed Subscription, it shall not undertake any Corporate Exercises prior to the expiry of the Exercise Period or the date of which the maximum number of 279,764,726 Option Shares are fully issued and allotted, whichever earlier.

3.7. Introducer Shares

The information in this section 3.7 relating to the Introducer is based on information provided by and/or representations made by the Introducer. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

(a) Introduction

The Company was introduced to the Fund Manager by an independent third party, Wellmont Investment Limited ("**Introducer**"), a company incorporated in the British Virgin Islands with its principal business being investment holding. Pursuant to an agreement between the Company and the Introducer dated 28 May 2015 (as amended, supplemented or otherwise modified) ("**Introductory Agreement**"), the Introducer shall be entitled to an introducer fee on a success basis, which shall be satisfied by way of allotment and issuance of such number of the Introducer Shares at the issue price of S$0.018 in lieu of the cash payment of introducer fee amounting to approximately S$1.87 million, representing approximately 2.0% of the Maximum Subscription Amount. The legal and beneficial owner of the Introducer is Mr. Yeo Kan Yen. Mr. Yeo is not related to any Director or substantial shareholder of the Company. Please see Section 3.7(b) for the profile of Mr. Yeo Kan Yen.

Such number of Introducer Shares (representing 2.0% of the Tranche 1 Subscription Amount, Tranche 2 Subscription Amount or Bonds Subscription Amount, as the case may be, and Option Shares Subscription Amount) (the "**Relevant Introducer Shares**") shall be issued and allotted by the Company contemporaneously with the issue of the Tranche 1 New Shares, Tranche 2 New Shares, Option Shares or Bonds, as the case may be, and Option Shares, during each of the Tranche 1 Completion Date, Tranche 2 Completion Date or Bonds Issue Date, as the case may be, and Option Shares Issue Date. In this regard, the Company shall deliver or procure to be delivered:

(i) the duly issued share certificate(s) for the Relevant Introducer Shares in the name of the Introducer (and/or its nominees); OR allot and issue the Introducer Shares to CDP for the accounts of the Introducer and/or its nominees (or the depository agents (as the case may be) as notified by the Introducer to the Company) and instruct CDP to credit the Direct Account of the Introducer and/or its nominees (or the securities account of the depository agents (as the case may be) as notified by the Introducer to the Company) with the Relevant Introducer Shares; and

(ii) to the SGX-ST, such documents and confirmation as may be required by the SGX-ST for the purposes of listing and quotation of the Relevant Introducer Shares.

For the avoidance of doubt, the Company will not be raising any cash proceeds from the Introducer pursuant to the Proposed Introducer Shares Issue, as the Introducer Shares issued at the Issue Price will be credited as fully paid-up, in consideration for services rendered by the Introducer under the Introductory Agreement.

To the best knowledge of the Directors, save as disclosed in this Section 3.7(a) and in relation to the Subscription, the Introducer does not have any other connections (including business relationships) with the Company, its directors and substantial shareholders. The Introducer does not fall within any of the prohibited categories as set out in Rule 812 of the Listing Manual to whom the Company is prohibited from issuing the Shares.

(b) Information of Mr. Yeo Kan Yen

Mr Yeo was appointed as independent director of Cacola Furniture International Limited and was subsequently re-designated as Vice-Chairman and executive director. He was also appointed as independent director and Chairman of the Audit Committee of Oceanus Group Limited in July 2013.

Mr Yeo established Primaisana Pte Ltd in November 2012 as part of Sitcomasia Group where he was designated as Director and Chief Commercial Officer. Sitcomasia Group operates customer service and repair centres in Singapore, Indonesia, Thailand, Philippines, Vietnam, Cambodia and Laos servicing global customers like Apple, Samsung, Microsoft, Blackberry, Levono and Western Digital, etc.

Prior to that, Mr Yeo was the Chief Operating Officer and executive director of CarrierNet Global Ltd (now known as Polaris Ltd.) from February to September 2012 where he was responsible for the overall general management, operational and strategic planning, sales and marketing activities. He joined CarrierNet Corporation (Singapore) Pte Ltd as Sales and Marketing Director in October 2006 and was promoted to Managing Director in November 2007.

From 2000 to 2002, Mr. Yeo was the Vice President-International in Prudential Capital Technologies (China) Limited and he was appointed as Chief Operating Officer at PT. Atlasat Solusindo from 2002 to 2003.

3.8 The Subscription Agreement

The key terms and conditions of the Subscription Agreement are summarised below:

3.8.1 Basis of Subscription

The Company and the Subscriber agree and acknowledge that the Proposed Subscription has been agreed on, *inter alia*, the basis that immediately prior to and as at completion of the Proposed New Shares Issue, save for the transactional costs in connection with the Proposed New Shares Issue, the Company has no liabilities (including all forms of taxation imposed by any taxation authority on the Company in relation to transactions, undertakings or arrangements entered into on or before the date of the Subscription Agreement), whether actual, deferred or contingent, and there are no off-balance sheet liabilities in the Company (including all forms of financial guarantees provided by the Company in favor of the its subsidiaries and/or any third parties) (the "**Zero Liability Requirement**").

3.8.2 Status of the New Shares, Option Shares and Introducer Shares

The New Shares, Option Shares and Introducer Shares shall be issued by the Company free from all claims, charges, liens and other encumbrances whatsoever and the New Shares, Option Shares and Introducer Shares shall be freely transferable and shall rank *pari passu* in all respects with and carry all rights similar to existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the Tranche 1 Completion Date, Tranche 2 Completion Date or the Option Shares Issue Date, as the case may be.

3.8.3 Long-Stop Date

If any of the conditions precedent set out in the Subscription Agreement is not satisfied, fulfilled or waived (as the case may be) by 31 December 2016, the Subscription Agreement shall be terminated automatically with immediate effect without any further action from either party, save that shall not relieve any party from liability for any breach of its obligations prior to termination.

3.8.4 Conditions Precedent

The Company shall not be obliged to allot and issue and the Subscriber shall not be obliged to subscribe for the New Shares unless the conditions precedent, including but not limited to the key conditions precedent as set out below, have been fulfilled (or waived), as relevant on Tranche 1 Completion Date.

(a) Due Diligence

The Subscriber being satisfied with its due diligence investigations into the financial, legal, tax and business of the Company, including being satisfied that the Zero Liability Requirement has been satisfied.

For the avoidance of doubt, the satisfaction by the Company of the Zero Liability Requirement (which for the avoidance of doubt only applies to the Company and not its subsidiaries) immediately prior to Tranche 1 Completion will not impact the Group's ability to carry on the Existing Core Business as all the Group's indebtedness of the Group for working capital are held by the Company's subsidiaries. The Company does not envisage taking on more indebtedness prior to Tranche 1 Completion for working capital of the Existing Core Business.

(b) Regulatory Approvals

All necessary consents, approvals and waivers of all relevant government bodies, stock exchanges and other regulatory authorities having jurisdiction over the transactions contemplated in the Subscription Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Company or the Subscriber, as relevant, including without limitation, the approval in-principle for the listing and quotation of the New Shares, Option Shares and Introducer Shares on the Main Board of the SGX-ST and the waiver by the Council of the requirement for the Subscriber to make a General Offer following Tranche 1 Completion.

(c) Representations and Warranties

All the representations and warranties of the Company and the Subscriber set out under the Subscription Agreement, as the case may be, being true and accurate in all material respects as of the date of the Subscription Agreement and as at the Tranche 1 Completion Date.

(d) Shareholders' Approval

The resolution of the Shareholders having been obtained for the Proposed Transactions and any additional items as may be agreed in writing between the Company and the Subscriber.

(e) Voting Undertaking

The execution by Wen Yao-Long and Sunny Worldwide Int'l Ltd of its respective shareholder's undertaking on the terms set out in the Subscription Agreement.

Wen Yao-Long is the Company's Executive Chairman and Chief Executive Officer and he has a 7.22% direct interest the Company and 19.01% deemed interest in the Company held through Sunny Worldwide Int'l Ltd., which is an investment holding company incorporated in Mauritius and wholly owned by Mr Wen Yao-Long. On 15 September 2016, Wen Yao-Long and Sunny Worldwide Int'l Ltd have each provided a deed of undertaking to the Company pursuant to which each of them have undertaken:

(i) not dispose of, charge, pledge or otherwise encumber or grant any option or right over any Shares that they respectively now or in the future hold or control during the period commencing from the date of the deed, until the earlier of, as the case may be (i) termination of the Subscription Agreement; and (ii) Tranche 1 Completion Date; and

(ii) to exercise or procure the exercise at the extraordinary general meeting of the Company to be held for the purposes of approving the Proposed Transactions and such other transactions in connection therewith and incidental thereto, and such adjournments thereof, all voting rights attached to the Shares that they respectively now or in the future hold (whether in their name or their nominee's or agent's names), in favour of the resolution(s) approving the Proposed Transactions and such other transactions in connection therewith and incidental thereto, together with any related resolutions necessary or expedience for such purposes, unless prevented from doing so by any applicable rules or regulations or by any relevant regulatory authority.

(f) No changes in share capital

For the period between the date of the Subscription Agreement and Tranche 1 Completion Date, the Company not having allotted or issued, or agreed to allot or issue, any share or loan capital, and there being no change to the Existing Share Capital.

(g) No Winding-Up

No order being made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Company or any of its subsidiaries, or the appointment of any liquidator (provisional or otherwise), judicial manager, administrator, receiver, receiver and manager, custodian or similar official in respect of the Company, any of the Company's subsidiaries or any part of their respective property, assets and/or undertaking.

(h) No Material Adverse Change

No material adverse change in the prospects, operations, conditions (financial or otherwise) of the Company having occurred between the date of the Subscription Agreement and Tranche 1 Completion Date, both dates inclusive.

(i) No Illegality

No relevant authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might (i) make the transactions contemplated in the Subscription Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same; (ii) render the Subscriber

unable to subscribe for all or any of the New Shares and Option Shares in the manner set out in the Subscription Agreement; and/or (iii) render the Company unable to receive the Subscription Amount and the Option Shares Subscription Amount in the manner set out in the Subscription Agreement.

(j) No Prescribed Occurrences

No Prescribed Occurrence having occurred in relation to the Company other than as required or contemplated by the Subscription Agreement between the date of the Subscription Agreement and Tranche 1 Completion Date (both dates inclusive).

"**Prescribed Occurrence**" shall mean any of the following:

(i) Contracts, Agreements or Commitments

The Company entering into any contract, agreement or commitment, or agreeing to any variation of any existing contract, agreement or commitment to which the Company is a party.

(ii) Alteration of Share Capital

The Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement or reduce its share capital in any way, or making an allotment of, or granting an option to subscribe for, any Shares or securities convertible into Shares or agreeing to make such an allotment or to grant such an option or convertible security.

(iii) Issuance of Debt Securities

The Company issuing, or agreeing to issue, convertible notes or other debt securities, or incur or agree to incur any debts, liabilities or third party borrowings, or provide any guarantee, security or indemnity (including creating any encumbrance over any of its assets, properties or undertakings).

(iv) Insolvency Event

The occurrence of any event or circumstance described as follows:

(A) any order being made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Company or for the appointment of any provisional liquidator in the Company; or

(B) any petition being presented for the appointment of a judicial manager, assignee, administrator, receiver, liquidator, custodian or similar official, and such official has been so appointed, in respect of the whole or any part of any of the property, assets and/or undertaking of the Company; or

(C) any composition in satisfaction of the debts of the Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors or members, having been proposed, sanctioned or approved; or

(D) any distress, distraint, charging order, garnishee order, execution or other process having been levied or applied for in respect of the whole or any part of any of the property, assets and/or undertaking of the Company.

(v) Delisting or Suspension of Trading

The SGX-ST removing the Company from the Mainboard of the SGX-ST, or suspending the trading of Shares on the Mainboard of the SGX-ST for a period longer than three (3) Business Days or such other period of extension which the SGX-ST may determine (which for the avoidance of doubt, shall not include any trading halts or suspensions of trading of the Shares on the Mainboard of the SGX-ST made at the request of the Company or pursuant to any trading suspension imposed by the SGX-ST pursuant to Rule 1018 of the Listing Manual).

(vi) Change in Accounting Policy

The Company changing any accounting procedure or policy other than as required by law.

(vii) Changes to Articles

The Company amending its memorandum or articles of association or constitutional documents.

(viii) Breaches of Representations and Warranties

The Company doing or allowing to be done any act or omission that would constitute a breach of any representations or warranties by the Company in the Subscription Agreement.

3.8.5 Representations, Warranties and Undertakings

The subscription by the Subscriber of the New Shares and Option Shares is subject to certain representations, warranties, and undertakings as are customary for transactions of this nature or other similar transactions, and (i) in respect of the Company, the representations and warranties include the Zero Liability Requirement, and (ii) in respect of the Undertaking Shareholder, the representations and warranties include those provided by the Company.

3.8.6 Indemnity

The Undertaking Shareholder and the Company have undertaken that they shall (jointly and severally) fully indemnify the Subscriber against all liabilities which may be suffered or incurred by the Subscriber in connection with, inter alia, any breach of representations, warranties and undertakings by the Undertaking Shareholder and the Company contained in the Subscription Agreement.

3.8.7 Tranche 1 Completion

On Tranche 1 Completion Date, all of the following shall take place at a time and place as the Parties may agree:

(a) *Subscriber's Obligations.* The Subscriber shall pay or procure to be paid to the Company the Tranche 1 Subscription Amount in US$ in immediately available funds to the Designated Bank Account as notified by the Company to the Subscriber;

(b) *Company's Obligations.* Immediately after (in any event being within the same day of) the satisfaction of Section 3.8.7(a), the Company shall:

(i) allot and issue the Tranche 1 New Shares and Tranche 1 Introducer Shares to the Subscriber and the Introducer (and/or its nominees), respectively;

(ii) deliver or procure to be delivered *inter alia*:

(A) the duly issued share certificate(s) for the Tranche 1 New Shares in the name of the Subscriber; OR allot and issue the Tranche 1 New Shares to CDP for the account of the Subscriber (or the depository agents (as the case may be) as notified by the Subscriber to the Company) and instruct CDP to credit the Direct Account of the Subscriber (or the securities account of the depository agents (as the case may be) as notified by the Subscriber to the Company) with the Tranche 1 New Shares;

(B) to the SGX-ST, such documents and confirmation as may be required by the SGX-ST for the purposes of listing and quotation of the Tranche 1 New Shares;

(C) such documents and deliverables in respect of the Tranche 1 Introducer Shares set out in Section 3.7(a);

(D) all necessary documents to vary and/or replace the signing and operating mandates of the Designated Bank Account given to the receiving bank by the Company in such form as may be reasonably acceptable to the Subscriber;

(E) the letters of resignation by each director of the Company (other than such directors of the Company as may be notified by the Subscriber to the Company), tendering his/her resignation as director and such executive position (as the case may be), to be effective immediately after the respective appointments of replacement directors as may be nominated by the Subscriber and Fund Substantial Investors, and all documents and corporate approvals necessary to effect the aforesaid resignations duly completed and executed (including without limitation, all forms required to be filed with ACRA, necessary board resolutions and board committee resolutions to appoint the new directors). Please see Section 3.9 below for further information on the composition of the board of directors of the Company on Tranche 1 Completion;

(F) a certificate of confirmation by the Company that all representations, undertakings and warranties of the Company under the Agreement are complied with, and being true, accurate and not misleading in all material respects as at the date of the Agreement and as at the Tranche 1 Completion Date (other than for such representations and warranties which are given in respect of other specified dates, in which case, such confirmation shall be in relation to compliance as at such other specified dates), in relation to the Company as a whole, subject only to any matter or thing done pursuant to the Agreement or otherwise at the request in writing or with the approval in writing of the Subscriber; and

(G) the certificates of incorporation, common seal, company seals, register of members and share certificate book (with any unissued share certificates, if applicable), all minute books and other statutory books (which shall be updated as at Tranche 1 Completion Date) of the Company.

(c) Undertaking Shareholder's Obligations. Immediately after (in any event being within the same day of) the satisfaction of Section 3.8.7(a), the Undertaking Shareholder shall deliver a certificate of confirmation by the Undertaking Shareholder that all representations, undertakings and warranties of the Undertaking Shareholder under the Agreement are complied with, and being true, accurate and not misleading in all material respects as at the date of the Agreement and as at the Tranche 1 Completion Date (other than for such representations and warranties which are given in respect of other specified dates, in which case, such confirmation shall be in relation to compliance as at such other specified dates), in relation to the Company as a whole, subject only to any matter or thing done pursuant to the Agreement or otherwise at the request in writing or with the approval in writing of the Subscriber.

3.8.8 Tranche 2 Completion

Subject to the Subscriber not exercising the Bonds Subscription Option, on Tranche 2 Completion Date, all of the following shall take place at a time and place as the Parties may agree:

(a) *Subscriber's Obligations*. The Subscriber shall pay or procure to be paid to the Company the Tranche 2 Subscription Amount in US$ in immediately available funds to the Designated Bank Account as notified by the Company to the Subscriber;

(b) *Company's Obligations*. Immediately after (in any event being within the same day of) the satisfaction of Section 3.8.8(a), the Company shall:

(i) allot and issue the Tranche 2 New Shares and Tranche 2 Introducer Shares to the Subscriber and the Introducer (and/or its nominees), respectively;

(ii) deliver or procure to be delivered:

(A) the duly issued share certificate(s) for the Tranche 2 New Shares in the name of the Subscriber; OR allot and issue the Tranche 2 New Shares to CDP for the account of the Subscriber (or the depository agents (as the case may be) as notified by the Subscriber to the Company) and instruct CDP to credit the Direct Account of the Subscriber (or the securities account of the depository agents (as the case may be) as notified by the Subscriber to the Company) with the Tranche 2 New Shares;

(B) to the SGX-ST, such documents and confirmation as may be required by the SGX-ST for the purposes of listing and quotation of the Tranche 2 New Shares; and

(C) such documents and deliverables in respect of the Tranche 2 Introducer Shares set out in Section 3.7(a).

3.8.9 Bonds Subscription Option

The Bonds Subscription Option may be exercised at any time prior to the Tranche 2 Completion Date (or such other date mutually agreed by the Parties in writing). In the event the Subscriber exercises the Bonds Subscription Option, the Company and the Subscriber shall use all reasonable endeavors to enter into a definitive subscription agreement in respect of the Bonds (the "**Bonds Subscription Agreement**") within one (1) month from the date the Bonds Subscription Option is exercised (or such other date as may be mutually agreed in writing between the Company and the Subscriber) (the "**Bonds Subscription Notification Date**").

The Company shall make appropriate announcements in compliance with Chapter 7 of Listing Manual, as and when the Company enters into the Bonds Subscription Agreement, and convene a separate extraordinary general meeting to seek the approval of Shareholders (other than the Subscriber and its associates, who are deemed as "*interested persons*" pursuant to Chapter 9 of the Listing Manual) of (i) the Proposed Bonds Issue; (ii) the issue and allotment of any Shares pursuant to the conversion of the Bonds. For the avoidance of doubt (i) an independent financial advisor shall be appointed by the Company to advise the directors of the Company who are deemed independent for purposes of the Proposed Bonds Issue; and (ii) the listing and quotation of any Shares issued and allotted pursuant to the conversion of the Bonds is subject to the approval of the SGX-ST.

The Subscriber and the Company have agreed in the Subscription Agreement that the Bonds Subscription Agreement, when entered into, shall contain the following principle terms, along with such terms (including the redemption terms of the Bonds) customary in similar transactions:

(a) the principle amount of the Bonds shall be equivalent to the Tranche 2 Subscription Amount;

(b) the Bonds shall bear interest at the rate of no more than 6.00 per cent. per annum;

(c) the Bonds shall be issued to the Subscriber upon the satisfaction of waiver (as the case may be) of the conditions precedent set out in the Bonds Subscription Agreement, which for the avoidance of doubt shall include the approval of Shareholders for the Proposed Bonds Issue in an extraordinary general meeting to be convened (the "**Bonds Issue Date**"); and

(d) the Subscriber shall have the right to convert all its Bonds into up to 2,426,759,333 Shares (which for the avoidance of doubt shall be adjusted accordingly in the event the Company undertakes any Corporate Exercises subsequent to the Bonds Issue Date) at an exercise price to be determined, which shall not be less than the Issue Price during the period commencing three (3) years from the Bonds Issue Date.

Upon the issue and subscription of the Bonds on the Bonds Issue Date and on such terms set out in the Bonds Subscription Agreement, the Company and the Subscriber shall release one another from any and all obligations with respect to the Tranche 2 Subscription Amount and the Tranche 2 New Shares under the Subscription Agreement. The Company will make periodic announcement(s) on this matter to update Shareholders as appropriate.

Notwithstanding the Subscriber having exercised the Bonds Subscription Option, in the event (i) the Bonds Subscription Agreement is not entered into within one (1) month from the Bonds Subscription Notification Date (or such other date as may be mutually agreed by the Parties in writing); and/or (ii) the Bonds are not issued by the Bonds Issue Date in accordance with the terms of the Bonds Subscription Agreement, the Subscriber remains obligated to proceed with Tranche 2 Completion and subscribe the Tranche 2 New Shares in consideration for the Tranche 2 Subscription Amount, unless otherwise agreed in writing between the Company and the Subscriber.

3.9. Board Composition and Senior Management

Upon Tranche 1 Completion, the Subscriber intends to form a new board of directors ("**Proposed Board Composition**") comprising six (6) directors, among which (i) two (2) executive directors shall be nominated by the Fund Substantial Investors; (ii) one (1) non-executive director shall be nominated by the Fund Manager; and (iii) three (3) independent directors shall be recommended by the Fund Manager. With the implementation of the Proposed Board Composition, it is pertinent to highlight that there will a strong independent element in the new board of directors, with independent Directors making up 50% of the new board of directors, consistent with the requirement set out under the Code of Corporate Governance.

Meanwhile, the day-to-day operations of the Company will be led by a senior management team who will provide the Group with strategic direction and set the policy in respect of the Media Business. The senior management shall comprise qualified professionals with varied qualification and experience, the majority of whom to be recruited by the Fund Manager. Whilst the Fund Substantial Investor will be entitled to nominate members of the senior management team, the Fund Manager envisages that members of the senior management team nominated by the Fund Substantial Investors will not form more than one-third of the eventual senior management team.

3.10. Relationship between the investors of the Subscriber (the "Fund Investors") and the Fund Manager

As a discretionary private equity fund, the Fund Manager has exercised the investment discretion accorded to it by entering into the Subscription Agreement with the Company for purposes of the Proposed Subscription. Upon Tranche 1 Completion, any further decisions with regards to the use of proceeds arising from the Proposed Subscription will be made by the board of directors of the Company, and subject to the approval of Shareholders and/or the SGX-ST, where required.

The relationship between the Fund Manager and the Fund Investors are governed by the definitive agreements of the Subscriber. The term of the Subscriber is for a period of three (3) years with an option to extend up to another three (3) additional one year periods. Unless otherwise agreed between the Fund Manager and the Fund Investors, upon the expiration of the term of the Subscriber, the Subscriber will either (i) be dissolved and proceeds distributed to the Fund Investors, or (ii) undertake an in-specie distribution to the Fund Investors, each in accordance with its terms.

Where nominees of either the Fund Manager or the Fund Investors (in particular the Fund Substantial Investors) quit the Company prior to the expiry of the Subscriber, the Company will adhere to best practices of corporate governance to appoint new Directors and/or key executive officers, as applicable.

3.11. Use of Proceeds

The Company intends to use the proceeds of approximately S$93.7 million ("**Gross Proceeds**") from (i) the issue and allotment of the Tranche 1 New Shares; (ii) the issue and allotment of the Tranche 2 New Shares or the Proposed Bonds Issue, as the case may be; and (iii) the Proposed Option Shares Issue, if applicable, for the following purpose:

	Proposed use of Gross Proceeds	% of Gross Proceeds from the issue of the New Shares and Option Shares
(a)	Proposed acquisitions of assets in the Media Business to be undertaken by the Company	80
(b)	Working capital and general corporate purposes (for the existing and new businesses)	20

Shareholders should note that the proposed distribution set out above only serves as a general guideline. In the event that the Gross Proceeds initially allocated for the purposes set out in (a) above are not fully applied towards such uses for any reasons, the Company shall use the remaining Gross Proceeds for working capital of the Group and/or for such other purposes as the Company may in their discretion may deem fit.

Pending the deployment of any part of the Gross Proceeds, such unutilised proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Gross Proceeds, after the Gross Proceeds are materially disbursed.

3.12. Shareholders' Approval

Under Rule 805 of the Listing Manual, any issue of shares or convertible securities not covered under a general mandate must be specifically approved by Shareholders in a general meeting. Accordingly, the Proposed Subscription shall be made pursuant to the specific approval of the Shareholders.

The issued and paid-up share capital of the Company immediately prior to Tranche 1 Completion comprises 570,000,000 Shares ("**Existing Share Capital**"). Assuming that (i) 4,926,759,333 New Shares and 279,764,726 Option Shares shall be issued to the Subscriber for the Maximum Subscription Amount, the Subscriber may hold up to approximately 88.54% of the Enlarged Share Capital; and (ii) up to 104,130,481 Introducer Shares are issued to the Introducer, the Introducer shall hold approximately 1.77% of the Enlarged Share Capital.

The aggregate of the New Shares and maximum number of Option Shares will represent approximately 913.43% of the issued and paid-up share capital of the Company as of the Latest Practicable Date, being the Existing Share Capital, and 88.54% of the Enlarged Share Capital, as the case may be.

Please refer to Section (6) of this Circular for the assumptions and illustrative calculations of the dilution effects pursuant to the Proposed Subscription.

To the best knowledge of the Directors, save as disclosed in Section 1.1 in relation to the Proposed Subscription pursuant to which the Subscriber, the Undertaking Shareholder and the Company were signatories of the Subscription Agreement, the Subscriber does not have any other connections (including business relationships) with the Company, its directors and substantial shareholders.

The Subscriber and the Introducer do not fall within any of the prohibited categories as set out in Rule 812 of the Listing Manual to whom the Company is prohibited from issuing the Shares.

3.13. Rationale for the Proposed Subscription

The rationale for the Proposed Subscription is twofold:

(a) Increase the Company's market capitalisation

As announced by the Board on 4 March 2014, the SGX-ST placed the Company on the watch-list with effect from 5 March 2014. The Company will have to fulfill the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list no later than 5 March 2016 (i.e. within 24 months from 5 March 2014). As announced by the Board on 1 March 2016, the SGX-ST granted the Company an extension of time of up to 12 months to 4 March 2017 to meet the requirements for removal from the watch-list, subject to certain conditions set out therein.

The Proposed Subscription would enable the Company to increase its market capitalisation to support an application to the SGX-ST for an extension of time to satisfy the requirements under Rule 1314 of the Listing Manual, failing which the SGX-ST would delist the Company or suspend trading of the Shares with a view to delisting the Company.

Rule 1314 of the Listing Manual states that an issuer on the watch-list may apply to the SGX-ST for its removal from the watch-list if it satisfies any one of the following requirements:

(i) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full-year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of S$40 million or more over the last 120 market days on which trading was not suspended or halted for a full market day; or

(ii) the issuer satisfies the Rule 210(3) of the Listing Manual and either one of the following requirements: (A) cumulative consolidated pre-tax profit of at least S$7.5 million for the last three years, and a minimum pre-tax profit of S$1 million for each of those three years; or (B) cumulative consolidated pre-tax profit of at least S$10 million for the last one or two years. Rule 210(3)(a) of the Listing Manual applies to the last one year or last two years as the case may be.

For the avoidance of doubt (i) Shareholders should note that the Company's removal from the watch-list is not a condition precedent to the Proposed Subscription; and (ii) there is no certainty that completion of the Proposed Subscription will result in the Company's removal from the watch-list.

(b) Raise funds for the Proposed Diversification

The core business of the Group is the mechanical drilling, laser drilling, routing, manufacturing of integrated printed circuit boards, which has been adversely affected amidst lackluster growth in the world economy over the past few years. The outlook for major economies is expected to continue to be lackluster with the pace of recovery likely to be uneven across various countries. In the face of ever-changing consumer demand in the Group's core business market, the Company believes it is crucial not only to keep ahead of the competition with relevant expertise and knowledge, but also to differentiate itself and look for diversification opportunities to generate sales from additional viable sources. Accordingly, the Proposed Subscription is intended to raise funds for purposes of the Proposed Diversification. Please see Section (7) for more details on the Proposed Diversification.

For the avoidance of doubt, the Company had agreed to allot and issue the New Shares and Option Shares to the Subscriber primarily due to, among other things, the repute of the Fund Manager as well as the Proposed Diversification as presented by the Fund Manager and outlined under Section 7.1.

3.14. Moratorium Undertaking

To demonstrate commitment to the Proposed Subscription and Proposed Diversification, the Subscriber has on 15 September 2016 provided a moratorium undertaking in favour of the Company, pursuant to which it has undertaken not to sell, transfer, charge, dispose, mortgage, pledge or otherwise deal with any Tranche 1 New Shares for a period of 6 months after the Tranche 1 Completion Date.

(4) THE PROPOSED WHITEWASH RESOLUTION

4.1. Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, 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 a company; or (b) any person who, together with persons 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 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, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

4.2. Issue of the Tranche 1 New Shares

As at the Latest Practicable Date, the Subscriber does not hold any interest in any Shares. For the avoidance of doubt, the Subscriber is not acting in concert with any party in respect of the Proposed Subscription. The foregoing information relating to the Subscriber was provided to the Company by the Subscriber. The Board of Directors has not conducted an independent review or verification of the accuracy of such statements and information.

Pursuant to the Tranche 1 Subscription, the Subscriber will own approximately 80.13% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares. Thereafter, the Subscriber and its concert parties (if any) will be free to acquire further Shares (including the Tranche 2 New Shares, Option Shares and/or new Shares arising from the conversion of the Bonds) without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

Accordingly, the Company seeks Independent Shareholders' approval for the Proposed Whitewash Resolution at the EGM. The Subscriber, parties acting in concert with it and parties not independent of them, shall abstain from voting on the Proposed Whitewash Resolution.

Shareholders should note that should the Proposed Whitewash Resolution be approved, the Subscriber and its concert parties may hold in excess of 49.0% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares, and the Subscriber and its concert parties will thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

4.3. Conditional Waiver by the Council

The Council had on 2 February 2016 granted the Company a waiver as supplemented by the Council on 29 July 2016 of the obligation of the Subscriber to make a mandatory offer of the Shares under Rule 14 of the Code which may arise following the allotment and issue of Tranche 1 New Shares either:

(i) upon the acquisition by the Subscriber of shares carrying 30% or more of the voting rights of the Company; or

(ii) in the event that the Subscriber, together with its concert parties shall hold not less than 30% but not more than 50% of the voting rights, the acquisition by the Subscriber and/or its concert parties in any period of 6 months, of additional shares carrying more than 1% of the voting rights,

The waiver of the requirement of the Subscriber to make a general offer for the Company under Rule 14 of the Code in the event that the Subscriber's aggregate holdings in the Company increase to 30% or more of the total voting rights in the Company immediately after the subscription of the Tranche 1 New Shares, is subject to the following:

(a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Tranche 1 New Shares, approve by way of a poll, the Proposed Whitewash Resolution to waive their rights to receive a general offer from the Subscriber;

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

(c) the Subscriber, parties acting in concert with it and parties not independent of them, abstain from voting on the Proposed Whitewash Resolution;

(d) the Subscriber and its concert parties did not acquire or are not to acquire any shares in the Company or instruments convertible into and options in respect of Shares (other than subscription for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular);

(i) during the period between the date of the announcement of the Proposed Subscription and the date the shareholders' approval is obtained for the Proposed Whitewash Resolution; and

(ii) in the 6 months prior to the date of the announcement of the Proposed Subscription, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Subscription;

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

(f) the Company sets out clearly in its Circular to the Shareholders:

(i) details of the Proposed Subscription;

(ii) the possible dilution effect to the existing holders of voting rights as a result of the issue of the Tranche 1 New Shares;

(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 Subscriber and its concert parties as at the Latest Practicable Date;

(iv) the number and percentage of voting rights to be issued to the Subscriber as a result of the issue of the Tranche 1 New Shares;

(v) a specific and prominent statement that the issue of the Tranche 1 New Shares will result in the Subscriber and its concert parties holding shares carrying over 49% of the voting rights of the Company based on its enlarged issued capital and the fact that the Subscriber and its concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 to make a general offer;

(vi) a specific and prominent statement that shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for Shares in the past 6 months preceding the commencement of the offer;

(g) the Circular stating that the waiver granted by the Council to the Subscriber from the requirement to make a General Offer subject to the conditions stated in paragraphs (a) to (f) above;

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

(i) to rely on the Proposed Whitewash Resolution, the acquisition by the Subscriber of the Tranche 1 New Shares must be completed within three (3) months of the date of approval of the Proposed Whitewash Resolution.

4.4. Implications of the Proposed Whitewash Resolution

Independent Shareholders should note that:

(a) their approval of the Proposed Whitewash Resolution is a condition precedent to the allotment and issue of Tranche 1 New Shares pursuant to the terms of the Subscription Agreement, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Subscription will not take place;

(b) the issue of the Tranche 1 New Shares may result in the Subscriber holding Shares carrying over 49.0% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares, and the Subscriber and its concert parties will be free to acquire further Shares (including the Tranche 2 New Shares, Option Shares and/or new Shares arising from the conversion of the Bonds) without incurring any obligation under Rule 14 of the Code to make a General Offer for the Company; and

(c) by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive the General Offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for Shares which the Subscriber would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the offer.

Stirling Coleman Capital Limited has been appointed as the Independent Financial Adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution. Taking into consideration the factors and analysis set out in the IFA Letter, and based upon the industry, market, economic and other relevant conditions as at the Latest Practicable Date and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that the Proposed Whitewash Resolution, is fair and reasonable and accordingly has advised the Recommending Directors to recommend that Independent Shareholders **vote in favour** of the Proposed Whitewash Resolution to be proposed at the EGM, and to highlight to Independent Shareholders the matters as stated in the IFA Letter.

A copy of the IFA Letter is reproduced in Appendix A entitled "Letter from the Independent Financial Adviser" to this Circular.

(5) THE TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Listing Manual provides that any issue of securities to transfer a controlling interest must be approved by Shareholders in a general meeting. Under the Listing Manual, a "controlling shareholder" is a person who directly or indirectly holds 15% or more of the total number of all voting shares in the Company, or a person who in fact exercises control over the Company. The Proposed New Shares Issue and the Proposed Option Shares Issue will result in the Subscriber holding more than 15% of the Enlarged Share Capital of the Company, therefore causing a transfer of controlling interest. Accordingly, the Company is seeking the approval of Shareholders for the Transfer of Controlling Interest.

As of the Latest Practicable Date, the Subscriber does not hold any Shares in the Company. Assuming that the New Shares and the Option Shares are issued at the Issue Price of S$0.018, a maximum of 5,206,524,059 new Shares (being 4,926,759,333 New Shares and 279,764,726 Option Shares) are issued to the Subscriber, the Subscriber shall hold in aggregate approximately 913.43% of the total issued and paid-up Shares in the Company as of the Latest Practicable Date and approximately 88.54% of the total issued and paid-up Shares in the Enlarged Share Capital of the Company after such issuances. This would result in a transfer of controlling interest and is subject to the approval of the Shareholders for the purposes of Rule 803 of the Listing Manual.

The shareholding interests of the Subscriber, the Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date, and upon the issuance of the New Shares, the Option Shares and the Introducer Shares at the Issue Price is as follows:

	As of the Latest Practicable Date		Assuming the Tranche 1 New Shares and the Tranche 1 Introducer Shares are fully issued		Assuming the New Shares and the Introducer Shares (excluding the Introducer Shares in respect of the Option Shares) are fully issued		Assuming the New Shares, the Option Shares and Introducer Shares (including the Introducer Shares in respect of the Option Shares) are fully issued	
	No. of Shares	**%[1]**	**No. of Shares**	**%[2]**	**No. of Shares**	**%[3]**	**No. of Shares**	**%[4]**
Directors								
Wen Yao-Long	41,147,747	7.22	41,147,747	1.32	41,147,747	0.74	41,147,747	0.70
Ong Sim Ho	1,220,000	0.21	1,220,000	0.04	1,220,000	0.02	1,220,000	0.02
Seow Han Chiang, Winston		–	–		–	–	–	–
Er Kwong Wah		–	–		–	–	–	–
Substantial Shareholders (other than Directors)								
Sunny Worldwide Int'l Ltd.	108,362,000	19.01	108,362,000	3.47	108,362,000	1.94	108,362,000	1.84
UOB Kay Hian Private Limited	118,770,000	20.84	118,770,000	3.81	118,770,000	2.12	118,770,000	2.02
Controlling Shareholders								
Subscriber	–	–	2,500,000,000	80.13	4,926,759,333	88.05	5,206,524,059	88.54
Others								
Existing Shareholders (other than Directors and Substantial Shareholders, set out above)	300,500,253	52.72	300,500,253	9.63	300,500,253	5.37	300,500,253	5.11
Introducer	–	–	50,000,000	1.60	98,535,187	1.76	104,130,481	1.77

Notes:

(1) Based on 570,000,000 Shares, being the Existing Share Capital.

(2) Based on 3,120,000,000 Shares, being the aggregate of the Existing Share Capital, 2,500,000,000 Tranche 1 New Shares and 50,000,000 Tranche 1 Introducer Shares.

(3) Based on 5,595,294,520 Shares, being the aggregate of the Existing Share Capital, 4,926,759,333 New Shares and 98,535,187 Introducer Shares (excluding such number of Introducer Shares in respect of the Option Shares).

(4) Based on 5,880,654,540 Shares, being the Enlarged Share Capital.

Shareholders should note that the Proposed Subscription is conditional upon the approval of the other resolutions set out in the Notice of EGM, and hence the Proposed Subscription will not be completed in the event that any other resolution is not approved.

(6) FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The financial effects as set out below are for illustrative purposes only and do not necessarily reflect the actual financial position and performance of the Group.

The financial effects of the Proposed Subscription are prepared according to relevant accounting standards and based on the latest audited consolidated financial statements of the Group for FY2015, on the following assumptions:

(i) the allotment and issuance of (A) 5,206,524,059 Shares to the Subscriber, comprising 4,926,759,333 New Shares and the maximum 279,764,726 Option Shares; and (B) 104,130,481 Introducer Shares to the Introducer;

(ii) the Group's NTA was computed assuming that the Proposed Subscription was completed on 31 December 2015;

(iii) the Group's EPS/LPS was computed assuming that the Proposed Subscription was completed on 1 January 2015; and

(iv) expenses in connection with the Proposed Subscription are disregarded for the purposes of calculating the financial effects.

6.1. Share Capital

	As at 31 December 2015	Immediately following issuance of Tranche 1 New Shares and Tranche 1 Introducer Shares	Immediately following issuance of the New Shares (assuming full conversion of the Bonds) and Tranche 2 Introducer Shares (excluding the Introducer Shares in respect of the Option Shares)	Immediately following issuance of the New Shares (assuming full conversion of the Bonds), Introducer Shares in full and Option Shares
Number of Shares	570,000,000	3,120,000,000	5,595,294,520	5,880,654,540
Share Capital (S$)	56,127,017	102,027,017	146,582,318	151,718,799

6.2. NTA

	As at 31 December 2015	Immediately following issuance of Tranche 1 New Shares and Tranche 1 Introducer Shares	Immediately following issuance of the New Shares (assuming full conversion of the Bonds) and Tranche 2 Introducer Shares (excluding the Introducer Shares in respect of the Option Shares)	Immediately following issuance of the New Shares (assuming full conversion of the Bonds), Introducer Shares in full and Option Shares
NTA of the Group (S$)	2,499,000	48,399,000	92,954,301	98,090,782
Number of Shares	570,000,000	3,120,000,000	5,595,294,520	5,880,654,540
NTA per Share (cents)	0.438	1.551	1.661	1.668

6.3. LPS

	As at 31 December 2015	Immediately following issuance of Tranche 1 New Shares and Tranche 1 Introducer Shares	Immediately following issuance of the New Shares (assuming full conversion of the Bonds) and Tranche 2 Introducer Shares (excluding the Introducer Shares in respect of the Option Shares)	Immediately following issuance of the New Shares (assuming full conversion of the Bonds), Introducer Shares in full and Option Shares
Net profit/ (loss) of the Company and its subsidiaries for FY2015 (S$)	(19,049,000)	(19,049,000)	(19,049,000)	(19,049,000)
Weighted average number of Shares	570,000,000	3,120,000,000	5,595,294,520	5,880,654,540
Net profit/ (loss) per Share (cents) - Basic and diluted	(3.342)	(0.611)	(0.340)	(0.324)

(7) THE PROPOSED DIVERSIFICATION

7.1. Details of the Proposed Diversification

The Company was incorporated in Singapore on 1 December 2001 and has been listed on the Mainboard of the SGX-ST since 30 August 2004. The Group is currently an integrated printed circuit board service provider primarily involved in the business of mechanical drilling, laser drilling, routing, manufacturing of integrated printed circuit boards ("**Existing Core Business**").

The Board understands from the Fund Manager that on Tranche 1 Completion and subject to the resolution for the Proposed Diversification being approved by Shareholders, the Subscriber intends to expand the Group's Existing Core Business to the media and digital advertising business ("**Media Business**") with the Gross Proceeds raised from the issue of the New Shares and Option Shares, as and when appropriate opportunities arise.

The Board understands from the Fund Manager that Media Business includes, *inter alia*:

(a) provision of digital media, advertising and marketing platforms and hubs for advertising agencies and product and/or service providers;

(b) procurement and lease of digital advertising and exhibition space;

(c) provision and installation of advertising space such as digital billboards, multimedia hubs, outdoor/indoor electronic display monitors and installation of digital advertising media;

(d) development and management of real estate and properties which adopt innovative and creative concepts similar to that of The Place, Beijing and the lease of such real estate, properties and/or storefronts for the purpose of, among other things, implementing/ providing advertising platforms. Please see Section 3.3 for more information on The Place; and

(e) investing in, acquiring, disposing of global real property assets, shares or interests in entities which are in the business of real estate development, which are for the purpose of or ancillary to the Media Business.

The Board understands from the Fund Manager that it does not plan to restrict the Proposed Diversification to the Media Business to any specific geographical markets, as investments would be evaluated and assessed by the then prevailing board of directors, nominated by the Fund Manager, on their own merits. The Board understands from the Fund Manager that it may also procure the Subscriber to further procure and authorise the Group to explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Media Business as and when the opportunity arises. The decision on whether a project will be undertaken by the Group on its own or in collaboration with third parties will be made by the then prevailing board of directors after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time required to complete the project, conditions of the digital marketing and advertising market, and availability of other investment opportunities.

As at the Latest Practicable Date, no specific projects related to investments in the Media Business have been identified. The Company will update Shareholders at the appropriate time when it has identified any such projects. Please refer to the sections entitled "Rationale for the Proposed Diversification" and "Risks Factors Associated with the Proposed Diversification" as set out in sections 7.4 and 7.6 respectively of this Circular for more details on the rationale for and risks associated with the Proposed Diversification.

7.2. Funding for the Proposed Diversification

The funding for the Proposed Diversification into the Media Business and any future projects in relation to the Media Business is intended to be funded by a combination of the internal resources of the Group and external banking facilities and/or fund raising, including, if approved by Shareholders at the EGM, Gross Proceeds raised from the Proposed New Shares Issue and Proposed Option Shares Issue.

7.3. Management Personnel for the Proposed Diversification

Concurrent with the Proposed Diversification, the Company will set up a new senior management team for the Media Business to oversee the Media Business. The Company is cognizant that the Media Business and the Existing Core Business are in different sectors. Notwithstanding this, the Board recognizes the relevant expertise required can be acquired and developed by the Group over time as it progresses into the Media Business. On Completion, the board of directors of the Company and the senior management of the Group will be supplemented with individuals nominated by the Subscriber, each with varied qualifications and experience who will provide the strategic direction and set the policy in respect of the Media Business. Please see Section 3.9 for further information on the manner in which members of the senior management team of the Group shall be appointed.

7.4. Rationale for the Proposed Diversification

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. The Company believes that the Proposed Diversification will reduce the Group's reliance on its Existing Core Business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

The Company believes that the Proposed Diversification into the Media Business can add value to the Company and bring valuable benefit to the Shareholders in the long run as the Media Business has good growth potential in the future. The Company is of the view that the Media Business presents opportunities to enter into niche markets which will provide suitable investment opportunities for the Group, and which will provide strategic earnings and growth opportunities that can add value to the Group and bring benefits to the Shareholders. The Company further believes the revenue derived from the Media Business which represents new revenue streams for the Company is anticipated to improve the financial condition of the Group and, as such, the Company is of the view that the Proposed Diversification into the Media Business offers an attractive investment platform to the Company.

According to PricewaterhouseCoopers[1]:

(a) global out-of-home advertising will grow at a compounded annual growth rate of 4.7% to exceed US$40 billion by 2018. The global out-of-home advertising market is forecast to reach US$44 billion by 2018, with the United States of America, China and the United Kingdom key growth markets. Depending on the territory, growth will be fuelled by a combination of infrastructure expansion and the benefits offered by digital out-of-home advertising; and

(b) digital out-of-home advertising revenue will see significant growth in emerging markets, whereby digital out-of-home advertising is driving overall out-of-home advertising growth globally at a compounded annual growth rate of 16.2%. However, in certain emerging markets, digital out-of-home advertising revenue is forecast to grow even more rapidly, with compounded annual growth rates in excess of 30%, and China set to become the largest digital out-of-home advertising market in the world by 2017.

7.5. Investment in Media Business(es)

In order to satisfy the requirements of Rule 1314 and apply to the SGX-ST for the Company's removal from the watch-list, the Board understands from the Fund Manager that on Tranche 1 Completion and subject to the resolution for the Proposed Diversification being approved by Shareholders, the Subscriber intends to procure the new board of directors and management of the Company to actively look for potential investment opportunities by way of acquisition or otherwise in the Media Business. As and when the opportunities arise, upon satisfaction of the relevant due diligence investigation, the Company will enter into definitive documentation in order to implement its investment in the Media Business, as soon as practicable subsequent to Tranche 1 Completion and in any event no later than 4 March 2017, being the deadline imposed by the SGX-ST for the Company to meet the requirements for its removal from the watch-list (or such other date as may be approved by the SGX-ST). For the avoidance of doubt, the Subscriber has not committed to any concrete investment plans yet. In addition, the Subscriber will not rule out the possibilities to bring in other strategic partners/investors to participate in the future projects to be identified in relation to the Media Business that the Group intends to divest into.

The Board further understands from the Fund Manager that the Subscriber will procure the Company to comply with the requirements of the Listing Manual in particular Chapter 7 and Chapter 10, pursuant to which the Company will make necessary announcements and (where required by the Listing Manual) convene an extraordinary general meeting to seek Shareholders' approval for any acquisition undertaken by the Company.

7.6. Risk Factors Associated with the Proposed Diversification

The information in this Section 7.6 relating to the risk factors associated with the Proposed Diversification is based on information provided by the Fund Manager. The Board has not conducted an independent review or verification of the accuracy of the statements and information below. For the avoidance of doubt, the Proposed Diversification will be undertaken by the new board of directors and senior management nominated by the Fund Manager upon completion of the Proposed Transactions.

(a) The media and advertising industry is highly regulated and may be affected by changes in laws and regulations relating to such an industry.

The outdoor media and advertising industry may be subject to significant government regulations in different countries, and such regulations may relate to the luminosity, nature, density, size and location of digital billboards and other media advertising platforms. As a result of such changes in regulations, some digital advertising spaces may have to be

1 The information in this section has been extracted from "Out-of-home advertising", Pricewaterhouse Coopers, 2014. The Company has not asked the authors of this publication for the consent to the inclusion of the information extracted from the specified publication under this section and they are hereby not liable for these statements. Although the directors of the Company have taken reasonable care in the extraction, complication and reproduction of the publication in their proper form and context in this Circular, they have not verified the accuracy of such information.

removed or relocated in the future in certain circumstances. Restrictions could include reduction of size of advertising space, ban on advertising within spaces with huge motor traffic (such as motorways, highways and major traffic routes), or restrictions based on the environmental impact of such media and advertising platforms.

Other restrictions which may affect the media and advertising industry include bans and/or restrictions in relation to certain advertising content that may be considered against government policies or public interest (such as advertisements for tobacco, alcohol and pharmaceutical products). Certain content-based advertising may be restricted in many countries and this will adversely affect the prospects of the Group as it reduces the pool of potential customers who would otherwise be unrestricted in its advertising scope and content. The content of advertisements and media must generally adhere to the policies dictated by the governments of each country, which vary from one jurisdiction to another. Advertising standards within the Group will therefore not be efficiently applied across different jurisdictions.

Furthermore, restrictions applicable to other forms of media (such as print publishing) or advertisement of certain products may be lifted or involve a gradual opening of such media standards. This may increase access to other forms of media platforms and therefore have an unfavourable impact on the demand for the Group's advertising platforms.

(b) There is no assurance that the growth and expansion of the digital media industry will grow or be beneficial to the Group.

The market for digital advertising and media has grown tremendously in line with general economic growth and increase in consumerism, however there is no guarantee that such growth will continue. While the Company intends to grow its digital advertising footprint globally, there is a risk that acquiring future digital billboards or advertising sites will not generate the projected benefits for the Company, nor result in advertising revenues or earnings growth expected by the Company. If, for instance, the Company is unable to charge or maintain a premium in respect of lease of its digital billboard space, this may result in a longer timeframe to recover costs of investments for such advertising media.

(c) There is no assurance that the Group will be able to obtain new advertising or exhibition space.

The Group's strategy includes expansion by acquiring new advertising space for lease to advertising agencies and other product and/or service providers and procuring management rights to new sites for development and installation of advertising media. Such acquisition or procurement process involves dealing with third party landlords or management companies and obtaining those advertising space and/or management rights is therefore subject to the actions of third parties beyond the control of the Group. There is no guarantee that the Company will be able to obtain such advertising space or media platforms, or the management rights to such spaces and platforms, or they may obtain such sites and management rights on conditions acceptable to the Group, or obtain them in a timely manner, or at all. Any delay or failure to secure such advertising sites or obtain the management rights to such advertising spaces will limit the Group's ability to increase its revenues from the lease of such advertising space or service fees from the provision of management services over such advertising platforms, and adversely affect its financial performance.

(d) The revenue derived from rental and lease of advertising space and media platforms may be seasonal and cyclical in nature.

The Group will generally experience fluctuations in its revenue and earning patterns. The Company's operating revenues are sensitive to discretionary spending available to advertisers and consumers, as well as advertiser and consumer perceptions of economic trends and uncertainty. Advertising expenditures generally tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. Seasonal variations

in consumer spending may cause the Group's advertising revenues to fluctuate. Most of the Company's costs are fixed costs, being the costs of ownership of the advertising space, the digital media platforms and relevant advertising and media licences, and as such do not vary seasonally or cyclically as compared to its revenue. The seasonality of the Group's earnings may impact the Group's cash flow and cause it to require additional working capital in order to fund seasonally low periods where revenues are lower than anticipated. Such additional working capital for the Group would have to be sought by the Company, potentially at a higher cost, if available at all. The Company's operations and financial position may be adversely affected as a result of such seasonality of its revenue.

(e) Risks associated with loss of advertising platforms or failure to procure new digital media platforms.

The Company may gain access to advertising spaces either through contracts or concession agreements with asset owners, governmental departments and private landlords, or directly procure and own these advertising sites. Advertising demand will continue to be impacted by changes in economic conditions and fragmentation of the media landscape (particularly due to the rapid growth of internet-based advertising media). In recent years, technological innovations and online advertising and marketing products have become significant competitors for outdoor digital and static advertising media. The proliferation of cable and satellite channels, advances in mobile and wireless technology, the trend of migration to web-based and Internet-based products and the viewing public's increased control over the manner and timing of their media consumption through personal video recording devices, have resulted in greater fragmentation of the media and advertising industry whereby advertisers and products and service providers have a greater range of advertising media to choose from and suit their specific advertising needs.

(f) The media and advertising industry is generally affected by downturns in the economy.

In the event of a regional or global economic downturn, the advertising, media and communications sector is quite susceptible to business fluctuations as many advertisers may cut their advertising expenditure and budgets. Economic conditions may affect the levels of advertising revenue, and changes in gross domestic product, consumer spending, property prices, and unemployment rates all impact demand for digital advertising and the media industry. This may impair the Company's ability to maintain and grow its circulation and advertising revenue. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective spending priorities of advertisers. Consolidation within and across various different industries, such as large department stores and telecommunications companies, may also reduce the Group's overall advertising revenue. Furthermore, competition from other media, including newspapers, broadcasters, cable systems and networks, satellite television and radio, websites, magazines, direct marketing and solo and shared mail programs, may affects our ability to retain advertising clients and may further adversely impact our ability to grow or maintain its revenues.

(g) The Group may not be able to adapt to technological changes within the media and advertising industry and may require significant capital investments due to changes in technology.

The digital advertisement and media industry are subject to rapid technological change, evolving industry standards, and the emergence of new technologies. Advances in technology have led to an increasing number of alternative advertising methods and media platforms for delivery advertising content and have resulted in a change of consumer behaviour, demands and expectations, which are also rapidly evolving. The Group may be unable to exploit new and existing technologies to distinguish our products and services from those of our competitors or adapt to new advertising methods that provide optimal marketing exposure, which could have a negative effect on the Group's business and affect the attractiveness of the our offerings to advertisers.

The Group cannot predict the effect such new media technologies will have on our operations. In addition, any changes the Group may make to address these challenges may require significant capital investments and the capital expenditures necessary to implement these new technologies could be substantial. We may be limited in our ability to invest funds and resources in digital products, services or opportunities and we may incur costs of research and development in building and maintaining the necessary and continually evolving technology infrastructure. Some of our existing competitors and new entrants may have greater operational, financial and other resources or may otherwise be better positioned to compete for new projects and opportunities and as a result, could adversely affect our business and financial results.

(h) Increasing popularity of digital media and advertising have shifted consumer habits and advertising expenditures and these changes may adversely affect the Group's operating revenues.

The technological developments within the advertising and media industry may cause changes in consumer behaviour that could affect the attractiveness of our offerings to advertisers. The increased use of digital devices allows users the ease and flexibility of choice of advertising content, at their own time and accessible even in remote locations, while avoiding traditional commercial advertisements and media platforms, and this could adversely affect the Group's outdoor digital advertising revenues. The increasing number of digital media advertising options available on the Internet, through social networking tools, and on mobile and other devices distributing advertising content, is significantly expanding consumer choice. Advertisers and other of the Group's customers are faced with a multitude of advertising media choices and we may not be able to create sufficient advertiser interest in our media businesses or to maintain or increase the advertising rates of our digital platforms.

(i) We may face increasing competition from newer media platforms and other methods of advertising as a result of technological developments within the advertising industry.

The range of advertising choices across digital products and platforms and the large inventory of available digital advertising space have resulted in lowering advertising rates for internet-based digital advertising than for outdoor digital advertising. The shift to digital consumption has created a trend of reduction of advertising expenditures and may reduce demand for our advertising platforms and other digital media offerings, which could have an adverse effect on our businesses and assets.

(8) THE PROPOSED SHARE ISSUE MANDATE

8.1. New Share Issue Mandate

The Company had at its annual general meeting on 26 April 2016, passed a resolution pursuant to Rule 806 of the Listing Manual granting the Directors a general mandate (the "**Existing Share Issue Mandate**") to issue and allot Shares and convertible securities in the share capital of the Company.

In light of the anticipated changes to the capital structure of the Company pursuant to the Proposed Subscription and Proposed Introducer Shares Issue, it is proposed that, subject to the approval of the Shareholders of the Proposed Transactions, the Existing Share Issue Mandate be revoked and a new share issue mandate be issued to the board of directors of the Company pursuant to Rule 806 of the Listing Manual (the "**New Share Issue Mandate**").

8.2. Rationale for New Share Issue Mandate

Subsequent to the Proposed Subscription, the Subscribers' interest in the Company shall be approximately 88.54% of the Enlarged Share Capital, potentially resulting in illiquidity in the Shares held by the public. With the New Share Issue Mandate, the Company can utilise it to increase public shareholding and thus enhance liquidity in the Shares in a meaningful manner,

relative to reliance on the Existing Share Issue Mandate which only authorises the issuance of approximately 114,000,000 Shares (being 20% of the Existing Share Capital) which amounts to only 1.94% of the Enlarged Share Capital after the Proposed Subscription. The New Share Issue Mandate will also allow the Company greater flexibility in raising funds for the proposed new business segment pursuant to the Proposed Diversification.

8.3. Terms

The New Share Issue Mandate, if approved, will authorise the board of directors of the Company to issue new Shares or convertible securities in the capital of the Company (whether by way of bonus issue, rights issue or otherwise), subject to the following limitations, namely, that the aggregate number of Shares to be issued pursuant to such authority shall not exceed 50.00% of the Prevailing Share Capital (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a pro-rata basis to Shareholders following Tranche 1 Completion and Tranche 2 Completion respectively must not exceed 20.0% of the Prevailing Share Capital (excluding treasury shares).

For the purpose of determining the aggregate number of Shares and convertible securities that may be issued pursuant to the New Share Issue Mandate, the percentage of issued share capital shall be based on the aggregate of (i) the Existing Share Capital, being the Company's issued share capital as at the time of passing of the resolution approving the New Share Issue Mandate (excluding treasury shares); and (ii) the actual number of New Shares, Option Shares and Introducer Shares, as the case may be, issued and allotted pursuant to the Proposed Subscription (collectively, the "**Prevailing Share Capital**").

The New Share Issue Mandate, once approved, will continue in force until the conclusion of the Company's next annual general meeting, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting.

(9) INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9.1. Shareholding Structure of the Company

Save as disclosed therein, none of the Directors or Substantial Shareholders has any interest in the Shares of the Company.

As at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders of the Company are as follows:

	DIRECT INTEREST		DEEMED INTEREST	
	No. of Shares	%(1)	No. of Shares	%(1)
Directors				
Wen Yao-Long (2)	41,147,747	7.22	108,362,000	19.01
Ong Sim Ho	1,220,000	0.21	–	–
Seow Han Chiang	–	–	–	–
Er Kwong Wah	–	–	–	–
Substantial Shareholders (other than Directors)				
Sunny Worldwide Int'l Ltd.	108,362,000	19.01	–	–
UOB Kay Hian Private Limited	118,770,000	20.84	–	–

Notes:

(1) The percentage of issued share capital is calculated based on the current issued share capital of 570,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Wen Yao-Long is also a substantial shareholder in the Company and is deemed interested in the 108,362,000 Shares held by Sunny Worldwide Int'l Ltd by virtue of his interests in Sunny Worldwide Int'l Ltd. Wen Yao-Long is the sole director of and holds an aggregate of 100.0% of the issued and paid-up shares in Sunny Worldwide Int'l Ltd.

9.2. Interests in Transactions

As at the Latest Practicable Date, save as disclosed in this Circular:

(a) none of the Directors, controlling Shareholders or Substantial Shareholders of the Company (other than (i) with respect to Mr. Wen Yao-Long, in his capacity as the Undertaking Shareholder; and (ii) with respect to each Director or Shareholder, in his/her/its capacity as a director or Shareholder of the Company) has any interest in the Proposed Transactions; and

(b) The Subscriber does not hold any Shares in the Company, and the Subscriber has further confirmed and undertaken that none of their concert parties hold any Shares in the Company.

(10) EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at Grand Mercure Roxy Hotel (Katong Room), 50 East Coast Road, Roxy Square, Singapore 428769 on 12 October 2016 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the resolutions set out in the Notice of EGM.

(11) ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

Stirling Coleman Capital Limited has been appointed as the Independent Financial Adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution. A copy of the IFA Letter in relation to the above is reproduced in Appendix A to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety, and consider carefully the recommendations of the Recommending Directors in respect of the Proposed Whitewash Resolution as set out in Section (4) of this Circular.

Information relating to the advice of the IFA to the Recommending Directors and the key factors it has taken into consideration have been extracted from the IFA Letter (and reproduced below in italics), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated. Shareholders are advised to read the following extracts in conjunction with, and in the context of the full text of the IFA Letter:

"Having carefully considered the information available to us, and carefully considered the analysis set out in this letter, and based upon the industry, market, economic and other relevant conditions as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, we are of the opinion that the Proposed Whitewash Resolution, is fair and reasonable. ***Accordingly, our recommendation to the Independent Directors of the Company in respect of the Proposed Whitewash Resolution is that they should recommend the Shareholders to VOTE IN FAVOUR of the Whitewash Resolution at the EGM.****"*

(12) CONSENT

Stirling Coleman Capital Limited, the Independent Financial Adviser in respect of the Proposed Whitewash Resolution, which prepared the IFA Letter for the purpose of inclusion in this Circular, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of Appendix A "Letter from the Independent Financial Adviser" and references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

(13) DIRECTORS' RECOMMENDATIONS

13.1. The Proposed Subscription

Having considered, *inter alia*, the rationale and the terms of the Proposed Subscription, the Recommending Directors are of the opinion that the Proposed Subscription (comprising the Proposed New Shares Issue, Proposed Option Shares Issue and Proposed Introducer Shares Issue) is in the best interests of the Company and accordingly recommends that Shareholders vote in favour of Resolution 1 relating to the Proposed Subscription, to be proposed at the EGM as set out in the Notice of EGM.

13.2. The Proposed Whitewash Resolution

Having considered, *inter alia*, the rationale and the terms of the Proposed Whitewash Resolution, and taking into account the advice of the Independent Financial Adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution (set out in the IFA Letter), the Recommending Directors are of the opinion that the Proposed Whitewash Resolution is in the best interests of the Independent Shareholders and accordingly recommends that Independent Shareholders vote in favour of Resolution 2 relating to the Proposed Whitewash Resolution, to be proposed at the EGM as set out in the Notice of EGM.

13.3. The Transfer of Controlling Interest to the Subscriber

Having considered, *inter alia*, the rationale and the terms of the Proposed New Shares Issue, the Recommending Directors are of the opinion that the Transfer of Controlling Interest is in the best interests of the Company and accordingly recommends that Shareholders vote in favour of Resolution 3 relating to the Proposed Transfer of Controlling Interest to The Subscriber, to be proposed at the EGM as set out in the Notice of EGM.

13.4. The Proposed Diversification

Having considered, *inter alia*, the rationale and the information relating to the Proposed Diversification, the Recommending Directors are of the opinion that the Proposed Diversification is in the best interests of the Independent Shareholders and accordingly recommends that Independent Shareholders vote in favour of Resolution 4 relating to the Proposed Diversification, to be proposed at the EGM as set out in the Notice of EGM.

13.5. The Proposed Share Issue Mandate

Having considered, *inter alia*, the rationale and the information relating to the Proposed Share Issue Mandate, the Recommending Directors are of the opinion that the Proposed Share Issue Mandate is in the best interests of the Independent Shareholders and accordingly recommends that Independent Shareholders vote in favour of Resolution 5 relating to the Proposed Share Issue Mandate, to be proposed at the EGM as set out in the Notice of EGM.

(14) ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's registered address at 80 Marine Parade, #11-02 Parkway Parade, Singapore 449269 by not later than 48 hours before the time fixed for the EGM.

The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

(15) DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, 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 the Circular in its proper form and context.

(16) FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

RHB Securities Singapore Pte. Ltd. has been appointed as the financial adviser to the Company in relation to the Proposed Transactions. To the best of the financial adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the financial adviser is not aware of any facts the omission of which would make any statement in the document misleading.

(17) FUND MANAGER'S RESPONSIBILITY STATEMENT

The Fund Manager accepts full responsibility for the accuracy of the information given in the Relevant Sections of this Circular and confirm after making all reasonable enquiries, that to the best of its knowledge and belief, the Relevant Sections of this Circular constitute full and true disclosure of all material facts about the Subscriber, the Fund Manager and the Proposed Diversification, and the Fund Manager is not aware of any facts the omission of which would make any statement in the Relevant Sections of 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 Fund Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

(18) DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the at the registered office of the Company and at the office of 80 Marine Parade, #11-02 Parkway Parade, Singapore 449269, during normal business hours (Monday to Friday, from 9.00 a.m. to 5.30 p.m.) for three (3) months from the date of this Circular:

(a) the Constitution of the Company;

(b) the annual report of the Company for the financial year ended 31 December 2015;

(c) a copy of the Subscription Agreement; and

(d) a copy of the Independent Financial Advisor's consent letter.

Yours faithfully

For and on behalf of the Board of Directors of
EUCON HOLDING LIMITED

Wen Yao-Long
Executive Chairman and Chief Executive Director

LETTER FROM IFA TO THE INDEPENDENT DIRECTORS OF EUCON HOLDING LIMITED

STIRLING COLEMAN CAPITAL LIMITED
(Company registration no.200105040N)
4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

27 September 2016

To: The Independent Directors of
Eucon Holding Limited
80 Parkway Parade Road #11-02,
Parkway Parade
Singapore 449269

Dear Sirs,

WHITEWASH RESOLUTION IN CONNECTION WITH THE PROPOSED SUBSCRIPTION COMPRISING:

(A) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 4,926,759,333 NEW SHARES (AS DEFINED HEREIN) BY THE COMPANY TO ORIENTAL STRAITS FUND III, BEING THE SUBSCRIBER AT THE ISSUE PRICE OF S$0.018 FOR EACH NEW SHARE ("PROPOSED NEW SHARES ISSUE");

(B) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 279,764,726 OPTION SHARES (AS DEFINED HEREIN) BY THE COMPANY TO THE SUBSCRIBER AT THE ISSUE PRICE OF S$0.018 FOR EACH OPTION SHARE ("PROPOSED OPTION SHARES ISSUE"); AND

(C) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 104,130,481 INTRODUCER SHARES (AS DEFINED HEREIN) AT THE ISSUE PRICE OF S$0.018 (AS DEFINED HEREIN) BY THE COMPANY TO WELLMONT INVESTMENT LIMITED (AND/OR ITS NOMINEES) IN LIEU OF THE CASH PAYMENT OF INTRODUCER FEE AMOUNTING TO APPROXIMATELY S$1.87 MILLION, CREDITED AS FULLY PAID-UP ("PROPOSED INTRODUCER SHARES ISSUE").

(COLLECTIVELY, THE "PROPOSED SUBSCRIPTION")

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 27 September 2016 to the shareholders of Eucon Holding Limited (the "**Circular**").*

1. INTRODUCTION

On 11 December 2015 (the "**Subscription Announcement Date**"), the Company announced, *inter alia*, that it had entered into a subscription agreement (the "**Subscription Agreement**") with (i) Oriental Straits Fund III (the "**Subscriber**"), and (ii) the Executive Chairman and Chief Executive Officer of the Company, Mr. Wen Yao-Long (the "**Undertaking Shareholder**"), pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 5,206,524,059 New Shares, comprising up to 4,926,759,333 New Shares and up to 279,764,726 Option Shares, at S$0.018 per Share (the "**Issue Price**") for an aggregate amount of up to S$93,717,433 (the "**Maximum Subscription Amount**").

On 29 June 2016, the Company further announced that it had entered into a supplemental agreement to the Subscription Agreement with each of the Subscriber and the Undertaking Shareholder to *inter alia*:

(a) permit the subscription of Shares by the Subscriber for an aggregate amount of S$88.68 million contemplated in the Subscription Agreement to be completed in two (2) tranches:

(i) S$45,000,000 (the "**Tranche 1 Subscription Amount**") at the Issue Price (the "**Tranche 1 Subscription**") on Tranche 1 Completion Date (has the meaning ascribed to it in **Section 3.5(a)** of the Circular) with respect to 2,500,000,000 New Shares (the "**Tranche 1 New Shares**"); and

(ii) S$43,681,668 (the "**Tranche 2 Subscription Amount**") at the Issue Price (the "**Tranche 2 Subscription**") on Tranche 2 Completion Date (has the meaning ascribed to it in **Section 3.5(b)** of the Circular) with respect to 2,426,759,333 New Shares (the "**Tranche 2 New Shares**"); and

(b) grant the Subscriber the option to subscribe for redeemable convertible bonds issued by the Company on such principle terms set out in **Section 3.8.9** of the Circular (the "**Bonds**"), in substitution for completing the Tranche 2 Subscription (the "**Bonds Subscription Option**"). The Subscriber may exercise the Bonds Subscription Option at any time prior to the Tranche 2 Completion Date (or such other date mutually agreed by the Subscriber, the Undertaking Shareholder and the Company (collectively, the "**Parties**") in writing). Please see **Section 3.8.9** for more information on the Bonds.

Under Rule 14 of the Takeover Code (the "**Code**") and Section 139 of the Securities and Futures Act (the "**SFA**"), 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 a company; or (b) any person who, together with persons 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 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, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

As at the Latest Practicable Date, the Subscriber does not hold any interest in any Shares. For the avoidance of doubt, the Subscriber is not acting in concert with any party in respect of the Proposed Subscription.

Pursuant to the Tranche 1 Subscription, the Subscriber will own approximately 80.13% of the voting rights of the Company immediately after subscription of the Tranche 1 New Shares. Thereafter, the Subscriber and its concert parties (if any) will be free to acquire further Shares (including the Tranche 2 New Shares, Option Shares and/or new Shares arising from the conversion of the Bonds) without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

Accordingly, the Company seeks Independent Shareholders' approval for the Proposed Whitewash Resolution at the EGM. The Subscriber, parties acting in concert with it and parties not independent of them, shall abstain from voting on the Proposed Whitewash Resolution.

Shareholders should note that should the Proposed Whitewash Resolution be approved, the Subscriber and its concert parties may hold in excess of 49.0% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares, and the Subscriber and its concert parties will thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

The Security Industries Council (the "**Council**") had on 2 February 2016 granted the Company a waiver (as supplemented by the Council on 29 July 2016) of the obligation of the Subscriber to make a mandatory offer of the Shares under Rule 14 of the Code which may arise following the allotment and issue of Tranche 1 New Shares subject to the terms and conditions as set out in **Section 4.3** of the Circular.

Stirling Coleman Capital Limited ("**Stirling Coleman**") has been appointed as the independent financial adviser (the "**IFA**"), to advise the Independent Directors in respect of the Whitewash Resolution. This letter (the "**Letter**") sets out, *inter alia*, our views and evaluation of the Proposed Whitewash Resolution and our opinion thereon. It will form part of the Circular providing, *inter alia*, our recommendation to the Independent Directors in respect of the Proposed Whitewash Resolution.

2. TERMS OF REFERENCE

Stirling Coleman has been appointed as the IFA to advise the Independent Directors in respect of the Proposed Whitewash Resolution. Our opinion, by way of this Letter will be limited to the Proposed Whitewash Resolution, as of the date of this opinion.

We were not involved in any aspect of the negotiations in relation to the Proposed Subscription (as defined in the Circular), nor were we involved in the deliberations leading up to the decision by the Board of Directors to enter into the Proposed Subscription. Our terms of reference do not require us to evaluate or comment on the legal and commercial risks and/or merits of the Proposed Subscription or the future prospects of the Company other than to form an opinion on whether the Whitewash Resolution is fair and reasonable to the Independent Shareholders. Such evaluation or comment, if any, remains the responsibility of the Board of Directors and management of the Company ("M**anagement**"), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares or the assets of the Company. It is not within our terms of reference to compare the relative merits of the Proposed Subscription vis-à-vis any alternative transactions previously considered by the Board of Directors or transactions that the Board of Directors may consider in the future, and such comparison and consideration remain the responsibility of the Board of Directors.

In arriving at our opinion, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. Our terms of reference do 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 after the completion of the Proposed Subscription. We therefore do not make any projection as to the future financial performance of the Group after the completion or expiry of the Proposed Subscription.

In arriving at our opinion and recommendation, we have conducted discussions with the Board of Directors and Management and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Group and its other professional advisers. We have relied upon and assumed the accuracy without having independently verified such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. In particular, we have not conducted a comprehensive review of the business operations and financial condition of the Company or the Group, nor have we independently assessed whether or not such information represents a true and fair position of the financial, operating and

business affairs of the Company or the Group at any time or as at the latest practicable date, being 14 September 2016 ("**Latest Practicable Date**"). However, we have made such enquiries and exercised our judgment, as we deemed necessary and have found no reason to doubt the reliability of such information and representations made to us. The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. We assume no responsibility to update, revise, or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Accordingly, we do not express an opinion herein as to the prices at which the Shares of the Company may trade in the absence of the Proposed Subscription or if the Proposed Subscription is not effected.

We have also relied upon the responsibility statement that the Circular has been reviewed and approved by the Directors (including those who may have delegated detailed supervision of the Circular) who have taken all reasonable care and have made all reasonable enquiries to ensure that, to the best of their knowledge and after due and careful consideration, the facts stated and the opinions expressed herein (other than those relating to the Offeror and those set out in the Letter) are fair and accurate and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading, and they jointly and severally accept full responsibility accordingly.

Where any information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or the parties acting in concert with it, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources or, as the case may be, and/or reproduced in the Circular in its proper form and context.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever 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). A copy of this Letter will be reproduced in the Circular.

Our recommendation in respect of the Proposed Whitewash Resolution, as set out in APPENDIX 1 of the Circular, should be considered in the context of the entirety of this Letter and the Circular.

3. THE PROPOSED SUBSCRIPTION

Details of the Proposed Subscription are set out in **Section 3** of the Circular. Independent Directors should advise Independent Shareholders to read this section of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

Subject to the terms and conditions of the Subscription Agreement and the Introductory Agreement (has the meaning ascribed to it in **Section 3.7(a)** of the Circular) and the Bonds Subscription Agreement (has the meaning ascribed to it in **Section 3.8.9** of the Circular), the Company shall:

(a) allot and issue an aggregate of up to 4,926,759,333 New Shares to the Subscriber in two (2) tranches on:

(i) Tranche 1 Completion Date (has the meaning ascribed to it in **Section 3.5(a)** of the Circular), with respect to 2,500,000,000 Tranche 1 New Shares representing the Tranche 1 Subscription Amount of S$45,000,000 at the Issue Price; and

(ii) Either the following dates:

(A) Tranche 2 Completion Date (has the meaning ascribed to it in **Section 3.5(b)** of the Circular), with respect to 2,426,759,333 Tranche 2 New Shares representing the Tranche 2 Subscription Amount of approximately S$43,681,668 at the Issue Price; or

(B) in the event the Bonds are issued pursuant to the exercise by the Subscriber of the Bonds Subscription Option and the entry into the Bonds Subscription Agreement, the relevant dates on which all or any of the Bonds are converted at the Issue Price into an aggregate of 2,426,759,333 New Shares, in accordance with the terms of the Bonds Subscription Agreement;

(b) in the event any Subscription Request (as defined in **Section 3.6** of the Circular, with respect to the right but not the obligation of the Subscriber to subscribe for the Option Shares) is issued by the Subscriber to the Company, allot and issue an aggregate of up to 279,764,726 Option Shares; and

(c) allot and issue up to 104,130,481 Introducer Shares, equivalent to 2.0% of the Maximum Subscription Amount at the Issue Price, credited as fully-paid up as consideration for services rendered pursuant to the Introductory Agreement.

The issued and paid-up share capital of the Company immediately prior to the completion of Tranche 1 Subscription comprises 570,000,000 Shares ("**Existing Share Capital**"). The enlarged share capital of the Company will be up to 5,880,654,540 Shares (the "**Enlarged Share Capital**") assuming that (i) 4,926,759,333 New Shares and 279,764,726 Option Shares shall be issued to the Subscriber for the Maximum Subscription Amount, the Subscriber may hold up to approximately 88.54% of the Enlarged Share Capital and (ii) up to 104,130,481 Introducer Shares are issued to the Introducer, the Introducer shall hold approximately 1.77% of the Enlarged Share Capital.

As of the Latest Practicable Date, there are two investors who each own more than 15% interest in the Subscriber. They are Mr. Ji Zenghe and Mr. Fan Xianyong (collectively, the "**Fund Substantial Investors**"), each of whom holds 61.75% and 33.25% of The Place Investment (Beijing) Co., Ltd., which is the owner, developer and manager of The Place, Beijing (世贸天阶) ("**The Place**").

The Subscriber is managed by China Capital Impetus Investment Limited (the "**Fund Manager**" or "**CCILL**"). CCIIL is an exempted company with limited liability incorporated on 29 May 2009 in the Cayman Islands, and having its registered office at the offices of Campbell Corporate Services Limited, Floor 4, Willow House, Cricket Square PO Box 268, Grand Cayman, KY1-1104, Cayman Islands. The Fund Manager has been carrying on the business of securities investment since its incorporation.

As at the Latest Practicable Date, other than in respect of the Subscription Agreement, neither the Subscriber, its directors and the Fund Substantial Investors hold any Shares or voting rights or any instruments convertible into, rights to subscribe for and options in respect of Shares.

Further information on the investors of the Subscriber and the Fund Manager can be found in **Section 3.3** and **3.4** of the Circular.

3.1 New Shares

Subject to the terms and conditions of the Subscription Agreement, the New Shares shall be allotted and issued to the Subscriber in two (2) tranches on each of the Tranche 1 Completion Date (as defined below) and Tranche 2 Completion Date (as defined below).

(a) Tranche 1 New Shares

Tranche 1 Subscription Amount	:	S$45,000,000
Tranche 1 New Shares	:	2,500,000,000 Tranche 1 New Shares, which shall be determined by dividing the Tranche 1 Subscription Amount by the Issue Price.
Issue Price	:	S$0.018 per Tranche 1 New Share. The Issue Price of S$0.018 represents a discount of approximately 35.7% to the VWAP of the Shares for trades done on the SGX-ST on 11 December 2015, being the market day on which the Subscription Agreement was signed. The Issue Price of S$0.018 represents a discount of approximately 37.2%, 24.7% and 11.6% to the 1-month VWAP, 6-month VWAP and 12-month VWAP of the Shares respectively, for trades done prior to the signing of the Subscription Agreement.
Tranche 1 Completion Date	:	Subject to the terms and conditions of the Subscription Agreement, the Tranche 1 New Shares shall be issued within fourteen (14) business days from the date on which the last condition precedent is satisfied, fulfilled or waived (as the case may be), or on such other date as the Parties may agree in writing.

(b) Tranche 2 New Shares

Tranche 2 Subscription Amount	:	S$43,681,668
Tranche 2 New Shares	:	2,426,759,330 Tranche 2 New Shares, which shall be determined by dividing the Tranche 2 Subscription Amount by the Issue Price.
Issue Price	:	S$0.018 per Tranche 2 New Share. The Issue Price of S$0.018 represents a discount of approximately 35.7% to the VWAP of the Shares for trades done on the SGX-ST on 11 December 2015, being the market day on which the Subscription Agreement was signed. The Issue Price of S$0.018 represents a discount of approximately 37.2%, 24.7% and 11.6% to the 1-month VWAP, 6-month VWAP and 12-month VWAP of the Shares respectively, for trades done prior to the signing of the Subscription Agreement.

Tranche 2 Completion Date	:	Subject to Tranche 1 Completion and the Bonds Subscription Option not being exercised by the Subscriber, the Tranche 2 New Shares shall be issued within three (3) business days from the date falling six months after the date of Shareholders' approval in respect of the Proposed Subscription is obtained, or on such other date as the Parties may agree in writing. Notwithstanding the foregoing, the Company has undertaken to the Subscriber that, other than pursuant to the Proposed Subscription, it shall not undertake any Corporate Exercises (as defined in **Section 3.6** of the Circular) prior to the Company entering into the Bond Subscription Agreement with the Subscriber or the date of Tranche 2 New Shares are fully issued and allotted, whichever earlier.

3.2 Option Shares

The Option Shares shall be allotted and issued to the Subscriber on the Option Shares Issue Date on, *inter alia*, the following terms and conditions of the Subscription Agreement:

Maximum Option Shares Subscription Amount	:	S$5,035,765
Maximum number of Option Shares	:	279,764,726 Option Shares, which is determined by dividing the Maximum Option Shares Subscription Amount by the Issue Price.
Issue Price	:	S$0.018 per Option Share. The Issue Price of S$0.018 represents a discount of approximately 35.7% to the VWAP of the Shares for trades done on the SGX-ST on 11 December 2015, being the market day on which the Subscription Agreement was signed. The Issue Price of S$0.018 represents a discount of approximately 37.2%, 24.7% and 11.6% to the 1-month VWAP, 6-month VWAP and 12-month VWAP of the Shares respectively, for trades done prior to the signing of the Subscription Agreement.
Subscription Request	:	Subject to the terms and conditions of the Subscription Agreement, the Subscriber may require the Company to allot and issue such number of Option Shares at the Issue Price by issuing to the Company a duly completed subscription request substantially in the form set out in the Subscription Agreement to the Company at any time during the Exercise Period.
Option Shares Subscription Amount	:	Subject to the terms and conditions of the Subscription Agreement, the subscription amount in respect of the Option Shares to be issued at the Issue Price, as specified by the Subscriber in a Subscription Request

Exercise Period	:	A twelve (12) month period commencing from the Tranche 1 Completion Date. Unless agreed in writing between the Company and the Subscriber, the option to subscribe to the Option Shares shall *ipso facto* lapse on the expiry of the Exercise Period.
Option Shares Issue Date	:	No later than seven (7) business days after the Company's receipt of the respective Subscription Request(s), or such other date as may be mutually agreed in writing between the Company and Subscriber.
Adjustments	:	The terms of issue of the Option Shares do not provide for adjustment to the Issue Price in respect of the Option Shares, and the number of Option Shares to be issued in the event of Share splits, consolidations, rights, bonus and/or other capitalization issues ("**Corporate Exercises**"). Notwithstanding the foregoing, the Company has undertaken to the Option Holder that, other than pursuant to the Proposed Subscription, it shall not undertake any Corporate Exercises prior to the expiry of the Exercise Period or the date of which the maximum number of 279,764,726 Option Shares are fully issued and allotted, whichever earlier.

3.3 Bonds Subscription Option

The salient terms and conditions of the Bond Subscription Option can be found in **Section 3.8.9** of the Circular.

4. THE SUBSCRIPTION AGREEMENT

The salient terms and conditions of the Subscription Agreement can be found in **Section 3.8** of the Circular.

4.1 Long-Stop Date

If any of the conditions precedent set out in the Subscription Agreement is not satisfied, fulfilled or waived (as the case may be) by 31 December 2016, the Subscription Agreement shall be terminated automatically with immediate effect without any further action from either party, save that shall not relieve any party from liability for any breach of its obligations prior to termination.

4.2 Conditions Precedent

The Company shall not be obliged to allot and issue and the Subscriber shall not be obliged to subscribe for the New Shares unless the conditions precedent, including but not limited to the key conditions precedent as set out in **Section 3.8.4** of the Circular, have been fulfilled (or waived), as relevant on Tranche 1 Completion Date. Further detail of the conditions precedent can be found in **Section 3.8.4** of the Circular.

4.3 Completion

Details of Completion can be found in **Section 3.8.7** and **3.8.8** of the Circular.

4.4 Use of Proceeds

The Company intends to use the proceeds of approximately S$93.7 million ("**Gross Proceeds**") from (i) the issue and allotment of the Tranche 1 New Shares; (ii) the issue and allotment of the Tranche 2 New Shares or the Proposed Bonds Issue, as the case may be; and (iii) the Proposed Option Shares Issue, if applicable, for the following purpose:

	Proposed use of Gross Proceeds	% of Gross Proceeds from the issue of the New Shares and Option Shares
(a)	Proposed acquisitions of assets in the Media Business to be undertaken by the Company	80
(b)	Working capital and general corporate purposes (for the existing and new businesses)	20

Shareholders should note that the proposed distribution set out above only serves as a general guideline. In the event that the Gross Proceeds initially allocated for the purposes set out in (a) above are not fully applied towards such uses for any reasons, the Company shall use the remaining Gross Proceeds for working capital of the Group and/or for such other purposes as the Company may in their discretion may deem fit.

Pending the deployment of any part of the Gross Proceeds, such unutilised proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Gross Proceeds, after the Gross Proceeds are materially disbursed.

5. THE INTRODUCER SHARES

Further information on the above are set out in **Section 3.7** of the Circular. Stirling Coleman shall not be commenting on the issuance of the Introducer Shares, as it does not form part of the Proposed Whitewash Resolution and it is outside the scope of our Terms of Reference.

6. THE PROPOSED DIVERSIFICATION

The Company was incorporated in Singapore on 1 December 2001 and has been listed on the Mainboard of the SGX-ST since 30 August 2004. The Group is currently an integrated printed circuit board service provider primarily involved in the business of mechanical drilling, laser drilling, routing, manufacturing of integrated printed circuit boards ("**Existing Core Business**").

The Board understands from the Fund Manager that on Tranche 1 Completion and subject to the resolution for the Proposed Diversification being approved by Shareholders, the Subscriber intends to expand the Group's Existing Core Business to the media and digital advertising business ("**Media Business**") with the Gross Proceeds raised from the issue of the New Shares and Option Shares, as and when appropriate opportunities arise.

The Board understands from the Fund Manager that Media Business includes, *inter alia*:

(a) provision of digital media, advertising and marketing platforms and hubs for advertising agencies and product and/or service providers;

(b) procurement and lease of digital advertising and exhibition space;

(c) provision and installation of advertising space such as digital billboards, multimedia hubs,

(d) outdoor/indoor electronic display monitors and installation of digital advertising media;

(e) development and management of real estate and properties which adopt innovative and creative concepts similar to that of The Place, Beijing and the lease of such real estate, properties and/or storefronts for the purpose of, among other things, implementing/ providing advertising platforms. Please see **Section 3.3** of the Circular for more information on The Place; and

(f) investing in, acquiring, disposing of global real property assets, shares or interests in entities which are in the business of real estate development, which are for the purpose of or ancillary to the Media Business.

The Board understands from the Fund Manager that it does not plan to restrict the Proposed Diversification to the Media Business to any specific geographical markets, as investments would be evaluated and assessed by the then prevailing board of directors, nominated by the Fund Manager, on their own merits. The Board understands from the Fund Manager that it may also procure the Subscriber to further procure and authorise the Group to explore joint ventures and/ or strategic alliances with third parties who have the relevant expertise and resources to carry out the Media Business as and when the opportunity arises. The decision on whether a project will be undertaken by the Group on its own or in collaboration with third parties will be made by the then prevailing board of directors after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time required to complete the project, conditions of the digital marketing and advertising market, and availability of other investment opportunities.

As at the Latest Practicable Date, no specific projects related to investments in the Media Business have been identified. The Company will update Shareholders at the appropriate time when it has identified any such projects. Please refer to the sections entitled "Rationale for the Proposed Diversification" and "Risks Factors Associated with the Proposed Diversification" as set out in **Sections 7.4** and **Section 7.6** respectively of the Circular for more details on the rationale for and risks associated with the Proposed Diversification.

7. THE PROPOSED WHITEWASH RESOLUTION

7.1 Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, 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 a company; or (b) any person who, together with persons 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 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, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

7.2 Issue of Tranche 1 New Shares

As at the Latest Practicable Date, the Subscriber does not hold any interest in any Shares. For the avoidance of doubt, the Subscriber is not acting in concert with any party in respect of the Proposed Subscription. The foregoing information relating to the Subscriber was provided to the Company by the Subscriber. The Board of Directors has not conducted an independent review or verification of the accuracy of such statements and information.

Pursuant to the Tranche 1 Subscription, the Subscriber will own approximately 80.13% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares. Thereafter, the Subscriber and its concert parties (if any) will be free to acquire further Shares (including the Tranche 2 New Shares, Option Shares and/or new Shares arising from the conversion of the Bonds) without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

Accordingly, the Company seeks Independent Shareholders' approval for the Proposed Whitewash Resolution at the EGM. The Subscriber, parties acting in concert with it and parties not independent of them, shall abstain from voting on the Proposed Whitewash Resolution.

Shareholders should note that should the Proposed Whitewash Resolution be approved, the Subscriber and its concert parties may hold in excess of 49.0% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares, and the Subscriber and its concert parties will thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

7.3 Conditional Waiver by the Council

The Council had on 2 February 2016 granted the Company a waiver (as supplemented by the Council on 29 July 2016) of the obligation of the Subscriber to make a mandatory offer of the Shares under Rule 14 of the Code which may arise following the allotment and issue of Tranche 1 New Shares either:

(i) upon the acquisition by the Subscriber of shares carrying 30% or more of the voting rights of the Company; or

(ii) in the event that the Subscriber, together with its concert parties shall hold not less than 30% but not more than 50% of the voting rights, the acquisition by the Subscriber and/or its concert parties in any period of 6 months, of additional shares carrying more than 1% of the voting rights,

The waiver of the requirement of the Subscriber to make a general offer for the Company under Rule 14 of the Code in the event that the Subscriber's aggregate holdings in the Company increase to 30% or more of the total voting rights in the Company immediately after the subscription of the Tranche 1 New Shares, is subject to the following:

(a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Tranche 1 New Shares, approve by way of a poll, the Proposed Whitewash Resolution to waive their rights to receive a general offer from The Subscriber;

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

(c) the Subscriber, parties acting in concert with it and parties not independent of them, abstain from voting on the Proposed Whitewash Resolution;

(d) the Subscriber and its concert parties did not acquire or are not to acquire any shares in the Company or instruments convertible into and options in respect of Shares (other than subscription for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular);

(i) during the period between the date of the announcement of the Proposed Subscription and the date the shareholders' approval is obtained for the Proposed Whitewash Resolution; and

(ii) in the 6 months prior to the date of the announcement of the Proposed Subscription, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Subscription;

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

(f) the Company sets out clearly in its Circular to the Shareholders:

(i) details of the Proposed Subscription;

(ii) the possible dilution effect to the existing holders of voting rights as a result of the issue of the Tranche 1 New Shares;

(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 Subscriber and its concert parties as at the Latest Practicable Date;

(iv) the number and percentage of voting rights to be issued to the Subscriber as a result of the issue of the Tranche 1 New Shares;

(v) a specific and prominent statement that the issue of the Tranche 1 New Shares will result in the Subscriber and its concert parties holding shares carrying over 49% of the voting rights of the Company based on its enlarged issued capital and the fact that the Subscriber and its concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 to make a general offer;

(vi) a specific and prominent statement that shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for Shares in the past 6 months preceding the commencement of the offer;

(g) the Circular stating that the waiver granted by the Council to the Subscriber from the requirement to make a general offer subject to the conditions stated in paragraphs (a) to (f) above;

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

(i) to rely on the Proposed Whitewash Resolution, the acquisition by the Subscriber of the Tranche 1 New Shares must be completed within three (3) months of the date of approval of the Proposed Whitewash Resolution.

7.4 Implications of the Proposed Whitewash Resolution

Independent Shareholders should note that:

(a) their approval of the Proposed Whitewash Resolution is a condition precedent to the allotment and issue of Tranche 1 New Shares pursuant to the terms of the Subscription Agreement, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Subscription will not take place;

(b) the issue of the Tranche 1 New Shares may result in the Subscriber holding Shares carrying over 49.0% of the voting rights of the Company immediately after the subscription of the Tranche 1 New Shares, and the Subscriber and its concert parties will be free to acquire further Shares (including the Tranche 2 New Shares, Option Shares and/or new Shares arising from the conversion of the Bonds) without incurring any obligation under Rule 14 of the Code to make a general offer for the Company; and

(c) by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive the general offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for Shares which the Subscriber would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the offer.

8. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have deliberated on the following factors which we consider to be pertinent and have a significant bearing on our assessment:

(i) Rationale of and the use of proceeds for the Proposed Subscription

(ii) Financial Analysis of the Group

(iii) Historical Share Price Performance and Trading Liquidity

(iv) Issue Price comparison to Book Value

(v) Relative Valuation Analysis

(vi) Comparable Transactions Analysis

(vii) Financial Effects of the Proposed Subscription

(viii) Other relevant considerations

8.1 Rationale of and the use of proceeds for the Proposed Subscription

The rationale for the Proposed Subscription has been extracted from the Circular and set out in italics below for your reference:

"3.13. Rationale for the Proposed Subscription

The rationale for the Proposed Subscription is twofold:

(a) Increase the Company's market capitalisation

As announced by the Board on 4 March 2014, the SGX-ST placed the Company on the watch-list with effect from 5 March 2014. The Company will have to fulfill the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list no later than 5 March 2016 (i.e. within 24 months from 5 March 2014). As announced by the Board on 1 March 2016, the SGX-ST granted the Company an extension of time of up to 12 months to 4 March 2017 to meet the requirements for removal from the watch-list, subject to certain conditions set out therein.

The Proposed Subscription would enable the Company to increase its market capitalisation to support an application to the SGX-ST for an extension of time to satisfy the requirements under Rule 1314 of the Listing Manual, failing which the SGX-ST would delist the Company or suspend trading of the Shares with a view to delisting the Company.

Rule 1314 of the Listing Manual states that an issuer on the watch-list may apply to the SGX-ST for its removal from the watch-list if it satisfies any one of the following requirements:

(i) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full-year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of S$40 million or more over the last 120 market days on which trading was not suspended or halted for a full market day; or

(ii) the issuer satisfies the Rule 210(3) of the Listing Manual and either one of the following requirements: (A) cumulative consolidated pre-tax profit of at least S$7.5 million for the last three years, and a minimum pre-tax profit of S$1 million for each of those three years; or (B) cumulative consolidated pre-tax profit of at least S$10 million for the last one or two years. Rule 210(3)(a) of the Listing Manual applies to the last one year or last two years as the case may be.

For the avoidance of doubt (i) Shareholders should note that the Company's removal from the watch-list is not a condition precedent to the Proposed Subscription; and (ii) there is no certainty that completion of the Proposed Subscription will result in the Company's removal from the watch-list.

(b) Raise funds for the Proposed Diversification

The core business of the Group is the mechanical drilling, laser drilling, routing, manufacturing of integrated printed circuit boards, which has been adversely affected amidst lackluster growth in the world economy over the past few years. The outlook for major economies is expected to continue to be lackluster with the pace of recovery likely to be uneven across various countries. In the face of ever-changing consumer demand in the Group's core business market, the Company believes it is crucial not only to keep ahead of the competition with relevant expertise and knowledge, but also to differentiate itself and look for diversification opportunities to generate sales from additional viable sources. Accordingly, the Proposed Subscription is intended to raise funds for purposes of the Proposed Diversification. Please see Section (7) for more details on the Proposed Diversification.

For the avoidance of doubt, the Company had agreed to allot and issue the New Shares and Option Shares to the Subscriber primarily due to, among other things, the repute of the Fund Manager as well as the Proposed Diversification as presented by the Fund Manager and outlined under Section 7.1."

We noted from the above that:

(i) **Extension of watch-list status to 4 March 2017 and the Company is in a better position to remove itself from watch-list**

The Company has been placed on the watch-list since 5 March 2014 and may be removed from the Official List or be suspended imminently on 5 March 2016 if it fails to meet the profitability and/or market capitalisation requirement under Rule 1314 of the SGX-ST Listing Manual. On 25 February 2016, the Company announced that it has submitted an application to the SGX-ST for an extension of the aforementioned 24-month period to apply for its removal from the watch-list. On 1 March 2016, the Company announced that it has procured an extension of time of up to 12 months to 4 March 2017 to meet the requirements for removal from the watch-list, subject to conditions as set out in the announcement dated 1 March 2016.

The Proposed Subscription will substantially increase the share capital base of the Company, placing the Company in a better position to meet the requirements under Rule 1314 of the SGX-ST Listing Manual and to remove itself from the watch-list.

(ii) **An opportunity for diversification**

The Proposed Subscription and the proceeds will provide the Group with the opportunity to diversify into a new business area and reduce the Group's reliance on its existing core PCB business which had been loss-making over the Period Under Review (as defined in section 8.2 of this Letter) and facing challenging macroeconomic conditions. The Proposed Diversification into the Media Business may provide the Group with new revenue stream, improve the prospect and growth potential of the Group and may enhance Shareholders' value.

8.2 Financial Analysis of the Group

We set out below a summary of the financial results of the Group for the last three financial years ended 31 December ("**FY**"), FY2013, FY2014 and FY2015 and the interim financial results of the Group for the six-month period ended 30 June 2016 ("**1H2016**") and 30 June 2015 ("**1H2015**") ("**Period Under Review**").

Summary of the Group's Income and Loss Statement

S$'000	Unaudited 1H2016	Unaudited 1H2015	Audited FY2015	Audited FY2014	Audited FY2013
Revenue	19,354	29,915	52,493	57,771	65,789
Gross Profit	296	3,083	2,806	5,663	3,816
Profit/(Loss) before income tax	(6,680)	(2,239)	(21,672)	(10,051)	(6,075)
Net Profit/(loss) attributable to the equity holders of the Company	**(6,062)**	**(2,068)**	**(19,049)**	**(10,101)**	**(7,915)**

Summary of the Group's Financial Position

S$'000	Unaudited 1H2016	Audited FY2015	Audited FY2014	Audited FY2013
Current assets	35,773	43,152	55,842	52,529
Non-current assets	20,369	23,780	38,640	49,449
Total assets	**56,142**	**66,932**	**94,482**	**101,978**
Current liabilities	39,998	43,857	47,155	45,846
Non-current liabilities	15,719	15,922	19,720	17,212
Total liabilities	**55,717**	**59,779**	**66,875**	**63,058**
Share Capital	56,127	56,127	56,127	56,127
Reserves	(59,048)	(53,628)	(35,504)	(24,514)
Equity attributable to equity holders of the company	**(2,921)**	**2,499**	**20,623**	**31,613**
Non-controlling interest	3,346	4,654	6,984	7,307
Total Equity	**425**	**7,153**	**27,607**	**38,920**

Summary of the Group's Cash Flows

S$'000	Unaudited 1H2016	Unaudited 1H2015	Audited FY2015	Audited FY2014	Audited FY2013
Net cash from/(used in) operating activities	(7,651)	4,817	4,810	831	6,826
Net cash from/(used in) investing activities	3,198	(290)	(545)	(18,591)	3,667
Net cash from/(used in) financing activities	1,664	(2,156)	(4,872)	5,617	(9,026)
Cash and cash equivalents at end of period/year	**3,492**	**9,301**	**6,355**	**6,916**	**18,997**

Source: FY2013 to FY2015 annual reports and announcement for 1H2016 interim financials.

8.2.1 Historical Financial Performance and Position

We wish to highlight the declining revenue, loss making financial performance and weak financial position of the Group over the Period Under Review; as well as the negative NTA and negative working capital of the Group as at 30 June 2016, and negative operating cash flow of the Group for 1H2016. The details as set out below:

(i) The Group experienced a decline in revenue between FY2013 and FY2015, where revenue dropped by approximately 12.2% from FY2013 to FY2014 and approximately 9.1% from FY2014 to FY2015. The Company attributed the decline to weak global economy which impeded the Group's growth.

In 1H2016, the Group reported revenue of approximately S$19.4 million, a decrease of 35.3% from S$29.9 million from the corresponding period in 1H2015. This was mainly due to low PCB market sentiments globally.

(ii) The Group's achieved gross margins of approximately 5.8% and 9.8% for FY2013 and FY2014 respectively. The Company attributed the increase in gross profit and improvement in gross margins to the restructuring exercise it undertook for its PCB operations segment to maintain its customer base above a specific profit margin, combined with a decrease in depreciation expenses for machineries following the cessation of its laser drilling business segment and disposal of related machines, as well as cost management measures. The Group's gross profit declined by approximately 50.5% in FY2015 as compared to FY2014, mainly due to the fall in the revenue.

The Group experienced a decline in gross profit from approximately S$3.1 million in 1H2015 to S$0.3 million in 1H2016 as well as a decrease in gross profit margin from 10.3% in 1H2015 to 1.5% in 1H2016. The Company cited gross losses from its mechanical drilling and routing segment due to fixed manufacturing expenses.

Despite the Group's cost restructuring strategy and cost management measures, the Group suffered losses before and after income tax over the Period Under Review.

(iii) NTA of the Group

As at 30 June 2016, the Group's total equity was S$0.4 million and its unaudited NTA (exclude non-controlling interests and deferred tax assets) was negative at approximately S$3.0 million. This was mainly due to increased operating expenses including a net exchange loss of S$1.4 million. We also noted that the Group's total equity had dropped by approximately S$18.1 million in FY2015. This was mainly due to accumulated losses resulting from increased other expenses which include provision for loss on share buy-back, impairment of land use rights and impairment loss on property, plant and equipment in FY2015.

The Group's net working capital position deteriorated by S$3.5 million from S$0.7 million net liability position as at FY2015 to S$4.2 million net liability position for 1H2016. The Company attributed this deterioration to the decline in sales revenue and the gross losses from fixed operating costs.

We have compared a number of financial ratios against other comparable companies in Table 4 under section 8.5 of this Letter.

(iv) Negative operating cash flow of the Group

We noted negative cash flow from operating activities in 1H2016 which was mainly due to decrease in revenue, slower receipt from trade receivables, faster repayments of trade and other payables, as well as a repayment of S$2.1 million to HongTa Innovation Partners Co., Ltd. in relation to an early exercise of buy-back option (please refer to section **8.3.1** of the Letter for more details on the buy-back option).

(v) Emphasis of Matters by the auditors

The auditors had highlighted an the "Emphasis of Matter" in the Company's annual report for each of FY2013, FY2014 and FY2015, expressing their concerns over the net loss of the Group, the negative working capital of the Company and their doubt for the Group and the Company to operate as a going concern. The entire paragraph from the FY2015 annual report is reproduced here in its entirety:

"*We draw attention to Note 1 to the financial statements which indicates that the group incurred a net loss, and the group's and the company's current liabilities exceed its current assets for the year ended December 31, 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the group's and company's ability to continue as a going concern based on the key management assumptions of (a) the group's and company's ability to generate sufficient cash flows from its future operations with an improvement in economic conditions (b) the availability of continued credit facilities from the group's lenders over the next twelve months or as and when required, and (c) the ability of the group to dispose of its leasehold property in Singapore to raise funds when required. Our opinion is not modified in respect of these matters.*"

8.2.2 Between 1 July 2016 and the Latest Practicable Date

In respect of the above, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, other than what have been disclosed in the Circular, annual reports and financial statements over the Period Under Review and its announcements on the SGXNET:

(i) there are no other off-balance sheet and contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;

(ii) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

(iii) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(iv) there are no material acquisitions and disposals of assets by the Group between 1 July 2016 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

Note:

1. *Under the Basis of Subscription as stated in **Section 3.8.1** of the Circular, the Company and the Subscriber agree and acknowledge that the Proposed Subscription has been agreed on, inter alia, the basis that immediately prior to and as at completion of the Proposed New Shares Issue, save for the transactional costs in connection with the Proposed New Shares Issue, the Company has no liabilities (including all forms of taxation imposed by any taxation authority on the Company in relation to transactions, undertakings or arrangements entered into on or before the date of the Subscription Agreement), whether actual, deferred or contingent, and there are no off-balance sheet liabilities in the Company (including all forms of financial guarantees provided by the Company in favor of the its subsidiaries and/or any third parties) (the "**Zero Liability Requirement**").*

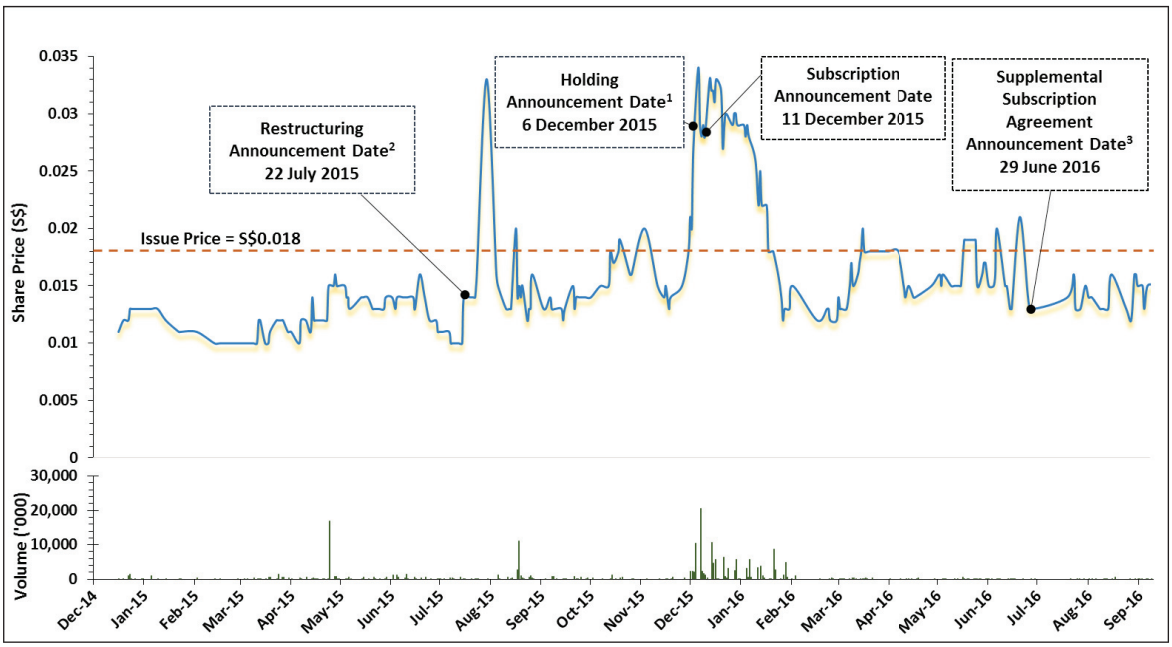
   As at 30 June 2016, the Company has total liabilities of approximately S$55.7 million, including S$13.4 million being an amount due to Shareholders. In connection with the condition of Zero Liability Requirement, it is envisaged that the total liabilities of the Company as at completion of the Proposed New Share Issue will be restructured from the Company to its subsidiaries within the Group.

8.3 Historical Share Price performance and Trading Liquidity

8.3.1 Historical Share Price performance

The historical price chart for the Shares (based on the closing prices and the number of Shares traded on a daily basis) during the period commencing from 7 December 2014, being the 12 months prior to the Holding Announcement Date, and ending on the Latest Practicable Date is shown below:

Chart 1: Share Price performance from 7 December 2014 up to the Latest Practicable Date



Source: Bloomberg and the Company's announcements

Notes:

1. *In a response to a SGX-ST's query on unusual price movement in the Company's shares, the Company had, on 6 December 2015 (the "**Holding Announcement Date**"), announced that it was in discussion on a confidential basis with a potential investor in respect of a proposed subscription for the Company's shares and no definitive agreement was entered into at that stage (the "**Holding Announcement**").*

2. *The Company had on 22 July 2015 (the "**Restructuring Announcement Date**") announced that it had entered into a 2nd supplemental agreement with HongTa Innovation Partners Co., Ltd ("**HongTa**") in relation to Shanghai Zhuo Kai Electronic Technology Co., Ltd ("**Zhuo Kai**"). In this agreement, HongTa agreed to postpone its exercising of the buy-back option ("**Put Option**") from the Company to purchase its 19.5% shareholdings in Zhuo Kai from 3 August 2015 to 2 August 2016 (the "**Restructuring Announcement**").*

   *Subsequently, the Company had on 7 April 2016 entered into a 3rd supplemental agreement with Hong Ta and Eucon Investment Holding Pte Ltd ("**Eucon Investment**"), a wholly-owned subsidiary of the Company, to acknowledge the transfer of ownership and liability from the Company to Eucon Investment and the early exercise of buy-back option by HongTa. With the agreement of all parties involved, HongTa had exercised their buy-back option and its buy-back price was computed as at 2 April 2016. Repayment will be made in instalments and fully repaid by 31 December 2016. The necessary provision on the buy-back option had been fully provided and disclosed in the Company's FY2015 annual report. Please refer to the SGX-ST website for further details of the Restructuring Announcement.*

3. *The Company had on 29 June 2016 entered into a supplemental agreement (the "**Supplemental Subscription Agreement Announcement Date**") with the Subscriber and the Undertaking Shareholder to amend certain terms of the Subscription Agreement.*

Issue Price generally above the Share Price between 7 December 2014 (12 months before the Holding Announcement Date) and 30 November 2015

Based on Chart 1 above, we observed that the Issue Price of S$0.018 had generally been above the closing Share Prices between 7 December 2014 (12-months before the Holding Announcement) and 30 November 2015. The Issue Price was above the closing Share Prices for 123 trading days ("**Trading Days**", being the number of Market Days with Shares traded) out of total 129 Trading Days over the period, save for 6 Trading Days in which the Issue Price was below or equivalent to the closing Share Prices.

We noted that the Share Price rose substantially to close at S$0.033 on 30 July 2015, after the Company made the Restructuring Announcement on 22 July 2015.

Higher than usual Share Prices and Share Volume from 1 December 2015 to 22 January 2016

Thereafter, between 1 December 2015 and 22 January 2016, the Shares had been trading at a premium to the Issue Price. The daily trading volume for the Shares had also increased substantially for the same period. We noted that the higher than usual Share Prices and Share volume started from 1 December 2015 and this was close to and within 2 weeks prior to the Holding Announcement on 6 December 2015 and the Subscription Announcement on 11 December 2015.

Issue Price generally above the Share Price from 23 January 2016 up to the Latest Practicable Date

We observed that the Issue Price was generally above the closing Share Prices from 23 January 2016 and up to the Latest Practicable Date. The Issue Price was above the closing Share Prices for 69 Trading Days out of total 83 Trading Days over the period, save for 14 Trading Days in which the Issue Price was below or equivalent to the closing Share Prices.

8.3.2 Issue Price comparison to VWAP

Table: 1: Share Price Performance and Trading Liquidity Table

Period	VWAP[1] (S$)	Premium/ (Discount) of the Issue Price to VWAP (%)	Lowest Transacted Price (S$)	Highest Transacted Price (S$)	Average Daily trading Volume[2]	Ave Daily Trading Volume as % of Free-Float[3]
For the period prior to the Holding Announcement Date						
Last 12 Months	0.0168	7.2%	0.010	0.033	353,786	0.08%
Last 6 Months	0.0193	(6.5)%	0.010	0.033	411,944	0.10%
Last 3 Months	0.0212	(15.0)%	0.012	0.033	401,395	0.10%
Last 1 Month	0.0234	(23.1)%	0.013	0.033	949,316	0.23%
Last transacted price prior to the Holding Announcement	0.027	(33.3)%	0.020	0.033	10,416,900	2.48%
For the period prior to the Subscription Announcement Date						
Last 12 Months	0.0204	(11.6)%	0.010	0.037	457,955	0.11%
Last 6 Months	0.0239	(24.7)%	0.010	0.037	604,013	0.14%
Last 3 Months	0.0273	(34.1)%	0.012	0.037	786,360	0.19%
Last 1 Month	0.0287	(37.2)%	0.013	0.037	2,010,218	0.48%
Last transacted price prior to the Subscription Announcement	0.0280	(35.7)%	0.028	0.028	370,000	0.09%
For the period after the Subscription Announcement Date up to the Latest Practicable Date						
Till Latest Practicable Date	0.0258	(30.2)%	0.009	0.036	474,934	0.11%
Last transacted price on the Latest Practicable Date	0.0150	20.0%	0.015	0.015	150,000	0.04%

Source: Bloomberg

Notes:

1. *The Volume Weighted Average Price ("**VWAP**") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day.*

2. *The average daily trading volume of the Shares was calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.*

3. *Free-float refers to approximately 419,270,226 Shares or approximately 73.6% of the issued share capital held by the public as at the Latest Practicable Date based on information provided by Bloomberg.*

Based on Table 1 above, we noted that the Issue Price is:

(i) at a discount of approximately 23.1%, 15.0% and 6.5% from the VWAP for the Shares for the period 1-month, 3-months, 6-months prior to the Holding Announcement Date; and at a premium of approximately 7.2% from the VWAP for Shares for the period 12-months prior to the Holding Announcement Date;

(ii) at a discount of approximately 33.3% from the last transacted price of S$0.027 on 4 December 2015 being the last Trading Day prior to the Holding Announcement (no trading volume on 6 December 2015);

(iii) at a discount of approximately 37.2%, 34.1%, 24.7% and 11.6% from the VWAP for the Shares for the period 1-month, 3-months, 6-months and 12-months prior to the Subscription Announcement Date;

(iv) at a discount of approximately 35.7% from the last transacted price of S$0.028 on the Subscription Announcement Date;

(v) at a discount of approximately 30.2% from the VWAP for the Shares for the period commencing after the Subscription Announcement Date till the Latest Practicable Date;

(vi) at a premium of approximately 20.0% from the last transacted price of S$0.015 on the Latest Practicable Date; and

(vii) at higher discount in shorter period when comparing 1-month, 3-months, 6-months and 12-months VWAP for the Shares as a result of the higher than usual Share Prices and Share volume traded during the period between 1 December 2015, the Holding Announcement and the Subscription Announcement.

8.3.3 Trading Volume and Liquidity

Based on the number of Shares traded on a daily basis during the period commencing from 7 December 2014 (being 12 months prior to the Holding Announcement Date) and ending on the Latest Practicable Date, we noted that:

(i) from 7 December 2014 to the day prior to the Holding Announcement Date, Shares were traded on 133 Trading Days out of the total 247 Market Days during the period, with the total number of Shares traded being approximately 87.4 million Shares and an average daily trading volume of approximately 0.4 million Shares, which represents 0.06% of the issued Share capital as at the Latest Practicable Date or close to 0.08% of the issued Share capital held by Shareholders other than the Substantial Shareholders (including its concert parties) and Directors as at the Latest Practicable Date; and

(ii) from 12 December 2014 to the day prior to the Subscription Announcement Date, Shares were traded on 138 Trading Days out of the total 248 Market Days during the period, with the total number of Shares traded being approximately 113.6 million Shares and an average daily trading volume of approximately 0.5 million Shares, which represents 0.08% of the issued Share capital as at the Latest Practicable Date or close to 0.11% of the issued Share capital held by Shareholders other than the Substantial Shareholders (including its concert parties) and Directors as at the Latest Practicable Date; and

(iii) for the period commencing from the Market Day immediately after the Subscription Announcement Date till the Latest Practicable Date, the Shares were traded on 106 Trading Days out of the total 189 Market Days during the period, with the total number of Shares traded being approximately 89.8 million Shares and an average daily trading volume of approximately 0.5 million Shares, which represents 0.08% of the issued Share capital as at the Latest Practicable Date or close to 0.11% of the issued Share capital held by Shareholders other than the Substantial Shareholders (including its concert parties) and Directors as at the Latest Practicable Date.

Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.

8.4 Issue Price comparison to Book Value

In assessing the reasonableness of the Issue Price, we have compared:

(i) The Issue Price to the NTA per Share of the Group before and after the Proposed Subscription;

(ii) The Issue Price to the RNTA per Share of the Group before and after the Proposed Subscription;

(iii) The Share Prices of the Company against its historical NTA per Share before the Subscription Announcement Date on 11 December 2015;

(iv) The Issue Price to the NTA/RNTA per Share of the Group against Comparable Companies; and

(v) The Issue Price to the NTA/RNTA per Share of the Group against Comparable Transactions.

Revalued NTA ("RNTA") of the Group

In our evaluation of the Issue Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which is recorded in the audited and unaudited balance sheets of the Group as at 31 December 2015 and 30 June 2016 respectively. We understand from the Directors that the Company has commissioned Independent Valuers, namely Shanghai Bowo Real Estate Appraiser Firm (上海博沃房地产估价有限) to provide the fair values of the lands and properties in China as at 25 January 2016, Excellence International Real Estate Appraiser Firm (优世国际不动产估价有限公) to provide the fair values of a land and a property in Taiwan as at 29 January 2016, and Knight Frank Pte Ltd to provide the fair values of a property in Singapore as at 1 February 2016.

We have not made any independent evaluation or appraisal of the aforementioned assets (the "**Revalued Assets**") and we have been furnished by the Company with the valuation reports ("**Valuation Reports**") in respect of the fair value of the Revalued Assets. With respect to such valuation, we are not experts in the evaluation or appraisal of the Revalued Assets and have relied on the Valuation Reports for the fair value of the Revalued Assets and the Directors' opinion and confirmation as mentioned in this section.

The Directors have represented that they had reviewed the Valuation Reports to understand the assumptions used by the Valuers and the information relied upon by the Valuers in arriving at the fair value of the Revalued Assets. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions used by the Valuers are reasonable and confirmed that the Valuers have been provided with information that to the best of their knowledge or belief is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render the assumptions used by the Valuers to be untrue, inaccurate or incomplete in any respect or misleading.

Based on the NTA of the Group as at 30 June 2016, and having made adjustment for the revaluation amount of lands and buildings of approximately S$19.1million, less the net book value of these assets of approximately S$17.1 million, the revaluation surplus was approximately S$1.9 million. The RNTA per Share as at 30 June 2016 before the Proposed Subscription is negative and the RNTA per Share as at 30 June 2016 after the Proposed Subscription is 1.576 Singapore cents.

Based on the NTA of the Group as at 31 December 2015, and having made adjustment for the revaluation of lands and buildings less the net book value of these assets, the RNTA per Share as at 31 December 2015 before and after the Proposed Subscription are 0.772 Singapore cents and 1.669 Singapore cents respectively.

8.4.1 Issue Price to NTA per Share

We set out below a summary of the Issue Price to NTA per Share based on unaudited NTA of the Group as at 30 June 2016 and the audited NTA of the Group as at 31 December 2015 before and after the Proposed Subscription.

Table 2: Impact of the Proposed Subscription on the NTA of the Group

	NTA (S$'000)	No. of Shares	NTA per Share (Singapore cents)	Issue Price to NTA per Share (x)
Before Proposed Subscription				
As at 30 June 2016	(2,951)	570,000,000	(0.518)	Negative[1]
As at 31 December 2015	2,466	570,000,000	0.433	4.2
After Proposed Subscription				
As at 30 June 2016	90,766[2]	5,880,654,540[3]	1.543	1.2
As at 31 December 2015	96,183[2]	5,880,654,540[3]	1.636	1.1

Source: Latest interim financial statements of the Group as at 30 June 2016, FY2015 annual report, Circular and the valuation reports provided by Independent Valuers.

Notes:

1. *Issue Price to NTA per Share as at 30 June 2016 was negative due to negative NTA of approximately S$3.0 million.*
2. *The NTA after the Proposed Subscription took into account the Gross Proceeds of approximately S$93.7 million from the Proposed Subscription. We have yet to account for the transaction and professional costs in connection with the transactions.*
3. *Based on Enlarged Share Capital.*

Based on Table 2 above, we noted that:

(i) the Issue Price of S$0.018 is at a premium to the negative NTA per Share of the Group as at 30 June 2016 before taking into account the proceeds from the Proposed Subscription;

(ii) the Issue Price is approximately 4.2x to the NTA per Share of the Group as at 31 December 2015 before taking into account the proceeds from the Proposed Subscription; and

(iii) the Issue Price is approximately 1.2x and 1.1x to NTA per Share of the Group as at 30 June 2016 and 31 December 2015, respectively, after taking into account the proceeds from the Proposed Subscription.

8.4.2 Issue Price to RNTA per Share

We further set out below a summary of the Issue Price to RNTA per Share based on unaudited RNTA of the Group as at 30 June 2016 (after adjustments) and the audited RNTA of the Group as at 31 December 2015 (after adjustments) before and after the Proposed Subscription.

Table 3: Impact of the Proposed Subscription on the RNTA of the Group

	RNTA (S$'000)	No. of Shares	RNTA per Share (Singapore cents)	Issue Price to RNTA per Share (x)
Before Proposed Subscription				
As at 30 June 2016	(1,014)	570,000,000	(0.178)	Negative[1]
As at 31 December 2015	4,403	570,000,000	0.772	2.3
After Proposed Subscription				
As at 30 June 2016	92,703[2]	5,880,654,540[3]	1.576	1.1
As at 31 December 2015	98,120[2]	5,880,654,540[3]	1.669	1.1

Source: Latest interim financial statements of the Group as at 30 June 2016, FY2015 annual report, Circular and the valuation reports provided by Independent Valuers.

Notes:

1. *Issue Price to RNTA per Share as at 30 June 2016 was negative due to negative RNTA of approximately S$1.0 million.*

2. *The RNTA after the Proposed Subscription took into account the Gross Proceeds of approximately S$93.7 million from the Proposed Subscription. We have yet to account for the transaction and professional costs in connection with the transactions.*

3. *Based on Enlarged Share Capital.*

Based on Table 3 above, we noted that:

(i) the RNTA as at 30 June 2016 before taking into account the proceeds from the Proposed Subscription remains negative with the adjustments for the revaluation amount of lands and buildings. The Issue Price of S$0.018 is at a premium to the negative RNTA per Share of the Group as at 30 June 2016 before taking into account the proceeds from the Proposed Subscription;

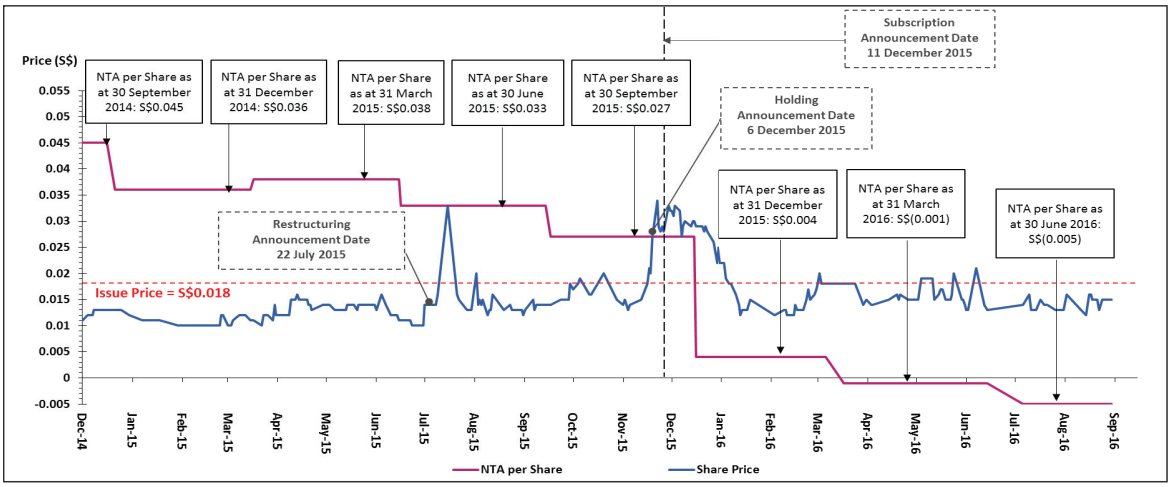
(ii) the Issue Price is approximately 2.3x to the RNTA per Share of the Group as at 31 December 2015 before taking into account the proceeds from the Proposed Subscription; and

(iii) the Issue Price is approximately 1.1x to RNTA per Share of the Group as at 30 June 2016 and 31 December 2015 after taking into account the proceeds from the Proposed Subscription.

8.4.3 Share Prices of the Company against its historical NTA per Share

We set out below the Share Prices against the trailing NTA per Share of the Company for the past 12 months prior to the Subscription Announcement Date.

Chart 2: Share Prices against the historical NTA per Share



Source: Bloomberg and the Group's interim and annual financial statements

Share Price had generally been trading below NTA per Share in the past 12 months prior to the Holding Announcement Date

Base on Chart 2 above, we noted that the closing Share Price of the Company had generally been trading below its NTA per Share and at a discount ranging from 22.2% to 75.6% between 7 December 2014 (12-months before the Holding Announcement) and 6 December 2015; except for:

(i) 4 December 2015 in which the closing Share Price was equivalent to the NTA per Share of S$0.027 as at 30 September 2015; and

(ii) 30 July 2015 in which the closing Share Price was equivalent to the NTA per Share of S$0.033 as at 30 June 2015 after the Company had released the Restructuring Announcement on the SGX-ST website on 22 July 2015.

Share Price had generally been trading above NTA per Share after the Holding Announcement Date and up to the Latest Practicable Date

From 7 December 2015 up to the Latest Practicable Date, the Company's Shares were trading at a premium to the NTA per Share, save for 22 December 2015 when the closing Share Price was equivalent NTA per Share of S$0.027 as at 30 September 2015.

8.4.4 Issue Price to the NTA per Share of the Group against Comparable Companies

We have also compared the P/NTA and P/RNTA (as implied by the RNTA of the Group as at 30 June 2016) of the Group against the P/NTA of Comparable Companies. Please refer to the section 8.5 of this Letter.

8.4.5 Issue Price to the NTA per Share of the Group against Comparable Transactions

We have also compared the P/NTA and P/RNTA (as implied by the RNTA of the Group as at 30 June 2016) of the Group against the issue price to NTA multiple (or issue price to RNTA multiple, if applicable) of Comparable Transactions. Please refer to the section 8.6 of this Letter.

8.4.6 Book value or revalued value may not be fully realisable and may deteriorate further

Shareholders should take note that the NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, and the NTA may deteriorate further if the Group continues to incur losses after the latest interim period of 30 June 2016.

8.5 Relative Valuation Analysis

In assessing the Whitewash Resolution, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies (the "**Comparable Companies**") listed on the SGX-ST that may, in our view, be broadly comparable to the core business of the Group, which are the manufacturing of Printed Circuit Boards (PCB), and drilling and routing services to PCB manufacturers.

We advise the Independent Directors to note that there may not be any company listed on the SGX-ST that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide. Any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

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

Comparable Companies (all these companies are listed on SGX-ST)	**Market capitalisation (S$ million)**	**Principal activities**
Elec & Eltek International Company Limited ("**Elec & Eltek**")	217.9	The company is an investment holding company whose subsidiaries manufacture, fabricate, and distribute various type of PCBs worldwide. The company is also involved in the provision of quick-turn around services; trading of PCBs; sales and marketing services; and manufacture and distribution of PCB raw materials. The company serves various customers in electronics sectors with primary focus on communication and networking, automotive, computer and computer peripherals, and consumer electronics.
PCI Limited ("**PCI**")	88.6	The company manufactures and sells PCBs, modules, and cordless telephones. The Company also provides property management services and investment services.
CEI Limited ("**CEI**")	74.1	The Company provides PCBs and box-build assembly, equipment design, cable harness assembly, manufacturing services, and value-added services such as materials management, circuit layout, prototype & development engineering, metal stamping, cable harnessing and precision machined components.
Multi-Chem Limited ("**Multi-Chem**")	46.8	The company provides PCBs manufacturing services, mainly precision drilling services to PCB fabricators. The Company also distributes specialty chemicals and other related products and equipment to PCB fabricators.
Advanced Integrated Manufacturing Corp. Ltd ("**AIM**")	25.0	The company is an investment holding company that provides electronics manufacturing services in Singapore, the United States, the United Kingdom, Malaysia, and internationally. The company's PCB assembly (PCBAs) segment manufactures PCBAs and related assemblies mainly for aerospace, media, analytical sciences, telecommunication industries. The company also involved in the precision machined components, land banking and property investment activities.
CPH Limited ("**CPH**")	4.9	The company is a holding Company that manufactures printed circuit boards and advance interconnect substrates.

Source: Bloomberg and SGX-ST as at the Latest Practicable Date

The following table presents the key financial ratios for comparison of financial performance for the past 12-month period ended 30 June 2016 ("**T12**") and financial position as at 30 June 2016 for the Comparable Companies and the Group:

Table 4: Financial Performance of the Comparable Companies and the Group

Comparable Companies	T12 ROE[1] (%)	T12 Net profit margin[2] (%)	T12 Asset turnover[3] (x)	Total liabilities/ shareholders' equity (x)	Total borrowings/ shareholders' equity (x)
Elec & Eltek	2.9	2.2	0.8	0.6	0.2
PCI	6.9	3.2	1.4	0.5	0.0[4]
CEI	25.6	7.7	1.9	0.7	0.1
Multi-Chem	5.3	1.3	2.0	0.9	0.3
AIM	(5.5)[5]	(2.2)[5]	1.2	1.0	0.6
CPH	(6.0)[6]	(14.9)[6]	0.4	0.1	0.0
High	**25.6**	**7.7**	**2.0**	**1.0**	**0.6**
Low	**(5.5)**	**(2.2)**	**0.4**	**0.1**	**0.0**
Median	**6.1**	**2.3**	**1.3**	**0.7**	**0.2**
Simple Average	**8.1**	**2.5**	**1.3**	**0.7**	**0.2**
The Group	**Not Meaningful[7]**	**Negative[7]**	**0.7**	**Negative[7]**	**Negative[7]**

Source: Bloomberg as at the Latest Practicable Date, annual reports and the latest unaudited financial statements of the Comparable Companies as at 30 June 2016 (save for CPH which was based on the latest audited full year financial statements ended 31 March 2016).

Notes:

1. *The T12 Return On Equity ("**ROE**") was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders' equity exclude minority interest as at 30 June 2016 of the respective companies.*

2. *T12 net profit margin was calculated based on the ratio of T12 net profits after tax attributable to shareholders to the T12 revenue of the respective companies.*

3. *T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at 30 June 2016 of the respective companies.*

4. *PCI recorded no borrowings as at 30 June 2016 based on their latest unaudited financial statements.*

5. *AIM recorded a T12 loss after tax attributable to shareholder of approximately S$2.2 million based on unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*

6. *CPH recorded a T12 loss after tax attributable to shareholder of approximately S$0.9 million based on the full year audited financial statements in its annual report dated 31 March 2016.*

7. *The Group recorded a T12 loss after tax attributable to shareholders of approximately S$23.0 million based on unaudited financial statements for the 6-month ended 30 June 2016 and the audited financial statements for FY2015. The Group's shareholders' equity as at 30 June 2016 was approximately negative S$2.9 million.*

We noted the following:

(i) The Group's T12 ROE was not meaningful due to both negative T12 net profit after tax attributable to shareholders and shareholders' equity. The Group's T12 net profit margin was negative, which was similar to AIM and CPH, but less favourable than the rest of the Comparable Companies. The Group's negative T12 net profit margin of approximately 55.0% was worse off than AIM (negative T12 net profit margin of approximately 2.2%) and CPH (negative T12 net profit margin of approximately 14.9%). The Group had been in the loss making position during the Period Under Review.

(ii) Save for CPH, the Group's T12 asset turnover ratio was lower and less favourable than the rest of the Comparable Companies

(iii) The Group's ratio for total liabilities to shareholders' equity and total borrowings to shareholders' equity were negative due to negative shareholders' equity and less favourable than all the Comparable Companies.

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

Table 5: Valuation Statistics of the Comparable Companies and the Group

Comparable Companies	Latest Interim Financial	Market Capitalisation (S$' million)	T12 PER[1] (x)	T12 EV/EBITDA[2] (x)	P/NTA[3] (x)
Elec & Eltek	30-Jun-16	217.1	15.5	4.1	0.5
PCI	30-Jun-16	93.6	11.1	3.8	0.8
CEI	30-Jun-16	75.0	7.2	4.4	1.9
Multi-Chem	30-Jun-16	46.8	10.0	2.0	0.5
AIM	30-Jun-16	25.0	Negative[4]	Not Meaningful[4]	0.8
CPH	31-Mar-16	4.9	Negative[5]	Negative[5]	0.3
High			**15.5**	**4.4**	**1.9**
Low			**7.2**	**2.0**	**0.3**
Median			**10.5**	**4.0**	**0.7**
Simple Average			**11.0**	**3.6**	**0.8**
The Group (implied by the Price)	**30-Jun-16**	**10.3[6]**	**Negative[7]**	**Negative[7]**	**Negative[8]**

Source: Bloomberg as at the Latest Practicable Date, annual reports and the latest unaudited financial statements of the Comparable Companies as at 30 June 2016 (save for CPH which was based on the latest full year audited financial statements ended 31 March 2016).

Notes:

1. *T12 Price-Earning Ratio ("**PER**") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.*

2. *The Enterprise Value ("**EV**") was calculated based on the sum of the companies' market capitalisation as at Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earning before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on 30 June 2016 for which financial results have been published.*

3. *The Price to NTA ("**P/NTA**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NTA attributable to shareholders of the respective companies.*

4. *AIM recorded a T12 loss after tax attributable to shareholder of approximately S$2.2 million based on unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial statements in its annual report dated 31 December 2015. AIM's T12 EV/EBITDA of approximately 48.7x is construed as an outlier and had been excluded from our analysis.*

5. *CPH recorded a T12 loss after tax attributable to shareholder of approximately S$0.9 million and a negative T12 EBITDA of S$0.6 million based on the full year audited financial statements in its annual report dated 31 March 2016.*

6. *Based on the Issue Price of S$0.018 and 570,000,000 Shares in issue as at the Latest Practicable Date.*

7. The Group recorded a T12 loss after tax attributable to shareholders of approximately S$23.0 million and a negative T12 EBITDA of approximately S$19.6 million based on unaudited financial statements for the 6-month ended 30 June 2016 and the audited financial statements for FY2015.

8. Both the Group's P/NTA and P/RNTA were negative due to negative NTA of S$3.0 million and negative RNTA of S$1.0 million as at 30 June 2016.

We noted the following:

(i) The Group is generally in a weaker financial standing as compared to the Comparable Companies in terms of profitability, market capitalisation and key valuation ratios, other than CPH which was loss making with a negative T12 EBITDA, and has a smaller market capitalisation than the Company as at the Latest Practicable Date.

(ii) The Group had been loss-making over the Period Under Review and has negative T12 EBITDA. In comparison, Comparable Companies namely Elec & Eltek, PCI, CEI and Multi-Chem were profitable with T12 EBITDA. Both AIM and CPH were both in loss-making position, but AIM has a positive T12 EBITDA.

(iii) The Group's T12 PER was negative and less favourable than the T12 PER of Elec & Eltek, PCI, CEI and Multi-Chem which were trading at between 7.2x and 15.5x.

(iv) Save for CPH, the Group's negative T12 EV/EBITDA was less favourable than the T12 EV/EBITDA of the rest of the Comparable Companies which were trading at between 2.0x and 4.4x.

(v) While the Comparable Companies were trading at an simple average of 0.8x P/NTA, the Group's P/NTA and P/RNTA as at 30 June 2016 were negative due to negative NTA of S$3.0 million and negative RNTA of S$1.0 million as at 30 June 2016. As such, the Issue Price of S$0.018 is already at a premium to the negative NTA and RNTA as at 30 June 2016, and this is more favourable than most of the Comparable Companies which were trading at discount to NTA (save for CEI which was trading at 1.9x P/NTA).

8.6 Comparable Transaction Analysis

We have also compared the valuation statistics implied by the Issue Price with those of selected recently completed transactions undertaken by SGX-ST listed companies, announced since January 2013 and up to the Latest Practicable Date ("**Comparable Transactions**"). We have reviewed transactions which involved issuance of shares for cash wherein a whitewash resolution was sought from shareholders to provide, *inter alia*, a comparison of the premium/(discount) of the issue prices of the consideration shares over/to the last transacted prices for the shares of these companies prior to the date of the relevant announcements and the NTA (or the RNTA, if available) of the companies.

We wish to highlight that the circumstances for each of the transactions is unique and the companies involved in the respective transactions may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available sources. Accordingly, any comparison between the Proposed Subscription and the precedent transactions serves as an illustrative guide only.

Table 6: Valuation Statistics of Comparable Transactions and the Group

Company	Announcement Date	Resultant shareholdings of incoming shareholder in the company	Issue Price (S$)	Premium/ (discount) over last transacted price prior to announcement (%)	Issue price to NTA[1] (x)
China New Town Development Company Limited	18-Jan-13	From 0% to 54.32%	0.044	(44.0)	0.4
CarrierNet Global Ltd	25-Feb-13	From 33.32% to 53.72%	0.011	(38.9)	4.1
KLW Holdings Limited	15-Nov-13	From 0% to 50.6%	0.020	(20.0)	2.1
Oniontech Limited	21-Feb-14	From 0% to 68.13%	0.030	11.1	0.3[2]
Chinavision Media Group Limited[3]	11-Mar-14	From 0% to 59.83%	HK$0.500	(21.9)	2.3
Cacola Furniture	2-Oct-14	From 0% to 79.43%	n.a.[4]	(10.0)	1.1 [4]
Xpress Holdings Ltd	5-Dec-14	From 0.58% to 57.66%	0.007	(22.2)	21.2
High				**11.1**	**4.1**[5]
Low				**(44.0)**	**0.3**[5]
Median				**(21.9)**	**1.6**[5]
Simple Average				**(20.8)**	**1.7**[5]
The Group	**11-Dec-15**	**From 0% to 88.54%[7]**	**0.018**	**(35.7)**	**Negative[6]**

Source: Circulars of the respective selected transactions

Notes:

1. The NTA (or the RNTA, if applicable) of the respective companies above are based on their respective NTA/RNTA values as set out in their respective circular for their above mentioned transactions.

2. Based on RNTA per Share of S$0.0902.

3. The discount to the last transacted price prior to announcement was based on 25 February 2014.

4. Issue price was determined to be at a discount of 10% to VWAP of the price traded on the day company received subscription request. Issue price to NTA was based on a reference price of S$0.02306 over the NTA of the group as at 31 December 2014.

5. In presenting the High, Low, Median and Simple Average of Comparable Transactions, we have excluded Xpress Holdings Ltd in which its issue price to NTA is construed as an outlier.

6. Both the Group's P/NTA and P/RNTA were negative due to negative NTA of S$3.0 million and negative RNTA of S$1.0 million as at 30 June 2016.

7. Based on Enlarged Share Capital. Assuming only Tranche 1 New Shares and Tranche 1 Introducer Shares are issued, the Subscriber will own 80.13% of the enlarged share capital.

For illustrating purposes only, we noted that:

(i) the discount of 35.7% for the Group as implied by the Issue Price from the last transacted price for the Shares prior to the Subscription Announcement Date is within the range but higher (less favourable) than the median and simple average of the Comparable Transactions;

(ii) for most of the Comparable Transactions, the issue price was at a premium to the NTA (or the RNTA, if applicable) per share of the respective companies. Due to the Group's negative NTA and RNTA per Share as at 30 June 2016, the Issue Price to NTA and RNTA multiples of the Group as at 30 June 2016 were negative. As such, the Issue Price of S$0.018 was also at a premium to the negative NTA and RNTA per Share of the Group as at 30 June 2016.

8.7 Financial Effects of the Proposed Subscription

The proforma financial effects of the Proposed Subscription as at 31 December 2015 is set out in **Section 6** of the Circular. The Proposed Subscription will reduce the FY2015 loss per Share from 3.342 Singapore cents to 0.324 Singapore cents after taking into account the issuance of New Shares (assuming full conversion of the Bonds), Introducer Shares and Option Shares. It will also increase the NTA (which includes deferred tax assets) per Share of the Group as at 31 December 2015, from 0.438 Singapore cents to 1.668 Singapore cents after taking into account the issuance of New Shares (assuming full conversion of the Bonds), Introducer Shares and Option Shares. We have considered the financial effects of the Proposed Subscription in the full context with other factors.

8.8 Other Relevant Considerations

8.8.1 No Alternative Proposal

Based on the discussions with the Board of Directors and the Management, we understand that the Company has been open to consider other alternative proposals from third parties. However, as at the Latest Practicable Date and at the time of the consideration of the Subscription Agreement, the Board of Directors and the Management have confirmed to Stirling Coleman that they have not received any viable alternative proposals which they believe to be more attractive to the Shareholders. Stirling Coleman has not independently verified whether there have been any alternative viable proposals.

8.8.2 Significant Dilution to Existing Shareholders

On Completion, the shareholdings of the existing Shareholders of the Company will be diluted significantly to 9.69%, after taking into account the 88.54% to be held by the Subscriber and 1.77% to be held by the Introducer on an Enlarged Share Capital basis.

The potential dilution, as extracted from the Circular, is set out below.

	As of the Latest Practicable Date		*Assuming the Tranche 1 New Shares and the Tranche 1 Introducer Shares are fully issued*		*Assuming the New Shares and the Introducer Shares (excluding the Introducer Shares in respect of the Option Shares) are fully issued*		*Assuming the New Shares, the Option Shares and Introducer Shares (including the Introducer Shares in respect of the Option Shares) are fully issued*	
	No. of Shares	*%(1)*	*No. of Shares*	*%(2)*	*No. of Shares*	*%(3)*	*No. of Shares*	*%(4)*
Directors								
Wen Yao-Long	*41,147,747*	*7.22*	*41,147,747*	*1.32*	*41,147,747*	*0.74*	*41,147,747*	*0.70*
Ong Sim Ho	*1,220,000*	*0.21*	*1,220,000*	*0.04*	*1,220,000*	*0.02*	*1,220,000*	*0.02*
Seow Han Chiang, Winston	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Er Kwong Wah	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Substantial Shareholders (other than Directors)								
Sunny Worldwide Int'l Ltd	*108,362,000*	*19.01*	*108,362,000*	*3.47*	*108,362,000*	*1.94*	*108,362,000*	*1.84*
UOB Kay Hian Private Limited	*118,770,000*	*20.84*	*118,770,000*	*3.81*	*118,770,000*	*2.12*	*118,770,000*	*2.02*
Controlling Shareholders								
Subscriber	*–*	*–*	*2,500,000,000*	*80.13*	*4,926,759,333*	*88.05*	*5,206,524,059*	*88.54*
Others								
Existing Shareholders (other than Directors and Substantial Shareholders, set out above)	*300,500,253*	*52.72*	*300,500,253*	*9.63*	*300,500,253*	*5.37*	*300,500,253*	*5.11*
Introducer	*–*	*–*	*50,000,000*	*1.60*	*98,535,187*	*1.76*	*104,130,481*	*1.77*

Notes:

1. *Based on 570,000,000 Shares, being the Existing Share Capital.*

2. *Based on 3,120,000,000 Shares, being the aggregate of the Existing Share Capital, 2,500,000,000 Tranche 1 New Shares and 50,000,000 Tranche 1 Introducer Shares.*

3. *Based on 5,595,294,520 Shares, being the aggregate of the Existing Share Capital, 4,926,759,333 New Shares and 98,535,187 Introducer Shares (excluding such number of Introducer Shares in respect of Option Shares).*

4. *Based on 5,880,654,540 Shares, being the Enlarged Share Capital.*

Shareholders should note that the Proposed Subscription is conditional upon the approval of the other resolutions set out in the Notice of EGM, and hence the Proposed Subscription will not be completed in the event that any one of these resolutions is not approved."

8.8.3 Orient Straits Fund III will be the Controlling Shareholder and single largest Shareholder on Completion

As of the Latest Practicable Date, Oriental Straits Fund III, the Subscriber does not hold any Shares in the Company. On Completion of the Proposed Subscription, the Subscriber's interest in the Company will increase from 0% to 88.54% of the Enlarged Share Capital assuming the issuance of the New Shares, Option Shares and Introducer Shares (including the Introducer Shares in respect of the Option Shares). As such, the Subscriber will be in a position to exercise statutory control of the Company. Statutory control will put the Subscriber in a position to be able to pass all ordinary resolutions on matters in which the Subscriber does not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened by the Company.

8.8.4 No assurance of prospects, financial performance and position, market prices and trading liquidity. Subscriber will nominate individuals to the board of directors of the Company and senior management of the Group.

Although the Proposed Subscription will increase the share capital base and potentially the market capitalisation of the Company, we would like to highlight that there is no assurance that this will improve the prospects, financial performance and position, market prices and trading liquidity of the Company.

As set out in **Section 7.3** of the Circular, "*Concurrent with the Proposed Diversification, the Company will set up a new senior management team for the Media Business to oversee the Media Business …*" There is no assurance that the future strategies, directions and steps which may be taken by the new board of directors of the Company and the senior management of the Group with individuals nominated by the Subscriber and the use of proceeds subsequent to the Proposed Subscription will improve the prospects and financial performance and position of the Group, and the market prices and trading liquidity for the Shares of the Company.

8.8.5 Moratorium undertakings

To demonstrate commitment to the Proposed Subscription and Proposed Diversification, the Subscriber has on 15 September 2016 provided a moratorium undertaking in favour of the Company, pursuant to which it has undertaken not to sell, transfer, charge, dispose, mortgage, pledge or otherwise deal with any Tranche 1 New Shares for a period of 6 months after the Tranche 1 Completion Date.

8.8.6 Irrevocable undertakings

We noted that the Undertaking Shareholder, Mr. Wen Yao-Long, the Executive Chairman and Chief Executive Officer of the Company, holds 149,509,747 Shares directly and indirectly through Sunny Worldwide Int'l Ltd., representing approximately 26.23% of the total issued Shares as at the Latest Practicable Date, had provided Irrevocable Undertakings to vote in favour of the Proposed Subscription in respect of the Shares held by him.

In addition, the Undertaking Shareholder and the Company have undertaken that they shall (jointly and severally) fully indemnify the Subscriber against all liabilities which may be suffered or incurred by the Subscriber in connection with, inter alia, any breach of representations, warranties and undertakings by the Undertaking Shareholder and the Company contained in the Subscription Agreement.

8.8.7 The Proposed Subscription is conditional on the approval of the Proposed Whitewash Resolution

The Completion is, *inter alia*, conditional on the approval of all the resolutions, including the Proposed Whitewash Resolution set out in the Notice of EGM in the Circular. Accordingly, if the Proposed Whitewash Resolution is not passed by a majority of the Shareholders, the Proposed Subscription will not take place.

9. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, *inter alia,* the following:

(a) Rationale of and use of proceeds for the Proposed Subscription

(i) Extension of watch-list status to 4 March 2017 and the Company is in a better position to remove itself from watch-list

The Company has been placed on the watch-list since 5 March 2014 and may be removed from the Official List or be suspended imminently on 5 March 2016 if it fails to meet the profitability and/or market capitalisation requirement under Rule 1314 of the SGX-ST Listing Manual. On 25 February 2016, the Company announced that it has submitted an application to the SGX-ST for an extension of the aforementioned 24-month period to apply for its removal from the watch-list. On 1 March 2016, the Company announced that it has procured an extension of time of up to 12 months to 4 March 2017 to meet the requirements for removal from the watch-list, subject to conditions as set out in the announcement dated 1 March 2016.

The Proposed Subscription will substantially increase the share capital base of the Company, placing the Company in a better position to meet the requirements under Rule 1314 of the SGX-ST Listing Manual and to remove itself from the watch-list.

(ii) An opportunity for diversification

The Proposed Subscription and the proceeds will provide the Group with the opportunity to diversify into a new business area and reduce the Group's reliance on its existing core PCB business which had been loss-making over the Period Under Review and facing challenging macroeconomic conditions. The Proposed Diversification into the Media Business may provide the Group with new revenue stream, improve the prospect and growth potential of the Group and may enhance Shareholders' value.

(b) Financial Analysis of the Group

(i) Weak Historical Financial Performance and Position

The Group experienced declining revenue between FY2013 and FY2015 as a result of weak global economy, and had been loss making over the Period Under Review despite its cost restructuring efforts. In addition, we wish to highlight the Group's negative NTA and negative working capital as at 30 June 2016, and its negative operating cash flow for 1H2016.

Furthermore, the auditors had highlighted in the "Emphasis of Matter" in the Company's annual report for each of FY2013, FY2014 and FY2015, expressing their concerns over the net loss of the Group, the negative working capital of the Company and their doubt for the Group and the Company to operate as a going concern.

(c) Historical Share Price Performance and Trading Liquidity

(i) **Issue Price was generally above the Share Price between 7 December 2014 (12 months before the Holding Announcement Date) and 30 November 2015**

The Issue Price of S$0.018 was generally above the closing Share Price between 7 December 2014 (12-months before the Holding Announcement Date) and till 30 November 2015, save for 6 Trading Days during this period.

(ii) **Higher than usual Share Prices and Share Volume from 1 December 2015 to 22 January 2016**

Between 1 December 2015 and 22 January 2016, the Shares had been trading at a premium to the Issue Price. The daily trading volume for the Shares had also increased substantially for the same period. We noted that the higher than usual Share Prices and Share volume started from 1 December 2015 and this was close to and within 2 weeks prior to the Holding Announcement on 6 December 2015 and the Subscription Announcement on 11 December 2015.

(iii) **Issue Price generally above the Share Price from 23 January 2016 and up to the Latest Practicable Date**

The Issue Price of S$0.018 had generally been above the closing Share Price from 23 January 2016 to, and include, the Latest Practicable Date, save for 14 Trading Days during this period.

(iv) **Issue Price comparison to VWAP**

The Issue Price is at a discount of approximately 23.1%, 15.0% and 6.5% from the VWAP for the Shares for the period 1-month, 3-months, 6-months respectively prior to the Holding Announcement Date. The Issue Price is at a premium of approximately 7.2% from the VWAP for Shares for the period 12-months prior to the Holding Announcement Date. We have also considered that the discount was larger for the shorter period when comparing 1-month, 3-months, 6-months and 12-months VWAP for the Shares as a result of the higher than usual Share Prices and Share volume traded during the period between 1 December 2015, the Holding Announcement and the Subscription Announcement.

The Issue Price is at premium of 20.0% to the last transacted price on the Latest Practicable Date.

(v) **Low trading volume**

We noted that the trading volume of the Shares on the SGX-ST had generally been low in the past 12 months prior to the Holding Announcement Date and ending on the Latest Practicable Date. **However, Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.**

(d) Issue Price comparison to Book Value

(i) **Issue Price is at premium to NTA and RNTA per Share**

The unaudited NTA of the Group as at 30 June 2016 was negative at approximately S$3.0 million. As such, the Issue Price of S$0.018 is at a premium to the negative NTA per Share of the Group as at 30 June 2016. The audited NTA of the Group as at 31 December 2015 was approximately S$2.5 million. The Issue Price represents a premium to the NTA per Share of 0.433 Singapore cents as at 31 December 2015 and the P/NTA works out to be 4.2x.

In addition, the RNTA of the Group as at 30 June 2016 was negative at approximately S$1.0 million after the adjustments for the revaluation amount of lands and buildings. The Issue Price of S$0.018 is at a premium to the negative RNTA per Share of the Group as at 30 June 2016. The RNTA of the Group as at 31 December 2015 was approximately S$4.4 million. The Issue Price represents a premium to the RNTA per Share of 0.772 Singapore cents as at 31 December 2015 and the P/RNTA works out to be 2.3x.

(ii) **Share Price had generally been trading below the NTA per Share in the past 12 months prior to the Holding Announcement Date**

We noted that the Share Price of the Company had generally been trading below its NTA per Share and at a discount of ranging from 22.2% to 75.6% between 7 December 2014 (12-months before the Holding Announcement) and 6 December 2015, save for the closing Share Price on 4 December 2015 which was equivalent to the NTA per Share of S$0.027 as at 30 September 2015; and the closing Share Price on 30 July 2015 which was equivalent to the NTA per Share of S$0.033 as at 30 June 2015.

(iii) **Share Price had generally been trading above NTA per Share after the Holding Announcement Date and up to the Latest Practicable Date**

From 7 December 2015 up to the Latest Practicable Date, the Company's Shares were trading at a premium to the NTA per Share, save for 22 December 2015 when the closing Share Price was equivalent NTA per Share of S$0.027 as at 30 September 2015.

(iv) **Comparable Companies are trading at below NTA per Share as at the Latest Practicable Date**

We further noted that almost all of the Comparable Companies (save for CEI which was trading at 1.9x P/NTA) had been trading at a discount to its NTA per Share between 0.3x and 0.8x as at the Latest Practicable Date. Please see the section on "Relative Valuation Analysis" for details.

(v) **Book value or revalued value may not be fully realisable and may deteriorate further**

Shareholders should take note that the NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, and the NTA may deteriorate further if the Group continues to incur losses after the latest interim period of 30 June 2016.

(e) Relative Valuation Analysis

(i) **Comparable Companies are trading at below NTA per Share as at the Latest Practicable Date**

The Group is generally in a weaker financial standing as compared to the Comparable Companies in terms of profitability, market capitalisation and key valuation ratios (save for CPH which was loss making with a negative T12 EBITDA, and has smaller market capitalisation than the Company as at the Latest Practicable Date).

While the Comparable Companies were trading at an simple average of 0.8x P/NTA, the Group's P/NTA and P/RNTA as at 30 June 2016 were negative due to negative NTA of S$3.0 million and negative RNTA of S$1.0 million as at 30 June 2016. As such, the Issue Price of S$0.018 is already at a premium to the negative NTA and RNTA as at 30 June 2016, and this is more favourable than most of the Comparable Companies which were trading at discount to NTA (save for CEI which was trading at 1.9x P/NTA).

(f) Comparable Transactions Analysis

(i) **Within range of Comparable Transactions but less favourable in terms of median and average**

The Issue Price of S$0.018 is at 35.7% discount to the last transacted price for the Shares prior to the Subscription Announcement Date. This discount is within the range but higher (less favourable) than the median and simple average of the Comparable Transactions.

We noted that for most of the Comparable Transactions, the issue price was at a premium to the NTA (or the RNTA, if applicable) per share of the respective companies. Due to the Group's negative NTA and RNTA per Share as at 30 June 2016, the Issue Price to NTA and RNTA multiples of the Group as at 30 June 2016 were negative. As such, the Issue Price of S$0.018 was also at a premium to the negative NTA and RNTA per Share of the Group as at 30 June 2016.

(g) Financial Effects of the Proposed Subscription

The Proposed Subscription will reduce the FY2015 loss per Share from 3.342 Singapore cents to 0.324 Singapore cents after taking into account the issuance of New Shares (assuming full conversion of the Bonds), Introducer Shares and Option Shares. It will also increase the NTA (include deferred tax assets) per Share of the Group as at 31 December 2015, from 0.438 Singapore cents to 1.668 Singapore cents after taking into account the issuance of New Shares (assuming full conversion of the Bonds), Introducer Shares and Option Shares. We have considered the financial effects of the Proposed Subscription in the full context with other factors.

(h) Other Relevant Considerations

We have also considered other relevant factors, details of which are set out in section 8.8 of this Letter**.**

10. RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and carefully considered the analysis set out in this letter, and based upon the industry, market, economic and other relevant conditions as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, we are of the opinion that the Proposed Whitewash Resolution, is fair and reasonable. Accordingly, our recommendation to the Independent Directors of the Company in respect of the Proposed Whitewash Resolution is that they should recommend the Shareholders to VOTE IN FAVOUR of the Whitewash Resolution at the EGM.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Proposed Whitewash Resolution does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of Stirling Coleman's review and also, such advice, if given, would not fall within Stirling Coleman's terms of reference in connection with the Proposed Whitewash Resolution.

This Letter (for inclusion in the Circular) is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Whitewash Resolution. The recommendation made by the Independent Directors to the Shareholders remains the responsibility of the Independent Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

ANG KAY TIONG MANAGING DIRECTOR CEO	LUI YEN LI MANAGING DIRECTOR, HEAD, CORPORATE FINANCE ADVISORY

EUCON HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of **EUCON HOLDING LIMITED** (the **"Company"**) will be held at Grand Mercure Roxy Hotel (Katong Room), 50 East Coast Road, Roxy Square, Singapore 428769 on 12 October 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, the following resolutions:

Unless otherwise defined herein, defined terms used herein shall have the same meaning ascribed thereto in the Company's Circular to Shareholders dated 27 September 2016 in respect of the resolutions herein.

Shareholders should note that each of the Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4 and Ordinary Resolution 5, as set out in this Notice are inter-conditional on each other. This means that if any one of the resolutions is not approved, the other resolutions set out in this Notice will not be passed.

AS ORDINARY RESOLUTION

RESOLUTION 1: THE PROPOSED SUBSCRIPTION

(A) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 4,926,759,333 NEW SHARES AT THE ISSUE PRICE TO THE SUBSCRIBER

THAT the Proposed New Shares Issue be and is hereby approved and that approval be and is hereby given to the directors of the Company:

(i) to allot and issue an aggregate of up to 4,926,759,333 New Shares to the Subscriber pursuant to the Tranche 1 Subscription and the Tranche 2 Subscription, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement, whereby such New Shares shall rank *pari passu* in all respects with the then existing Shares of the Company except for any dividend, rights, allotment and other distributions, the record date in respect of which falls on or before the relevant dates on which the New Shares are issued;

(ii) to enter into, take such steps, make such amendments to the terms and conditions of the Subscription Agreement and exercise such discretion as the directors may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and

(iii) to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution 1(A).

(B) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 279,764,726 OPTION SHARES AT THE ISSUE PRICE TO THE SUBSCRIBER

THAT the Proposed Option Shares Issue be and is hereby approved and that approval be and is hereby given to the directors of the Company:

(i) to allot and issue up to 279,764,726 Option Shares to the Subscriber on the issue of a Subscription Request, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement, whereby such Option Shares shall rank *pari passu* in all respects with the then existing Shares of the Company except for any dividend, rights, allotment and other distributions, the record date in respect of which falls on or before the relevant Option Issue Date;

(ii) to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution 1(B).

(C) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 104,130,481 INTRODUCER SHARES AT THE ISSUE PRICE TO WELLMONT INVESTMENT LIMITED (AND/OR ITS NOMINEES) IN LIEU OF THE CASH PAYMENT OF INTRODUCER FEE AMOUNTING TO APPROXIMATELY S$1.87 MILLION, CREDITED AS FULLY PAID-UP

That the Proposed Introducer Shares Issue be and is hereby approved and that approval be and is hereby given to the directors of the Company:

(i) to allot and issue up to 104,130,481 Introducer Shares, credited as fully paid-up to the Introducer (and/or its nominees) on the terms and conditions of the Subscription Agreement and Introductory Agreement, whereby such Introducer Shares shall rank *pari passu* in all respects with the then existing Shares of the Company except for any dividend, rights, allotment and other distributions, the record date in respect of which falls on or before the relevant dates on which the Introducer Shares are issued;

(ii) to take such steps, make such amendments to the terms and conditions of the Introductory Agreement (provided that the amendments are not material) and exercise such discretion as the directors may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and

(iii) to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution 1(C).

AS ORDINARY RESOLUTION

RESOLUTION 2: THE PROPOSED WHITEWASH RESOLUTION

THAT the Independent Shareholders of the Company, hereby (on a poll taken) unconditionally and irrevocably waive their right under Rule 14 of the Code to receive a General Offer from the Subscriber arising from the allotment and issue of the Tranche 1 New Shares pursuant to the Tranche 1 Subscription.

AS ORDINARY RESOLUTION

RESOLUTION 3: THE TRANSFER OF CONTROLLING INTEREST

THAT the Transfer of Controlling Interest be and is hereby approved and that approval be and is hereby given to the directors of the Company:

(a) to allot and issue such number of New Shares pursuant to the Proposed New Shares Issue and such number of Option Shares as may be required or permitted to be allotted or issued pursuant to the Proposed Option Shares Issue, to the Subscriber, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement, the issuance of such Shares constituting a transfer of a controlling interest in the Company to the Subscriber; and

(b) to complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution 3.

AS ORDINARY RESOLUTION

RESOLUTION 4: THE PROPOSED DIVERSIFICATION

THAT:

(a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its Existing Core Business to the Media Business which includes, *inter alia*, the procurement and provision of digital advertising and marketing platforms, lease of advertising and exhibition space and lease of retail storefronts, and any other activities related to the Media Business;

(b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time, any such real estate, properties, assets, investments and shares/interests in any entity that is in the Media Business on such terms and conditions as the directors deem fit, and such directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things such as the entry by the Group into such contracts, agreements and undertakings as they deem desirable, necessary or expedient or give effect to the Proposed Diversification and expand the Existing Core Business of the Company to the Media Business; and

(c) the directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Resolution 4.

AS ORDINARY RESOLUTION

RESOLUTION 5: THE PROPOSED SHARE ISSUE MANDATE

THAT the Existing Share Issue Mandate be revoked and pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the directors of the Company to allot and issue whether by way of bonus or otherwise, (i) Shares; (ii) convertible securities; (iii) additional convertible securities (where an adjustment, to the number of convertible securities to which a holder is originally entitled to, is necessary as a result of any rights, bonus or other capitalization issues by the Company), notwithstanding that such authority may have ceased to be in force at the time such additional convertible securities are issued, provided that the adjustment does not give the holder of the convertible securities a benefit that a Shareholder does not receive; and/or (iv) Shares arising from the conversion of securities in (ii) and additional convertible securities in (iii) above, notwithstanding that such authority may have ceased to be in force at the time the Shares are to be issued, and any such issue may be made at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit,

PROVIDED THAT:

(a) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total number of the Prevailing Share Capital (excluding treasury shares, if any) of the Company, of which the aggregate number of Shares and convertible securities issued other than on a pro rata basis to existing Shareholders of the Company shall not exceed 20% of the total number of the Prevailing Share Capital (excluding treasury shares, if any) of the Company, after adjusting for any subsequent bonus issue, consolidation or subdivision of Shares, if any.

(b) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(c) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

BY ORDER OF THE BOARD
EUCON HOLDING LIMITED

WEN YAO-LONG
Executive Chairman and Chief Executive Officer
Singapore

27 September 2016

PROXY FORM

EUCON HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see Note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, _____ (name)

of _____ (address)
being a member/members of Eucon Holding Limited (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting **(**the **"Meeting")** of the Company to be held at on 12 October 2016 at 10.00 a.m. at Grand Mercure Roxy Hotel (Katong Room), 50 East Coast Road, Roxy Square, Singapore 428769 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

Ordinary Resolution	**For**	**Against**
1. The Proposed Subscription		
2. The Proposed Whitewash Resolution		
3. The Transfer of Controlling Interest		
4. The Proposed Diversification		
5. The Proposed Share Issue Mandate		

Dated this _____ day of _____ 2016

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

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

** Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. A member of the Company who is not a relevant intermediary entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. The instrument appointing a proxy must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.

4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its constitution and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.

5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company, 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269 at least 48 hours before the time fixed for holding the Extraordinary General Meeting.

6. A member should insert the total number of ordinary shares held. If the member has ordinary shares entered against his name in the Depository Register, he should insert that number of ordinary shares. If the member has ordinary shares registered in his name in the register of members, he should insert that number of ordinary shares. If the member has ordinary entered against his name in the Depository Register as well as ordinary shares registered in his name in the register of members, he should insert the numbers of ordinary shares in the respective boxes provided in the instrument of proxy. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares held by the member.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose ordinary shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have ordinary shares entered his name in the Depository Register as at 72 hours before the time fixed for holding the Extraordinary General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.