CIRCULAR DATED 16 MARCH 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled "**Definitions**".

If you have sold all your ordinary shares in the capital of Ley Choon Group Holdings Limited (the "**Company**"), please forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular. The issue of a listing and quotation notice in respect of the Conversion Shares (as defined herein) by the SGX-ST is not to be taken as an indication of the merits of the Proposed Issue of Conversion Rights (as defined herein), the Conversion Shares, the Company, its subsidiaries and their securities.

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

The contact person for the Sponsor is Mr Nathaniel C.V., Registered Professional, RHT Capital Pte. Ltd. at Six Battery Road, #10-01, Singapore 049909, telephone no. (65) 6381 6757.

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(A) THE PROPOSED ISSUE OF CONVERSION SHARES TO THE ISLAMIC BANK OF ASIA LIMITED AT THE CONVERSION PRICE OF S$0.081 FOR EACH CONVERSION SHARE (ASSUMING NO ADJUSTMENT IS MADE TO THE CONVERSION PRICE) UPON THE CONVERSION OF A CONVERSION RIGHT PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS; AND

(B) THE PROPOSED GRANT OF CALL OPTIONS (AS DEFINED HEREIN) OVER THE CONVERSION SHARES BY THE ISLAMIC BANK OF ASIA LIMITED TO THE CONTROLLING SHAREHOLDER OF THE COMPANY, ZHENG CHOON HOLDING PTE. LTD. AS AN INTERESTED PERSON TRANSACTION.

Independent Financial Adviser in relation to the Interested Person Transaction

SAC Capital

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

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	29 March 2017 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	31 March 2017 at 10.00 a.m.
Place of Extraordinary General Meeting	:	3 Sungei Kadut Drive Singapore 729556

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In this Circular, the following definitions apply throughout except where the context otherwise requires:

"Associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit Committee"	:	The audit committee of the Company for the time being
"Authorisations"	:	(a) an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, lodgement or registration; or (b) in relation to anything which will be fully or partially prohibited or restricted by law or regulation if a government or a governmental, regulatory, administrative, public or other authority, agency, or department, or a semi-governmental, statutory, judicial or quasi-judicial entity or authority (including, any stock exchange or any self-regulatory organisation established under statute) intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action
"Business Day"	:	A day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Singapore, and (in relation to any date for payment or purchase of a currency) the principal financial centre of the country of that currency
"Call Options"	:	The call option agreements dated 11 October 2016 entered into between the Company, Zheng Choon and the Bank

"Catalist Rules"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date
"CDP"	:	The Central Depository (Pte) Limited
"Charge over Assets"	:	The charge over assets dated 7 September 2016 and entered into between the Group and Madison Pacific Trust Limited as security agent
"Chargor"	:	Each of the companies in the Group
"Circular"	:	This circular dated 16 March 2017 to the Shareholders
"Commodities"	:	In relation to a Purchase Contract, the *Sharia* compliant commodities specified in the Offer Letter relating to that Purchase Contract, which may comprise London Metal Exchange metals, platinum group metals or such other metals or *Sharia* compliant commodities traded on the London Metal Exchange or any other metal or commodity exchange
"Commodity Buyer"	:	A buyer to whom the Company may sell Commodities in connection with each Murabaha Facility, being Condor Trade Limited as at the date of the Master Murabaha Facility Agreements, and includes any New Commodity Buyer
"Commodity Seller"	:	A vendor from whom the Commodity Agent shall purchase Commodities in connection with each Murabaha Facility, being DD & Co Limited as at the date of the Master Murabaha Facility Agreements, and includes any New Commodity Seller
"Company"	:	Ley Choon Group Holdings Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or (b) in fact exercises Control over the Company

"Conversion Amount"	:	In relation to each of the Master Murabaha Facility Agreements, the whole of the outstanding amount of the Deferred Sale Price relating to that Master Murabaha Facility Agreement (less the amount of Ibra' (rebate) (if any) that the Bank may grant on such outstanding amount in accordance with the terms of that Master Murabaha Facility Agreement)
"Conversion Date"	:	The date specified in a notice of conversion to be completed, executed and deposited by the Bank (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements
"Conversion Period"	:	The following periods: (a) from and including 1 January 2018 to and including 31 March 2021 in respect of the Master Murabaha Facility Agreement 1; (b) from and including 1 July 2018 to and including 31 March 2021 in respect of the Master Murabaha Facility Agreement 2; and (c) from and including 1 January 2019 to and including 31 March 2021 in respect of the Master Murabaha Facility Agreements 3 and 4
"Conversion Price"	:	The price at which Conversion Shares will be issued upon conversion which shall be Singapore Dollars point zero eight one (S$0.081) per Conversion Share, subject to adjustment provided in the Master Murabaha Facility Agreements and set out in Appendix 2 of this Circular
"Conversion Right"	:	The right of the Bank (or its nominee) to convert the whole of the Conversion Amount in respect of a Purchase Contract into Conversion Shares at any time during the Conversion Period at the Conversion Price
"Conversion Shares"	:	The new Shares to be issued and allotted by the Company following the exercise of the Conversion Right by the Bank (or its nominee) during the Conversion Period
"Current Market Price"	:	Has the meaning ascribed to it in Appendix 2 of this Circular

"Debt Restructuring Agreement"	:	The debt restructuring agreement dated 23 September 2016 and made between (a) the Company and the other companies listed in Part I of Schedule 1 thereof, as debtors, (b) the financial institutions listed in Part II of Schedule 1 thereof, as super senior creditors, (c) the financial institutions listed in Part III of Schedule 1 thereof, as group 1 senior creditors, (d) the financial institutions listed in Part IV of Schedule 1 thereof, as group 2 senior creditors, (e) the Bank, as junior creditor, (f) Ernst & Young Solutions LLP, as monitoring accountant and (g) Madison Pacific Trust Limited, as security agent
"Debt Restructuring Documents"	:	The Debt Restructuring Agreement, the debt restructuring term sheet, any Security Document, the Security Trust Deed and any document designated as a debt restructuring document by the finance parties (which comprise the creditors and the security agent) and the Group
"Deferred Sale Price"	:	In relation to a Purchase Contract to be entered into under each Master Murabaha Facility Agreement, the amount payable by the Company to the Bank for the purchase of Commodities under the Purchase Contract and calculated in accordance with the terms and subject to the conditions of that Master Murabaha Facility Agreement
"Directors" or "Board"	:	The board of directors of the Company for the time being
"Discharged"	:	In relation to the Liabilities, the Bank being satisfied that all Liabilities have been fully and irrevocably paid or discharged and all commitments of the Bank in respect of the Liabilities have expired or been cancelled.
"EGM"	:	The extraordinary general meeting of the Company, notice of which is set out on page 87 of this Circular
"Existing Share Issue Mandate"	:	The existing share issue mandate approved by Shareholders at the extraordinary general meeting of the Company held on 17 February 2017 empowering the Directors to issue from time to time and at any time such number of new Shares and instruments (including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares) on such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, subject to certain limits as prescribed in the Catalist Rules
"Facility Limit"	:	The aggregate facility limit of the Murabaha Facilities being as of the Latest Practicable Date, Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S$15,975,000)

"Finance Documents"	:	means the following: (a) the Master Murabaha Facility Agreements; (b) the Shareholders' Undertakings; (c) the Security Document; (d) the Security Trust Deed; (e) when entered into, the documents constituting each Purchase Contract; and (f) any other document designated as such by the Bank and the Company
"FY2016"	:	The financial period ended 31 March 2016
"Group"	:	The Company and its subsidiaries for the time being
"IB Asia" or the "Bank" or the "Commodity Agent"	:	The Islamic Bank of Asia Limited
"IFA Letter"	:	The letter dated 16 March 2017 from the IFA to the Audit Committee in relation to the proposed grant of the Call Options as an Interested Person Transaction as set out in Appendix 3 to this Circular
"Independent Financial Adviser" or "IFA"	:	SAC Capital Private Limited, the independent financial adviser to the Audit Committee in relation to the proposed grant of the Call Options as an Interested Person Transaction
"Interested Person Transaction"	:	Has the meaning ascribed to it in paragraph 3.2(f) of this Circular
"Latest Practicable Date"	:	6 March 2017, being the latest practicable date prior to the printing of this Circular
"Liabilities"	:	All present and future moneys, debts and liabilities due, owing or incurred by the Obligors to the Bank under or in connection with any Finance Document, (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise)
"LPS"	:	Loss per Share
"Master Murabaha Facility Agreements"	:	Four (4) Master Murabaha Facility Agreements, each entered into between the Company and IB Asia on 11 October 2016 for the provision of the Murabaha Facilities

"Murabaha Facilities"	:	The murabaha facilities made available under the Master Murabaha Facility Agreements in an aggregate amount of up to Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S$15,975,000) to be provided by the Bank to the Company, in accordance with and subject to the conditions of the Master Murabaha Facility Agreements
"New Commodity Buyer"	:	The new commodity buyer to replace the existing Commodity Buyer, being Condor Trade Limited if, any time, the Commodity Agent is informed that Condor Trade Limited is unable to fulfil its obligations to buy the Commodities in the manner contemplated by the Master Murabaha Facility Agreements
"New Commodity Seller"	:	The new commodity seller to replace the existing Commodity Seller, being DD & Co Limited if, at any time, the Bank is informed that DD & Co Limited is unable to fulfil its obligations to sell the requested Commodities to the Bank
"NTA"	:	Net tangible assets
"Obligor"	:	Means a Chargor, a Zheng Choon Shareholder, the Company or Zheng Choon
"Offer Letter"	:	An offer in writing from the Bank to the Company (offering to enter into a Purchase Contract) substantially in the form set out in each Master Murabaha Facility Agreement
"Option Price"	:	The aggregate consideration price for the Conversion Shares being the amount derived by multiplying: (a) the number of Conversion Shares issued or to be issued to the Bank pursuant to its exercise of the Conversion Right; with: (b) an amount which is: (i) the Current Market Price of a Share on the Conversion Date, where such Current Market Price is S$0.09 or less; or (ii) the amount which is 90 per cent. of the Current Market Price of a Share on the Conversion Date, where such Current Market Price is more than S$0.09

"Proposed Issue of Conversion Rights"	:	The proposed issue of conversion rights to convert the whole (and not part) of the Conversion Amount thereunder into Conversion Shares at any time during the Conversion Period under each Master Murabaha Facility Agreement at a conversion price of S$0.081 per Conversion Share, subject to adjustments provided in the Master Murabaha Facility Agreements and set out in Appendix 2 of this Circular
"Public Shareholder"	:	Persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons
"Purchase Contract"	:	Each agreement for the sale by the Bank of Commodities and the purchase of those Commodities by the Company on deferred payment terms pursuant to the Master Murabaha Facility Agreements
"Purchase Price"	:	The amount payable or paid by the Bank to the Commodity Seller for the purchase of Commodities by the Bank as specified in the relevant Offer Letter
"Security"	:	A mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect
"Security Document"	:	The Charge over Assets, or any other document entered into by any person which is a guarantee of, or which creates or evidences or purports to create or evidence any Security over all or any part of its assets in respect of, any of the obligations of any Debtor under the Debt Restructuring Documents, or any other document entered into in connection with the creation, validity, perfection or priority of any such guarantee or Security
"Security Trust Deed"	:	The security trust deed dated 7 September 2016 and made between (a) the Company and the other companies listed in Schedule 1 thereto, as chargors, (b) the Bank and the other entities and financial institutions listed in Schedule 2 thereto, as creditors, and (c) Madison Pacific Trust Limited, as security agent
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Persons (other than CDP) who are for the time being registered as holders of the Shares in the Register of Members of the Company and Depositors who have Shares entered against their names in the Depository Register

"Shareholders' Undertakings"	:	Each shareholders' undertaking entered into by the Company, the Bank, Zheng Choon and the Zheng Choon Shareholders on 11 October 2016 in relation to each Master Murabaha Facility Agreement
"Shares"	:	Ordinary shares in the capital of the Company
"Sharia"	:	The principles and requirements of *sharia* as interpreted and determined by the Sharia Supervisory Board of the Bank
"SIBOR"	:	The Singapore Interbank Offered Rate, details of which are set out in the Master Murabaha Facility Agreements
"Substantial Shareholder"	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
"S$" and "cents"	:	Singapore dollars and cents, respectively
"Termination Date"	:	31 March 2021
"Transaction Date"	:	In relation to a Purchase Contract, the date specified as such in the Offer Letter corresponding to that Purchase Contract, being the date on which the Bank intends to sell to the Company the Commodities under that Purchase Contract
"Zheng Choon"	:	Zheng Choon Holding Pte. Ltd. as the sponsor under the Call Options
"Zheng Choon Shareholders"	:	Collectively, Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim and Mr Toh Chew Chai who are brothers
"%" or "per cent."	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore. The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

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

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

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

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

Directors:

Mr Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Dr Low Boon Hwee (Executive Director and Group Technical Director)
Prof Ling Chung Yee Roy (Lead Independent Director)
Mr Chia Soon Hin William (Independent Director)
Mr Teo Ho Beng (Non-Executive Director)

Registered Office:

3 Sungei Kadut Drive
Singapore 729556

16 March 2017

To: The Shareholders of Ley Choon Group Holdings Limited

(A) THE PROPOSED ISSUE OF CONVERSION SHARES TO THE ISLAMIC BANK OF ASIA LIMITED AT THE CONVERSION PRICE OF S$0.081 FOR EACH CONVERSION SHARE (ASSUMING NO ADJUSTMENT IS MADE TO THE CONVERSION PRICE) UPON THE CONVERSION OF A CONVERSION RIGHT PURSUANT TO THE MASTER MURABAHA FACILITY AGREEMENTS; AND

(B) THE PROPOSED GRANT OF CALL OPTIONS (AS DEFINED HEREIN) OVER THE CONVERSION SHARES BY THE ISLAMIC BANK OF ASIA LIMITED TO THE CONTROLLING SHAREHOLDER OF THE COMPANY, ZHENG CHOON HOLDING PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

Dear Sir/Madam,

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Board is proposing to convene an EGM to seek Shareholders' approval in respect of:

(a) the proposed issue of Conversion Shares to The Islamic Bank of Asia Limited at the Conversion Price of S$0.081 for each Conversion Share (assuming no adjustment is made to the Conversion Price) upon the conversion of a Conversion Right pursuant to the Master Murabaha Facility Agreements; and

(b) the proposed grant of Call Options over the Conversion Shares by The Islamic Bank of Asia Limited to the Controlling Shareholder of the Company, Zheng Choon Holding Pte. Ltd. as an Interested Person Transaction under Chapter 9 of the Catalist Rules.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information pertaining to the aforementioned proposals to be tabled at the EGM and to seek Shareholders' approval in relation thereto at the EGM to be held at 3 Sungei Kadut Drive Singapore 729556 on 31 March 2017 at 10.00 a.m.. The Notice of EGM is set out on pages 87 to 89 of this Circular.

This Circular has been prepared solely for the purpose outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

2. THE PROPOSED ISSUE OF CONVERSION RIGHTS AND THE CONVERSION SHARES

2.1 Background

The Group has been undergoing a debt restructuring exercise ("**Debt Restructuring Exercise**"). On 8 June 2016, the Group and certain creditors agreed on and signed a term sheet setting out the key terms of restructuring the Group's debt obligations. On 23 September 2016, the Group entered into the Debt Restructuring Agreement encapsulating the key terms of restructuring the Group's debt obligations. Material terms of the Debt Restructuring Agreement have been disclosed in the Company's announcement dated 26 September 2016.

Pursuant to the Debt Restructuring Exercise, amendments had to be made to key terms of the Master Murabaha Facility Agreement dated 13 February 2014 (the "**2014 Master Murabaha Facility Agreement**") entered into between the Company as purchaser and The Islamic Bank of Asia Limited (the "**Bank**") as the bank and the commodity agent (in such capacity, the "**Commodity Agent**") for the provision of a Singapore dollar murabaha facility of up to S$15,000,000. Pursuant to Sharia law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement has to be entered into.

As part of the Debt Restructuring Exercise and in continuation of the 2014 Master Murabaha Facility Agreement, the Company had on 11 October 2016 entered into the Master Murabaha Facility Agreements with the Bank and the Commodity Agent for the provision of Singapore dollar murabaha facilities in an aggregate amount of up to S$15,975,000 (or S$3,993,750 per Master Murabaha Facility Agreement) ("**Facility Limit**"). The Company has existing indebtedness owed to the Bank under the facility made available pursuant to the 2014 Master Murabaha Facility Agreement and such indebtedness amounted to an aggregate sum which is equivalent to the Facility Limit. The existing indebtedness comprised the principal loan amount of S$15,000,000 and the Profit Amount (i.e. interest) (as defined in Appendix 1 to this Circular) of S$975,000 that the Bank had capitalised. There will be no new proceeds or incoming funds arising from the Murabaha Facilities as the entry into the Master Murabaha Facility Agreements is meant to be a supplemental agreement to record the amendments made to the key terms and conditions of the 2014 Master Murabaha Facility Agreement pursuant to the Debt Restructuring Exercise and Debt Restructuring Agreement.

Pursuant to the Master Murabaha Facility Agreements, the parties thereto have agreed that the Bank (or its nominee) has the conversion right (the "**Conversion Right**") to convert the whole (and not part) of the outstanding amount of the Deferred Sale Price (less the amount of Ibra' (rebate) (if any) that the Bank may grant on such outstanding amount (the "**Conversion Amount**") thereunder into new Shares to be issued and allotted by the Company following the exercise of the Conversion Right by the Bank (the "**Conversion Shares**") at a conversion price of S$0.081 per Conversion Share, subject to adjustments provided in the Master Murabaha Facility Agreements and set out in Appendix 2 of this Circular at any time during the following periods (collectively, the "**Conversion Period**"):

(a) from and including 1 January 2018 to and including 31 March 2021 in respect of Master Murabaha Facility Agreement 1;

(b) from and including 1 July 2018 to and including 31 March 2021 in respect of Master Murabaha Facility Agreement 2; and

(c) from and including 1 January 2019 to and including 31 March 2021 in respect of Master Murabaha Facility Agreements 3 and 4

(the "**Proposed Issue of Conversion Rights**").

As at the Latest Practicable Date, subject to the terms and conditions as set out in the Master Murabaha Facility Agreements and assuming that:

(i) SIBOR is equivalent to zero;

(ii) the Group does not pay out any dividends or distributions to its shareholders prior to the Termination Date and the Bank waives the dividend margin of 3% per annum payable to the Bank; and

(iii) the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank to convert into Conversion Shares,

the maximum aggregate number of Conversion Shares that may be allotted and issued is 230,450,114 (the "**Maximum Issuance of Conversion Shares**").

<u>Shareholders' Undertakings</u>

In connection with the Master Murabaha Facility Agreements, the Company, Zheng Choon Holding Pte Ltd ("**Zheng Choon**"), Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Mr Toh Chew Chai and the Bank had also entered into the Shareholders' Undertakings. Zheng Choon is a controlling shareholder of the Company and the shareholders of Zheng Choon are Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim and Mr Toh Chew Chai (collectively, the "**Zheng Choon Shareholders**"). Under the terms of the Shareholders' Undertakings and in consideration of the Bank agreeing to grant the Murabaha Facilities to the Company:

(a) Zheng Choon has thereby unconditionally and irrevocably agreed with and undertaken to the Bank that it will, at all times until the Liabilities are Discharged, directly or indirectly own not less than thirty per cent (30.0%) of the issued share capital of the Company; and

(b) the Zheng Choon Shareholders have thereby unconditionally and irrevocably agreed and undertaken to the Bank that they will, at all times until the Liabilities are Discharged, together own not less than ninety-six point eight per cent (96.8%) of the issued share capital of Zheng Choon.

As at the Latest Practicable Date, Zheng Choon holds approximately 50.03% of the fully-paid ordinary shares of the Company and the Zheng Choon Shareholders hold 100% of the fully-paid shares of Zheng Choon.

The indebtedness under the Master Murabaha Facility Agreements are repayable on 31 March 2021 whether or not Shareholders' approval for the Proposed Issue of Conversion Rights and the Conversion Shares is obtained. In the event that such Shareholders' approval is not obtained, the Company will have to repay the indebtedness under the Master Murabaha Facility Agreements on 31 March 2021 and the Bank will not have the right to convert the Conversion Amount into Conversion Shares.

2.2 Rationale for Entry into the Master Murabaha Facility Agreements

The rationale for the Company's entry into the Master Murabaha Facility Agreements is as follows:

(a) in connection with the Debt Restructuring Exercise and Debt Restructuring Agreement, amendments have to be made to the key terms and conditions of the 2014 Master Murabaha Facility Agreement; and

(b) pursuant to Sharia law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement has to be signed. Accordingly, the entry into the Master Murabaha Facility Agreements is to re-execute the 2014 Master Murabaha Facility Agreement and facilitate amendments to the latter.

There will be no new proceeds or incoming funds arising at all from the Murabaha Facilities as the entry into the Master Murabaha Facility Agreements is to re-execute the 2014 Master Murabaha Facility Agreement in order to record the amendments made to the key terms and conditions of the 2014 Master Murabaha Facility Agreement pursuant to the Debt Restructuring Exercise and Debt Restructuring Agreement. The key amendments under the Master Murabaha Facility Agreements from the 2014 Master Murabaha Facility Agreement include the Conversion Price and the Conversion Period. Details on the mechanism and the principal terms of the Murabaha Facilities are set out in Appendix 1 of this Circular.

The Conversion Price has been amended from S$0.1929 per Conversion Share in the 2014 Master Murabaha Facility Agreement to S$0.081 per Conversion Share in the Master Murabaha Facility Agreements and the Conversion Period has been extended pursuant to the different tranches of the Master Murabaha Facility Agreement 1, 2, 3 and 4 such that the Conversion Period shall be in accordance with the Debt Restructuring Agreement. Details of such terms and conditions of the Conversion Rights are set out in paragraph 2.3 of this Circular.

2.3 Key Terms of the Proposed Issue of Conversion Rights

The following sets out a summary of the terms and conditions of the Conversion Rights to be issued by the Company.

Conversion Date	:	The date specified in a notice of conversion to be completed, executed and deposited by the Bank (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements.

Method of Issue	:	Privately placed to and purchased by the Bank. No offering circular or information memorandum will be issued by the Company for the Proposed Issue of Conversion Rights pursuant to Section 272B of the Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time.
Conversion Period	:	The following periods: (a) from and including 1 January 2018 to and including 31 March 2021 in respect of Master Murabaha Facility Agreement 1; (b) from and including 1 July 2018 to and including 31 March 2021 in respect of Master Murabaha Facility Agreement 2; and (c) from and including 1 January 2019 to and including 31 March 2021 in respect of Master Murabaha Facility Agreements 3 and 4. The Bank (or its nominee) has the right to convert the whole (and not part) of the Conversion Amount into Conversion Shares at any time during the Conversion Period. Notwithstanding the foregoing, if the Conversion Date would otherwise fall during a period in which the Company's register of Shareholders is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a "**Book Closure Period**"), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Appendix 2 to this Circular) after the expiry of such Book Closure Period.
Conversion Shares	:	In relation to each Master Murabaha Facility Agreement, the number of Conversion Shares issuable upon conversion of the Conversion Amount shall be determined by dividing the Conversion Amount by the Conversion Price in effect on the Conversion Date. Fractions of the Conversion Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. The number of Conversion Shares issuable upon conversion will be rounded down to the nearest whole number.

Conversion Price[(1)]	:	The price at which Conversion Shares will be issued upon conversion will be Singapore Dollars point zero eight one (S$0.081) per Conversion Share, but will be subject to adjustment provided in the Master Murabaha Facility Agreements and set out in Appendix 2 of this Circular. The Conversion Price will be subject to adjustment in the occurrence of following events set out in the Master Murabaha Facility Agreements and Appendix 2 of this Circular: (a) consolidation, subdivision or reclassification of Shares; (b) capitalisation of profits or reserves; (c) Capital Distribution (as defined in Appendix 2); (d) rights issues of Shares or options over Shares; (e) rights issues of other securities; (f) issues at less than Current Market Price (as defined in Appendix 2); (g) issues of other securities at less than Current Market Price (as defined in Appendix 2); (h) modification of the Conversion Rights; or (i) other offers to Shareholders. Further details of adjustments to the Conversion Price can be found in Appendix 2 of this Circular. For the purpose herein, the expression "Shares" means ordinary shares in the capital of the Company, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company.
Status of Conversion shares	:	The Conversion Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Conversion Shares.

Note:

(1) The Conversion Price was mutually agreed between the Company and the Bank, taking into consideration the prevailing market price of the Shares during the time of negotiation of the Murabaha Facilities and the Debt Restructuring Exercise which commenced on and about 31 July 2015 (the closing price of the Shares on 31 July 2015 was S$0.05). The Conversion Price is higher than the closing price of the Shares on 3 March 2017, being the last market day where the Shares were traded prior to the Latest Practicable Date of S$0.033.

2.4 IB ASIA

Established in 2007 and headquartered in Singapore, IB Asia is a joint venture partnership between DBS Bank Ltd, one of the largest financial services groups in Asia, and prominent investors based in the Gulf Cooperation Council which offers merchant banking activities including direct investment, advisory, treasury and capital markets services.

2.5 Shareholders' Approval

Rule 805(1) of the Catalist Rules provides that an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares except where a general mandate for such issue has been obtained from shareholders in a general meeting.

Pursuant to the Proposed Issue of Convertible Rights, Conversion Shares may be allotted and issued upon the exercise of the Conversion Rights. The Maximum Issuance of Conversion Shares (i.e. 230,450,114 Conversion Shares) represents approximately:

(i) 39.0% of the issued share capital of the Company which as of the Latest Practicable Date comprised 592,406,996 Shares; and

(ii) 28.0% of the enlarged issued paid-up share capital of the Company after the allotment and issue of 230,450,114 Conversion Shares which would consist of 822,857,110 Shares.

Shareholders should note that the maximum number of Conversion Shares to be issued as set out above, may possibly be increased or decreased following adjustments to the Conversion to the Conversion Price. Further details of adjustments to the Conversion Price are set out in Appendix 2 of this Circular.

As the Company intends to utilise the Existing Share Issue Mandate to issue Shares and/or convertible securities of the Company in order to raise funds to further strengthen its working capital, the allotment and issue of the Conversion Shares will not be in reliance of the Existing Share Issue Mandate. As such, the allotment and issue of the Conversion Shares is subject to Shareholders' approval pursuant to Rule 805(1) of the Catalist Rules.

The Conversion Price represents a premium of 189.3% to the volume weighted average price of S$0.028 on 7 October 2016, being the last trading day of the Shares on the SGX-ST prior to the signing of the Master Murabaha Facility Agreements.

In compliance with Chapter 8 of the Catalist Rules, the purpose of this Circular is to set out information pertaining to, *inter alia*, the Murabaha Facilities and to seek Shareholders' approval for the proposed issue of the Conversion Rights and the Conversion Shares at the Conversion Price during the Conversion Period at an extraordinary general meeting ("**EGM**") to be convened on 31 March 2017 at 3 Sungei Kadut Drive Singapore 729556 at 10.00 a.m.. The notice of EGM is set out on Page 87 of this Circular.

In addition, the Board has confirmed that the resolutions herein in relation to the Master Murabaha Facility Agreements, the Proposed Issue of Conversion Rights and the Conversion Shares, notwithstanding that they are pending shareholders' approval, will not have an impact on the Debt Restructuring Agreement.

Shareholders should note that in view of the proposed rights issue announced by the Company via SGXNet on 24 February 2017 (the "**Rights Issue**"), if the gross proceeds obtained from the Rights Issue amount to less than 75% of S$8.8 million (the "**Target Amount**"), the Company shall undertake further capital raising exercise(s) in accordance to and subject to the terms of the Debt Restructuring Agreement (the "**Further Capital Raising Exercise(s)**"). In the event that the Company is unable to raise an amount at least equivalent to the Target Amount from the Rights Issue and the Further Capital Raising Exercise(s), it may result in an event of default at the option of the specified lenders under the Debt Restructuring Agreement (the "**Event of Default**"). In order to show its support for the Rights Issue and to demonstrate its commitment and confidence in the prospects of the Group, Zheng Choon had on 24 February 2017, pursuant to a deed of undertaking, irrevocably and unconditionally undertaken to the Company to, *inter alia*, subscribe for and/or procure the subscription of its pro-rata entitlement of the rights shares under the Rights Issue. Based on the existing share capital of the Company which as of the Latest Practicable Date comprised 592,406,996 Shares and assuming that the Rights Issue is fully subscribed, the estimated gross proceeds arising from the Rights Issue will be the Target Amount. Based on the existing share capital of the Company and assuming that none of the other entitled Shareholders subscribes for their pro rata rights shares under the Rights Issue and Zheng Choon is required to subscribe for its pro-rata entitlement of the Rights Shares under the Rights Issue, the estimated gross proceeds arising from the Rights Issue will be S$4.4 million which is already equivalent to approximately 50% of the Target Amount. In view of the abovementioned, the Company believes that the Event of Default is unlikely to be triggered. Further details on the Rights Issue are set out in the Company's announcement dated 24 February 2017 released on SGXNET.

2.6 Listing and Quotation of the Conversion Shares

The Sponsor, on behalf of the Company, will be submitting an additional listing application to the SGX-ST for the listing of and quotation for the Conversion Shares on the Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST is obtained.

2.7 Financial Effects of the Murabaha Facilities and the Proposed Issue of Conversion Rights

For illustration purposes only, the financial effects of the Murabaha Facilities and the Proposed Issue of Conversion Rights based on the audited financial statements of the Group for FY2016, assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the Bank to convert into Conversion Shares as of 31 March 2016 are as follows:

		As at 31 March 2016	Assuming that the Bank exercises all of its Conversion Rights(1)
(a)	**Share Capital**		
	Issued Share Capital (S$'000)	71,117	89,783
(b)	**NTA(2)**		
	NTA (S$'000)	6,026	22,203
	Number of ordinary shares ('000)	592,407	822,857
	NTA per Share (Cents)	1.0	2.7
(c)	**Gearing(2)**		
	Loans and borrowings (S$'000)	110,732	94,757
	Shareholders' equity (S$'000)	6,026	22,203
	Gearing Ratio (Times)	18.4	4.3
(d)	**LPS (Cents)(3)**	(10.7)	(8.0)

Notes:

(1) On the assumption that there are no adjustments made to the Conversion Price, the Conversion Amount is computed based solely on the full Purchase Price under each Master Murabaha Facility Agreement which in aggregate, is equivalent to the Facility Limit, and the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank.

(2) The financial effects on the NTA and gearing of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 31 March 2016.

(3) The financial effects on the LPS of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 1 January 2015.

3. THE PROPOSED GRANT OF CALL OPTIONS OVER THE CONVERSION SHARES BY IB ASIA TO THE CONTROLLING SHAREHOLDER OF THE COMPANY, ZHENG CHOON AS AN INTERESTED PERSON TRANSACTION

3.1 Details of the Proposed Grant of the Call Options

In connection with the Master Murabaha Facility Agreements, the Bank has also entered into call option agreements (collectively the "**Call Options**") with Zheng Choon (as the sponsor) and the Company. Under the terms of the Call Options, the Bank has granted Zheng Choon a call option over the Conversion Shares pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares at the option price ("**Option Price**"), which is the amount derived by multiplying:

(a) the number of Conversion Shares issued or to be issued to the Bank pursuant to its exercise of the Conversion Right with

(b) any amount which is:

(i) the Current Market Price (as defined in each Master Murabaha Facility Agreement) of a Share on the date specified in a notice of conversion to be completed, executed and deposited by the Bank (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements (the "**Conversion Date**"), where such Current Market Price is S$0.09 or less; or

(ii) the amount which is 90% of the Current Market Price of a Share on the Conversion Date, where such Current Market Price is more than S$0.09.

Zheng Choon may exercise the Call Option by delivering a notice to the Bank on any Business Day during the five Business Days commencing on (and including) the Conversion Date, failing which the Call Option shall lapse and cease to have any further effect.

Save for the Option Price payable by Zheng Choon in the event that it wishes to exercise the Call Options, the Call Options are issued at no cost to the Company and Zheng Choon.

3.2 The Proposed Grant of the Call Options as an Interested Person Transaction

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purposes of Chapter 9 of the Catalist Rules:

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

(b) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(c) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules;

(d) an "**interested person**" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;

(e) an "**associate**" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

3.3 Details of the Interested Persons

Zheng Choon is a Controlling Shareholder of the Company and is deemed an "interested person" under Chapter 9 of the Catalist Rules. While the Call Options are not granted by the Company but are granted by the Bank to Zheng Choon, the Company is tabling the proposed grant of the Call Options as an Interested Person Transaction under Chapter 9 of the Catalist Rules for Shareholders' approval as the Call Options are entered into by the Bank, Zheng Choon and the Company which is deemed an "entity at risk" under Chapter 9 of the Catalist Rules.

Zheng Choon is an investment holding company incorporated in Singapore in 7 May 2010 with its principal place of business and registered office at 3 Sungei Kadut Drive Singapore 729556. The shareholders of Zheng Choon are the Zheng Choon Shareholders. Zheng Choon also holds equity interest in the Company as detailed in paragraph 4 of this Circular.

The Zheng Choon Shareholders are part of the management of the Company. Mr Toh Choo Huat, a shareholder of Zheng Choon, is the Executive Chairman and Chief Executive Officer of the Company. The rest of the Zheng Choon Shareholders, namely, Mr Toh Swee Kim, Mr Toh Chew Leong and Mr Toh Chew Chai, undertake their operational duties as Chief Operating Officer, Deputy Chief Executive Officer and Deputy Chief Operating Officer of the Company respectively.

3.4 Shareholders' Approval pursuant to the Materiality Thresholds under Chapter 9 of the Catalist Rules

In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an Interested Person Transaction, or when aggregated with other transactions entered into during the same financial year, is equal to or exceeds 5% of the Group's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

As at the Latest Practicable Date, based on the Current Market Price of S$0.034, the Option Price is approximately S$7.8 million which is 130% of the Group's latest audited NTA of approximately S$6.0 million as at 31 March 2016. As the Option Price to exercise the proposed Call Options exceeds 5% of the Group's latest audited NTA, pursuant to Rule 906 of the Catalist Rules, the proposed grant of the Call Options is an Interested Person Transaction which is subject to the approval of the Shareholders. Accordingly, the Company is convening the EGM to seek Shareholders' approval for the proposed grant of the Call Options.

Save for the Call Options, the Company has not entered into any Interested Person Transaction with Zheng Choon and its associates for the period from 1 April 2016 to the Latest Practicable Date to which Rules 905 and/or 906 of the Catalist Rules would apply.

The indebtedness under the Master Murabaha Facility Agreements are repayable on 31 March 2021 regardless of Shareholders' approval for the proposed grant of the Call Options. In addition, the Board has confirmed that the resolutions herein in relation to the proposed grant of the Call Options, notwithstanding that they are pending shareholders' approval, will not have an impact on the Debt Restructuring Agreement.

3.5 Rationale for the proposed grant of the Call Options

The proposed grant of the Call Options was a commercial decision reached by the parties to the Call Options.

Zheng Choon, as a Controlling Shareholder of the Company, would not wish for the Bank to sell the Conversion Shares to other parties, in particular, its competitors in the infrastructure construction industry. Accordingly, Zheng Choon has requested the Bank to enter into the Call Options in order to grant to Zheng Choon call options over the Conversion Shares pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares. The Call Options are in the interest of Zheng Choon in its position as a Controlling Shareholder of the Company.

The Call Options are also in the interest of the Company as the Company's growth from a small pipe laying contractor to an established one-stop underground utilities infrastructure construction and road works service provider is attributable to the competency and expertise of the Zheng Choon Shareholders who are part of the key management of the Company. The proposed grant of call options, with the aim of preventing a dilution of the shareholding interests of Zheng Choon and the Zheng Choon Shareholders, serves to further motivate the Zheng Choon Shareholders to be incentivised to remain in and contribute towards the long-term success of the Group, by aligning their interests with the interests of the Group and all Shareholders.

Further, the Bank had agreed to enter into the Call Options which grants Zheng Choon a right of first refusal at an agreed option price so as to avoid having to sell the Conversion Shares in the open market which may be difficult. The over-hang or the disposal of a large number of shares in the open market may adversely affect the share price which will not be in the interests of all Shareholders.

3.6 Advice of the Independent Financial Adviser

Chapter 9 of the Catalist Rules provides that, where Shareholders' approval is required for an Interested Person Transaction, the Circular must include an opinion from an independent financial adviser ("**IFA**") as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders. Accordingly, SAC Capital Private Limited has been appointed as the IFA to the Audit Committee in relation to the proposed grant of the Call Options as an Interested Person Transaction.

A copy of the letter dated 16 March 2017 from the IFA (the "**IFA Letter**") in relation to the above is reproduced in Appendix 3 to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the members of the Audit Committee has been extracted from the IFA Letter and is reproduced in italics below:

"*Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that the Proposed Grant of Call Options as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders. Accordingly, we advise the Audit Committee to recommend that the Non-Interested Shareholders vote in favour of the Proposed Grant of Call Options as an Interested Person Transaction."*

3.7 Audit Committee's Statement

Having considered, *inter alia*, the terms, rationale for and benefits of the Call Options, as well as the opinion and advice of the IFA on the Call Options, the Audit Committee concurs with the opinion of the IFA and is of the view that the proposed grant of the Call Options is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interest of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date and the effects of the Proposed Issue of Conversion Rights on the shareholding structure of the Company is set out below:

	As at the Latest Practicable Date				Assuming that the Bank exercises all of its Conversion Rights under the Maximum Issuance of Conversion Shares scenario[1]				Assuming that the Bank exercises all of its Conversion Rights under the Maximum Issuance of Conversion Shares scenario and Zheng Choon exercises the Call Options[7]			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
Directors	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Toh Choo Huat	397,000	0.07	296,379,500[2]	50.03	397,000	0.05	296,379,500[2]	36.02	397,000	0.05	526,829,614[2]	64.02
Dr Low Boon Hwee	480,000	0.08	–	–	480,000	0.06	–	–	480,000	0.06	–	–
Teo Ho Beng	–	–	–	–	–	–	–	–	–	–	–	–
Ling Chung Yee Roy	–	–	–	–	–	–	–	–	–	–	–	–
Chia Soon Hin William	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders												
Zheng Choon	296,379,500	50.03	–	–	296,379,500[7]	36.02	–	–	526,829,614[7]	64.02	–	–
Toh Swee Kim	110,000	0.02	296,379,500[3]	50.03	110,000	0.01	296,379,500[3]	36.02	110,000	0.01	526,829,614[3]	64.02
Toh Chew Leong	–	–	296,379,500[4]	50.03	–	–	296,379,500[4]	36.02	–	–	526,829,614[4]	64.02
Toh Chew Chai	–	–	296,379,500[5]	50.03	–	–	296,379,500[5]	36.02	–	–	526,829,614[5]	64.02
Hiap Hoe Investment Pte. Ltd.	88,268,000	14.90	–	–	88,268,000	10.73	–	–	88,268,000	10.73	–	–
Hiap Hoe Limited	–	–	88,268,000[6]	14.90	–	–	88,268,000[6]	10.73	–	–	88,268,000[6]	10.73
IB Asia	–	–	–	–	230,450,114[7]	28.01	–	–	–	–	–	–

Notes:

(1) On the assumption that the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank under the Maximum Issuance of Conversion Shares scenario detailed in paragraph 2.1 of this Circular.

(2) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon.

(3) Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Swee Kim is deemed interested in the Shares held by Zheng Choon.

(4) Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon. As such, Mr Toh Chew Leong is deemed interested in the Shares held by Zheng Choon.

(5) Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Chew Chai is deemed interested in the Shares held by Zheng Choon.

(6) Hiap Hoe Investment Pte Ltd is 100% owned by Hiap Hoe Limited. As such, Hiap Hoe Limited is deemed to be interested in the Shares held by Hiap Hoe Investment Pte Ltd.

(7) On the assumption that the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank under the Maximum Issuance of Conversion Shares scenario detailed in paragraph 2.1 of this Circular and Zheng Choon exercises the Call Options.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Issue of Conversion Rights and the Conversion Shares

Having considered the terms of and rationale of the Proposed Issue of Conversion Rights and the Conversion Shares, the Directors are of the opinion that the Proposed Issue of Conversion Rights and the Conversion Shares are in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Issue of Conversion Rights and the Conversion Shares to be proposed at the EGM as stated in the notice of EGM on page 87 of this Circular.

5.2 Proposed Grant of the Call Options

Having considered the terms of and rationale of the proposed grant of the Call Options, the Directors (save for Mr Toh Choo Huat who has abstained from making recommendations on the Call Options) are of the opinion that the proposed grant of the Call Options are in the interests of the Company. Accordingly, the Directors (save for Mr Toh Choo Huat) recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed grant of the Call Options to be proposed at the EGM as stated in the notice of EGM on page 87 of this Circular.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 87 of this Circular, will be convened at 3 Sungei Kadut Drive Singapore 729556 on 31 March 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the notice of EGM on page 87 of this Circular.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf shall complete and sign the attached proxy form in accordance with the instructions printed thereon and return it to the Company's registered office at 3 Sungei Kadut Drive Singapore 729556 not less than 48 hours before the time fixed for the holding of the EGM. The completion and return of the proxy form by a Shareholder will not preclude him from attending the EGM and voting in person in place of his proxy should he subsequently wish to do so.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by the CDP at least 72 hours before the EGM.

8. ABSTENTIONS FROM VOTING

8.1 Zheng Choon and the Zheng Choon Shareholders shall abstain, and shall procure that its/his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 2 relating to the proposed grant of the Call Options.

8.2 Zheng Choon and the Zheng Choon Shareholders shall not, and shall procure its/his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 2 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular contains full and true disclosure of all material facts about the Proposed Issue of Conversion Rights and the Conversion Shares, the proposed grant of the Call Options, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in the Circular in its proper form and context.

10. CONSENT FROM IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Sungei Kadut Drive Singapore 729556 during normal business hours from the date hereof up to and including the date of the EGM:

(a) the Constitution of the Company;

(b) the Master Murabaha Facility Agreements;

(c) the Shareholders' Undertakings;

(d) the Call Options;

(e) the Debt Restructuring Agreement; and

(f) the letter of consent from the IFA referred to in paragraph 10 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
LEY CHOON GROUP HOLDINGS LIMITED

Toh Choo Huat
Executive Chairman and Chief Executive Officer

APPENDIX 1 – DETAILS OF THE MURABAHA FACILITIES

PROCEDURES

In the event that the Company wishes to utilise any of the Murabaha Facilities, it shall deliver to the Bank a duly completed request from the Company to the Bank to enter into an agreement (the "**Purchase Contract**") for the sale by the Bank of Commodities and the purchase of those Commodities by the Company on deferred payment terms (the "**Transaction Request**") under the relevant Master Murabaha Facility Agreement. Under the terms of the relevant Master Murabaha Facility Agreement and subject to the conditions therein, the Transaction Request must, *inter alia*, contain a request for the Bank to enter into a Purchase Contract and the Purchase Price for each Purchase Contract must be an amount equal to a quarter of the Facility Limit, as reduced or cancelled in accordance with that Master Murabaha Facility Agreement.

Following the Bank's receipt of a duly completed Transaction Request and after the Bank has purchased the requested Commodities from the Commodities Seller, the Bank shall sell those same Commodities to the Company at the Deferred Sale Price, on deferred payment terms in accordance with the relevant Master Murabaha Facility Agreement. Under the terms of that Master Murabaha Facility Agreement, if, at any time, the Bank is informed that the existing Commodity Seller, being DD & Co Limited, is unable to fulfil its obligations to sell the requested Commodities to the Bank, the Bank shall endeavor to seek another Commodity Seller ("**New Commodity Seller**") to replace DD & Co Limited.

Thereafter, IB Asia, as the Commodity Agent, shall sell the Commodities to the Commodity Buyer and the proceeds of any sale of the Commodities due to the Company shall be paid by IB Asia into the bank account of the Company as the Company may designate. Under the terms of the Master Murabaha Facility Agreements, the Commodity Agent shall endeavor to seek another Commodity Buyer ("**New Commodity Buyer**") to replace the existing Commodity Buyer, being Condor Trade Limited if, any time, the Commodity Agent is informed that Condor Trade Limited is unable to fulfil its obligations to buy the Commodities in the manner contemplated by the Master Murabaha Facility Agreements.

PRINCIPAL TERMS OF THE MURABAHA FACILITIES

The following set out a summary of some of the principal terms of the Murabaha Facilities:

Deferred Sale Price

The Deferred Sale Price for a Purchase Contract, have been agreed by the Bank and the Company to be the aggregate of:

(a) the Purchase Price; and

(b) the Profit Amount calculated in the following formula:

Profit Amount = PP X PR X (N/365)

Where:

PP = the Purchase Price;

PR = the Profit Rate,

(a) where a dividend payout has not occurred during a Periodic Profit Period, six point five per cent (6.50%) per annum which comprise the sum of (i) the Periodic Profit Rate and (ii) the Unearned Profit up to 3.5% per annum; or

(b) where a dividend payout has occurred during a Periodic Profit Period, nine point five per cent (9.50%) per annum which comprise the sum of (i) the Periodic Profit Rate; (ii) the Unearned Profit up to 3.5% per annum; and (iii) the dividend margin of 3%

N = the number of days to elapse from, and including, the proposed Transaction Date to, but excluding, the Termination Date.

Periodic Profit Amount

In relation to each Periodic Profit Period, the amount payable by the Company to the Bank on the Periodic Payment Date for that Periodic Profit Period as determined in accordance with the following formula:

Periodic Profit Amount = PP x PPR x (M/365)

where:

PP = the outstanding amount of the Purchase Price portion of the Deferred Sale Price;

PPR = the Periodic Profit Rate for that Periodic Profit Period; and

M = the number of days in that Period Profit Period.

Periodic Profit Payment Date

The last day of each Periodic Profit Period.

Periodic Profit Period

The period commencing from the Transaction Date and ending on the Quarter Date falling immediately thereafter, and each successive period of three months ending on a Quarter Date, provided that if any such Periodic Profit Period would extend beyond the Termination Date, such Periodic Profit Period shall end on the Termination Date.

Periodic Profit Rate	In relation to a Periodic Profit Period, the percentage rate per annum which is the aggregate of: (a) the margin (i.e. 3.0% per annum); and (b) the applicable SIBOR, provided that if the Periodic Profit Rate is higher than 9.50% per annum, the Periodic Profit Rate shall be 9.50% per annum.
Unearned Profit	In relation to a Periodic Profit Period, the percentage rate of up to 3.5% per annum.
Aggregate periodic profit rate	In addition to the Periodic Profit Rate, the Company will, in relation to a Periodic Profit Period, pay IB Asia unearned profit based on a rate of up to 3.5% per annum, and where any member of the Group pays out any dividends or distributions to its shareholders in that Periodic Profit Period, an additional 3% per annum as dividend margin for that Periodic Profit Period.
Quarter Date	Each of 31 March, 30 June, 30 September and 31 December
Conversion of Deferred Sale Price	The Bank may at any time during the Conversion Period give the Company notice of exercise of its Conversion Right in respect of the whole of the outstanding amount of the Deferred Sale Price in respect of the Purchase Contract. After the relevant Conversion Shares have been duly issued and/or delivered to the Bank and registered in the name of the Bank or its nominee in accordance with the terms of the Master Murabaha Facility Agreements, the outstanding amount of the Deferred Sale Price for the Purchase Contract shall immediately be reduced to zero (0) and the Company shall be released and discharged from its liability in respect of the payment of the Deferred Sale Price as set out above in respect of the Purchase Contract.
Conditions Precedents	The Company may not deliver a Transaction Request and request the Bank to enter into any Purchase Contract unless the Bank has received all documents and the Company has fulfilled, *inter alia*, the following conditions precedents, in form and substance satisfactory to the Bank: (a) delivery to the Bank a certified true copy of the constitutional document of each of the Company and Zheng Choon;

(b) delivery to the Bank a certified true copy of the resolution of the board of directors of each of the Company and Zheng Choon in the manner as set out in the Master Murabaha Facility Agreements;

(c) delivery to the Bank a specimen of the signature of each person authorized by the resolution referred to in paragraph (b) above;

(d) delivery to the Bank a certified true copy of the resolution of the Shareholders of the Company in the manner as set out in the Master Murabaha Facility Agreements;

(e) a certificate of each of the Company and Zheng Choon (signed by a director) confirming that utilising or guaranteeing, as appropriate, the Facility, up to the Facility Limit, would not cause any financial limit binding on the Obligor to be exceeded;

(f) a legal opinion of Allen & Gledhill LLP, legal advisers to the Bank in Singapore, substantially in the form distributed to the Bank prior to the signing of the Master Murabaha Facility Agreements;

(g) satisfactory legal, business and financial due diligence on the Group by the Bank;

(h) all Authorisations (including any approvals from the SGX-ST) required to enable to the Company to lawfully enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party;

(i) a copy of any other Authorisation or other document, opinion or assurance which the Bank considers to be necessary or desirable (if it has notified the Company accordingly) in connection with the entry into and the performance of the transactions contemplated by any Finance Documents or for the validity and enforceability of any Finance Document;

(j) compliance by the Bank to its satisfaction with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents;

(k) approval of the Finance Documents by the Sharia Supervisory Board of the Bank;

(l) payment by the Company to the Bank of the costs and expenses (including legal fees and any fees relating to due diligence) reasonably incurred by the Bank in connection with the negotiation, preparation, printing and execution of the Master Murabaha Facility Agreements, any other documents referred therein and any other Finance Documents executed after the date of the Master Murabaha Facility Agreements; and

(m) a certificate of the Company confirming that all conditions precedent under, and any other conditions for the effectiveness of, the Debt Restructuring Documents (as defined in the Debt Restructuring Agreement) have been satisfied or waived and that all the Debt Restructuring Documents are unconditional.

Termination Date 31 March 2021

Events of Default In the event of default, the Company shall, within three (3) business days of demand, indemnify the Bank against any loss, liability or reasonable cost incurred by the Bank as a result of the event of default.

On and at any time after the occurrence of an event of default, the Bank may, by notice to the Company:

(a) cancel the Murabaha Facilities whereupon they shall immediately be cancelled; and/or

(b) declare that all or part of the Deferred Sale Price together with all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable.

Governing Laws The laws of Singapore

APPENDIX 2 – ADJUSTMENTS TO CONVERSION PRICE

The following is in the text of the proposed terms and conditions of the Conversion Rights:

The Conversion Price will be subject to adjustment in the following events as set out in the Master Murabaha Facility Agreements:

(i) **Consolidation, Subdivision or Reclassification**: If and whenever there shall be an alteration to the aggregate number of issued Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such alteration; and

B is the aggregate number of issued Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(ii) **Capitalisation of Profits or Reserves**:

(A) If and whenever any Shares are issued, credited as fully paid to the holders of the Shares (the "**Shareholders**") by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves, save where Shares are issued in lieu of the whole or any part of a specifically declared cash distribution (the **"Relevant Cash Distribution"**), being a distribution which the Shareholders concerned would or could otherwise have received (a **"Scrip Distribution"**) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such issue; and

B is the aggregate number of issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or, if a record date is fixed therefor, the day immediately after such record date.

(B) In the case of an issue of Shares by way of a Scrip Distribution where the Current Market Price of such Shares on the last Trading Day preceding the date on which the Scrip Distribution is publicly announced exceeds the amount of the Relevant Cash Distribution or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of issued Shares immediately before such issue;

B is the aggregate number of Shares issued by way of such Scrip Distribution multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Distribution and (ii) the denominator is the Current Market Price of the Shares on the last Trading Day preceding the date on which the Scrip Distribution is publicly announced issued by way of Scrip Distribution in respect of each existing Shares in lieu of the whole, or the relevant part, of the Relevant Cash Distribution; and

C is the aggregate number of issued Shares issued by way of such Scrip Distribution.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

(iii) **Capital Distributions**:

(A) Subject to Paragraph (iii) (B) below, if and whenever any Capital Distribution is paid or made to the Shareholders other than in cash only (except to the extent that the Conversion Price falls to be adjusted under Paragraph (ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution (excluding any Capital Distribution in respect of the same financial year which has previously resulted in an adjustment under this Paragraph (iii) attributable to one (1) Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or the first date upon which the Fair Market Value of the Capital Distribution is capable of being determined as provided in this Part A of Schedule 5 of the Master Murabaha Facility Agreements, whichever is later.

(B) If and whenever any Capital Distribution in cash only is paid or made to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the amount of Capital Distribution (excluding any Capital Distribution in respect of the same financial year which has previously resulted in an adjustment under this Paragraph (iii)) attributable to one (1) Share.

Such adjustment shall become effective on the date on which such Capital Distribution in cash is actually made or if a record date is fixed therefor, the day immediately after such record date.

(iv) **Rights Issues of Shares or Options over Shares**: If and whenever Shares are issued to all or substantially all Shareholders as a class by way of rights, or are issued or are granted to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Share, in each case at less than the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such Current Market Price Per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in this issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

(v) **Rights Issues of Other Securities**: If and whenever any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) are issued to all or substantially all Shareholders as a class, by way of rights, or are granted to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Investment Bank (acting as an expert), of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities or grant such rights, options or warrants (as the case may be).

(vi) **Issues at less than Current Market Price**: If and whenever (otherwise than as mentioned in Paragraph (iv) above) any Shares (other than Shares issued on the exercise of the Conversion Right or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) (otherwise than as mentioned in Paragraph (iv) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, are issued or granted in each case at a price per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(vii) **Other Issues at less than Current Market Price**: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Paragraph (vii), if and whenever any securities (other than the securities to be issued pursuant to the Master Murabaha Facility Agreements) in the Company are issued wholly for cash (otherwise than as mentioned in Paragraph (iv), (v) or (vi), or (at the direction or request of or pursuant to any arrangements with the Company), any other company, person or entity shall issue wholly for cash any securities (other than the securities to be issued pursuant to the Master Murabaha Facility Agreements) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued upon conversion, exchange or subscription at a consideration per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue;

B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

(viii) **Modification of Rights of Conversion etc.**: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price for one (1) Share on the last Trading Day preceding the date of the first announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification;

B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Share on the last Trading Day before the date of the announcement of such proposals or, if lower, the existing conversion, exchange or subscription price of such securities; and

C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank (acting as an expert) considers appropriate (if at all) for any previous adjustment under this Paragraph (viii) or Paragraph (vii) above.

Such adjustments shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(ix) **Other Offers to Shareholders**: The issue, sale or distribution by or on behalf of the Company of any securities in connection with which an offer pursuant to which the Shareholders generally (meaning for these purposes the holders of at least fifty per cent (50.0%) of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Paragraphs (iv), (v), (vi) or (vii), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement, as determined in good faith by an Independent Investment Bank (acting as an expert), of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

On any adjustment, the relevant Conversion Price, if not an integral multiple of S$0.0001, shall be rounded down to the nearest S$0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent (1.0%) of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Bank (or its nominee) in accordance with Clause 24 *(Notices)* of the Master Murabaha Facility Agreements as soon as practicable after the determination thereof.

When more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank (acting as an expert), the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank (acting as an expert) to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Paragraph (i) above or where there has been a proven manifest error in the calculation of the Conversion Price.

If the Company fails to appoint the Independent Investment Bank when required for the purposes of this Appendix, the Bank (or its nominee) may appoint the Independent Investment Bank with all costs and expenses arising from such appointment to be borne by the Company.

The Company shall be under a duty and will be responsible to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will be responsible to the Bank (or its nominee) for any loss arising from any failure by them to do so. All adjustments to the Conversion Price in this Appendix 2 shall be determined by the Company, but subject to the confirmation of the Bank (or its nominee).

For the purposes of above:

"**Capital Distribution**" means the aggregate, on a per Share basis, of all distributions declared by the Company in respect of the same financial year including (i) any distribution of assets in specie or other property by or on behalf of the Company, and whenever paid or made and however described or declared after the Transaction Date, and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Paragraph (ii)(A) of this Appendix by way of capitalisation of reserves), but excludes a Scrip Distribution (as defined herein) adjusted for under Paragraph (ii)(B) of this Appendix; and (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Distribution) of any kind by or on behalf of the Company, and whenever paid or made and however described or declared after the Transaction Date;

"**Closing Price**" means for the Shares for any Trading Day shall be the closing market price quoted by the SGX-ST for such Trading Day;

"**Current Market Price**" means, in respect of a Share at a particular time on a particular date, the average of the Volume Weighted Average Price for one (1) Share (being a Share carrying full entitlement to distributions) for each of the ten (10) consecutive Trading Days, ending on the Trading Day immediately preceding such date; **provided that**, if at any time during the said ten (10) Trading Day period the Shares shall have been quoted ex-distribution and during some other part of that period the Shares shall have been quoted cum-distribution then:

(i) if the Shares to be issued in such circumstances do not rank for the distribution in question, the quotations on the dates on which the Shares shall have been quoted cum-distribution shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof reduced by an amount equal to the amount of that distribution per Share; or

(ii) if the Shares to be issued in such circumstances rank for the distribution in question, the quotations on the dates on which the Shares shall have been quoted ex-distribution shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof increased by such similar amount,

and **provided further that** if the Shares on each of the said ten (10) Trading Days have been quoted cum-distribution in respect of a distribution which has been declared or announced but the Shares to be issued do not rank for that distribution, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that distribution per Share,

provided further that:

(a) if such Volume Weighted Average Prices are not available on each of the ten (10) Trading Days during the relevant period, then the arithmetic average of such Volume Weighted Average Prices which are available in the relevant period shall be used (subject to a minimum of two such Volume Weighted Average Prices); and

(b) if only one or no such Volume Weighted Average Prices is available in the relevant period, then the Current Market Price shall be determined in good faith by an Independent Investment Bank (acting as an expert);

"**Fair Market Value**" means with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank (acting as an expert); **provided that**:

(i) the fair market value of a cash distribution paid or to be paid per Share shall be the amount of such cash distribution per Share determined as at the date of announcement of such distribution; and

(ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded;

"**Independent Investment Bank**" means an independent investment bank of international repute, acting as an expert, selected by the Bank (or its nominee);

"**Stock Exchange Business Day**" means any day (other than a Saturday, Sunday or public holiday) on which the SGX-ST is open for securities trading provided that if no Closing Price is reported for one (1) or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days;

"Trading Day" means a day when the SGX-ST is open for dealing business, **provided that** if no Closing Price is reported on the SGX-ST for one (1) or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

"**Volume Weighted Average Price**" means, in respect of a Share on any Trading Day, or series of Trading Days, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page "VWAP" (or any successor to or replacement of such page) or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, or series of Trading Days, provided that on any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

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

1 Robinson Road #21-02 AIA Tower
Singapore 048542

16 March 2017

To: The Audit Committee of Ley Choon Group Holdings Limited

Dear Sirs

THE PROPOSED GRANT OF CALL OPTIONS OVER THE CONVERSION SHARES BY THE ISLAMIC BANK OF ASIA LIMITED TO THE CONTROLLING SHAREHOLDER OF THE COMPANY, ZHENG CHOON HOLDING PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 16 March 2017 (the "**Circular**") shall have the same meanings herein.*

1. INTRODUCTION

On 11 October 2016 (the "**Announcement Date**"), Ley Choon Group Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announced (the "**Announcement**") that pursuant to its debt restructuring exercise, amendments were made to certain key terms of the master murabaha facility agreement dated 13 February 2014 (the "**2014 Master Murabaha Facility**") entered into between the Company as purchaser and The Islamic Bank of Asia Limited (the "**Bank**") as the bank and the commodity agent (in such capacity, the "**Commodity Agent**") for the provision of a Singapore dollar murabaha facility of up to S$15,000,000. Pursuant to Sharia law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement has to be entered into.

As part of the debt restructuring exercise and in continuation of the 2014 Master Murabaha Facility Agreement, the Company had on 11 October 2016 entered into master murabaha facility agreements 1, 2, 3 and 4 (collectively, the "**Master Murabaha Facility Agreements**" and each, the "**Master Murabaha Facility Agreement 1, 2, 3 or 4**", as the case may be) with the Bank and the Commodity Agent for the provision of a Singapore dollar murabaha facility (the "**Facility**") in an aggregate amount of up to S$15,975,000 (the "**Murabaha Facilities**") (or S$3,993,750 per each Master Murabaha Facility Agreement) (the "**Facility Limit**"). Under the terms of each of the Master Murabaha Facility Agreement, the Bank shall have an option to convert the Conversion Amount (as defined below) thereunder into fully-paid ordinary shares of the Company (the "**Conversion Shares**") at a conversion price of S$0.081 per Conversion Share (the "**Conversion Price**") (subject to adjustments as set out in each of the Master Murabaha Facility Agreements) (the "**Proposed Issue of Conversion Rights**").

In connection with the Master Murabaha Facility Agreements, the Bank has also entered into call option agreements 1, 2, 3 and 4 (collectively, the "**Call Options**" and each, the "**Call Option 1, 2, 3 or 4**", as the case may be) with Zheng Choon Holding Pte. Ltd. ("**Zheng Choon**"), a controlling shareholder of the Company, and the Company. Under the terms of the Call Options, the Bank has granted Zheng Choon a call option over the Conversion Shares pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares at the Option Price (as defined below) (the "**Proposed Grant of Call Options**").

Zheng Choon, being a controlling shareholder of the Company, is defined as an "**Interested Person**" of the Company while the Company is an "**Entity at Risk**" under Chapter 9 of the Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). While the Call Options are not granted by the Company but are granted by the Bank to Zheng Choon, the Company is tabling the Proposed Grant of Call Options as an "**Interested Person Transaction**" for shareholders' approval as the Call Options are entered into by the Bank, Zheng Choon and the Company.

Pursuant to Rule 906(1)(a) of the Catalist Rules, the Company is required to obtain approval from the shareholders of the Company (the "**Shareholders**") on any interested person transaction of a value equal to or more than 5% of the latest audited consolidated net tangible assets ("**NTA**") of the Group. As the aggregate value of the Option Price (as defined below) of approximately S$7.8 million, which represents 130% of the Group's latest audited NTA of S$6.0 million as at 31 March 2016, and which exceeds 5% of the Group's latest audited NTA, the Company will be seeking the approval from the Shareholders who are independent for, *inter alia*, the Proposed Grant of Call Options (the "**Non-Interested Shareholders**") at an extraordinary general meeting of the Company to be convened (the "**EGM**").

In connection with the above, the Company has appointed us as the independent financial adviser (the "**IFA**") to the audit committee of the Company (the "**Audit Committee**") to express an opinion on whether the Proposed Grant of Call Options is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders.

This letter, which sets out our opinion and advice, has been prepared for the use of the Audit Committee in connection with the Proposed Grant of Call Options as an Interested Person Transaction and their recommendation to the Non-Interested Shareholders arising thereof.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Audit Committee in relation to the Proposed Grant of Call Options as an Interested Person Transaction.

We are not and were not involved in any aspect of the negotiations entered into by the Company in connection with the Master Murabaha Facility Agreements, the Proposed Issue of Conversion Rights or the Proposed Grant of Call Options (collectively, the "**Proposed Transactions**") or in the deliberations leading up to the decision of the Directors to undertake the Proposed Transactions. Accordingly, we do not, by this letter, warrant the merits of the Proposed Transactions, other than to express an opinion on whether the Proposed Grant of Call Options as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders.

For the purposes of arriving at our opinion in relation to the Interested Person Transaction, we have confined our analysis to the terms of the Proposed Transactions from a financial perspective. We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the strategic, legal or commercial merits or risks of the Proposed Transactions or the future growth prospects or earnings potential of the Group after the completion of the Proposed Transactions. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Proposed Transactions or on the future growth prospects, financial position and earnings potential of the Group after the completion of the Proposed Transactions.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the "**Management**") and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including the information contained in the Circular.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Proposed Transactions has been disclosed in the Circular, (b) such information is true and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made such reasonable enquiries and exercised such judgement as were deemed necessary in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on.

We would like to highlight that, save as disclosed, all information relating to the Group that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or from the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 6 March 2017 (the "**Latest Practicable Date**"). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group and have not been furnished with any such evaluation or appraisal.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. In arriving at our opinion, with the consent of the Directors and/or the Company, we have taken into account certain other factors and have made certain assumptions as set out in this letter.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser. Shareholders should further take note of any announcements which may be released by the Company after the Latest Practicable Date which are relevant to the Proposed Transactions and other related corporate actions.

Our opinion and advice in relation to the Interested Person Transaction should be considered in the context of the entirety of this letter and the Circular.

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

3. THE PROPOSED ISSUE OF CONVERSION RIGHTS AND THE CONVERSION SHARES

3.1 Background

The Group has been undergoing a debt restructuring exercise. On 8 June 2016, the Group and certain creditors agreed on and signed a term sheet setting out the key terms of restructuring the Group's debt obligations. On 23 September 2016, the Group entered into the debt restructuring agreement dated 23 September 2016 (the "**Debt Restructuring Agreement**") encapsulating the key terms of restructuring the Group's debt obligations. Material terms of the Debt Restructuring Agreement have been disclosed in the Company's announcement dated 26 September 2016.

As part of the debt restructuring exercise and in continuation of the 2014 Master Murabaha Facility Agreement, the Company had on 11 October 2016 entered into the Master Murabaha Facility Agreements with the Bank for the provision of Singapore dollar murabaha facilities in an aggregate amount of up to S$15,975,000 (or S$3,993,750 per Master Murabaha Facility Agreement). The Company has existing indebtedness owed to the Bank under the facility made available pursuant to the 2014 Master Murabaha Facility Agreement and such indebtedness amounted to an aggregate sum which is equivalent to the Facility Limit. The existing indebtedness comprised the principal loan amount of S$15,000,000 and the Profit Amount (as defined in the Circular) (i.e. interest) of S$975,000 that the Bank had capitalised.

The key amendments under the Master Murabaha Facility Agreements from the 2014 Master Murabaha Facility Agreement include the Conversion Price and the Conversion Period (as defined below). The Conversion Price has been amended from S$0.1929 per Conversion Share in the 2014 Master Murabaha Facility Agreement to S$0.081 per Conversion Share in the Master Murabaha Facility Agreements and the Conversion

Period has been extended pursuant to the different tranches of the Master Murabaha Facility Agreement 1, 2, 3 and 4 such that the Conversion Period shall be in accordance with the Debt Restructuring Agreement.

Under the terms of the Master Murabaha Facility Agreements, the Profit Amount (i.e. interest) is computed based on:

Purchase Price x Profit Rate x (N/365)

where:

"**Profit Rate**" means,

(a) where a dividend payout has not occurred during a Periodic Profit Period (as defined in the Circular), six point five per cent (6.50%) per annum which comprise the sum of (i) the Periodic Profit Rate and (ii) the Unearned Profit of up to 3.5% per annum; or

(b) where a dividend payout has occurred during a Periodic Profit Period (as defined in the Circular), nine point five per cent (9.50%) per annum which comprise the sum of (i) the Periodic Profit Rate; (ii) the Unearned Profit of up to 3.5% per annum; and (iii) the dividend margin of 3%.

"**N**" means, the number of days to elapse from, and including the proposed Transaction Date (as defined in the Circular) to, but excluding the Termination Date (i.e. 31 March 2021).

"**Periodic Profit Rate**" means, in relation to a Periodic Profit Period, the percentage rate per annum which is the aggregate of (i) the margin (i.e. 3.0% per annum), and (ii) the applicable SIBOR.

"**Unearned Profit**" means, in relation to a Periodic Profit Period, the percentage rate of up to 3.5% per annum.

Further details on the mechanism and the principal terms of the Murabaha Facilities are set out in Appendix 1 to the Circular and Shareholders are advised to read the information carefully.

3.2 Key Terms of the Proposed Issue of Conversion Rights and the Conversion Shares

Pursuant to the Master Murabaha Facility Agreements, the Bank and the Company have agreed that the Bank (or its nominee) has the conversion right (the "**Conversion Right**") to convert the whole (and not part) of the outstanding amount of the Deferred Sale Price (as defined in the Circular) (less the amount of Ibra' (rebate)) (if any) that the Bank may grant on such outstanding amount (the "**Conversion Amount**") thereunder into the Conversion Shares following the exercise of the Conversion Right by the Bank at the Conversion Price, subject to adjustments provided in the Master Murabaha Facility Agreements and set out in Appendix 2 to the Circular.

The Conversion Price was mutually agreed between the Company and the Bank, taking into consideration prevailing market price of the Shares during the time of negotiation of the Murabaha Facilities and the Debt Restructuring Exercise which commenced on and about 31 July 2015 (the closing price of the Shares on 31 July 2015 was S$0.05).

A summary of the terms and conditions of the Conversion Rights to be issued by the Company is set out in section 2.3 of the Circular and the salient terms are reproduced as follows:

(a) Conversion Date

The date specified in a notice of conversion to be completed, executed and deposited by the Bank (or its nominee), in or substantially in, the form set out in the Master Murabaha Facility Agreements (the "**Conversion Date**").

(b) Method of Issue

Privately placed to and purchased by the Bank. No offering circular or information memorandum will be issued by the Company for the Proposed Issue of Conversion Rights pursuant to Section 272B of the Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time.

(c) Conversion Period

The following periods (collectively, the "**Conversion Period**"):

(i) from and including 1 January 2018 to and including 31 March 2021 in respect of Master Murabaha Facility Agreement 1;

(ii) from and including 1 July 2018 to and including 31 March 2021 in respect of Master Murabaha Facility Agreement 2; and

(iii) from and including 1 January 2019 to and including 31 March 2021 in respect of Master Murabaha Facility Agreements 3 and 4.

The Bank (or its nominee) has the right to convert the whole (and not part) of the Conversion Amount into Conversion Shares at any time during the Conversion Period.

Notwithstanding the foregoing, if the Conversion Date would otherwise fall during a period in which the Company's register of Shareholders is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a "**Book Closure Period**"), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Appendix 2 to the Circular) after the expiry of such Book Closure Period.

(d) Conversion Shares

In relation to each Master Murabaha Facility Agreement, the number of Conversion Shares issuable upon conversion of the Conversion Amount shall be determined by dividing the Conversion Amount by the Conversion Price in effect on the Conversion Date.

(e) Conversion Price

The price at which Conversion Shares will be issued upon conversion will be S$0.081 per Conversion Share, but will be subject to adjustment provided in the Master Murabaha Facility Agreements and set out in Appendix 2 to the Circular.

The Conversion Price will be subject to adjustment in the occurrence of following events set out in the Master Murabaha Facility Agreements and Appendix 2 to the Circular:

(i) consolidation, subdivision or reclassification of Shares;

(ii) capitalisation of profits or reserves;

(iii) Capital Distribution (as defined in Appendix 2 to the Circular);

(iv) rights issues of Shares or options over Shares;

(v) rights issues of other securities;

(vi) issues at less than Current Market Price (as defined in paragraph 4.1 below);

(vii) issues of other securities at less than Current Market Price (as defined in paragraph 4.1 below);

(viii) modification of the Conversion Rights; or

(ix) other offers to Shareholders.

(f) Status of Conversion Shares

The Conversion Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Conversion Shares.

3.3 Approvals

Completion of the Proposed Issue of the Conversion Rights and the Conversion Shares is subject to, *inter alia*, (a) the Shareholders' approval at the EGM and (b) the approval in-principle being granted by the SGX-ST for the listing and quotation of the same on the SGX-ST.

Shareholders should note that the indebtedness under the Master Murabaha Facility Agreements are repayable on 31 March 2021 whether or not Shareholders' approval for the Proposed Issue of Conversion Rights and the Conversion Shares is obtained. In the event that such Shareholders' approval is not obtained, the Company will have to repay the indebtedness under the Master Murabaha Facility Agreements on 31 March 2021 and the Bank will not have the right to convert the Conversion Amount into Conversion Shares.

In addition, the Board has confirmed that the resolutions in relation to, *inter alia*, the Proposed Issue of Conversion Rights and the Conversion Shares, notwithstanding that they are pending Shareholders' approval, will not have an impact on the Debt Restructuring Agreement.

Further details on the approvals required for the Proposed Issue of Conversion Rights and the Conversion Shares are set out in sections 2.5 and 2.6 of the Circular and Shareholders are advised to read the information carefully.

3.4 Rationale for the Entry into the Master Murabaha Facility Agreements

The rationale of the Company's entry into the Master Murabaha Facility Agreements is set out in section 2.2 of the Circular and Shareholders are advised to read the information carefully.

3.5 Shareholders' Undertakings

In connection with the Master Murabaha Facility Agreements, the Company, Zheng Choon, Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Mr Toh Chew Chai (collectively, the "**Zheng Choon Shareholders**") and the Bank had also entered into a shareholders' undertaking dated 11 October 2016 in relation to each Master Murabaha Facility Agreement (the "**Shareholders' Undertakings**"). Under the terms of the Shareholders' Undertakings and in consideration of the Bank agreeing to grant the Murabaha Facilities to the Company:

(a) Zheng Choon has thereby unconditionally and irrevocably agreed with and undertaken to the Bank that it will, at all times until the Liabilities are Discharged (as defined in the Circular), directly or indirectly own not less than thirty per cent (30.0%) of the issued share capital of the Company; and

(b) the Zheng Choon Shareholders have thereby unconditionally and irrevocably agreed and undertaken to the Bank that they will, at all times until the Liabilities are Discharged, together own not less than ninety-six point eight per cent (96.8%) of the issued share capital of Zheng Choon.

As at the Latest Practicable Date, Zheng Choon holds approximately 50.03% of the fully-paid ordinary shares of the Company and the Zheng Choon Shareholders hold 100.0% of the fully-paid shares of Zheng Choon.

3.6 Other information on the Proposed Issue of Conversion Rights and the Conversion Shares

Please refer to section 2 of the Circular for further information on the Proposed Issue of Conversion Rights and the Conversion Shares.

4. THE PROPOSED GRANT OF CALL OPTIONS

4.1 Details of the Proposed Grant of Call Options

In connection with the Master Murabaha Facility Agreements, the Bank has also entered into the Call Options with Zheng Choon and the Company. Under the terms of the Call Options, the Bank has granted Zheng Choon a call option over the Conversion Shares pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares at the option price ("**Option Price**"), which is the amount derived by multiplying:

(a) the number of Conversion Shares issued or to be issued to the Bank pursuant to its exercise of the Conversion Right; with

(b) any amount which is:

(i) the Current Market Price (as defined below) of a Share on the Conversion Date, where such Current Market Price is S$0.09 or less; or

(ii) the amount which is 90% of the Current Market Price of a Share on the Conversion Date, where such Current Market Price is more than S$0.09.

Where:

"**Current Market Price**" means, in respect of a Share at a particular time on a particular date, the average of the Volume Weighted Average Price for one (1) Share (being a Share carrying full entitlement to distributions) for each of the ten (10) consecutive Trading Days, ending on the Trading Day immediately preceding such date; provided that, if at any time during the said ten (10) Trading Day period the Shares shall have been quoted ex-distribution and during some other part of that period the Shares shall have been quoted cum-distribution then:

(A) if the Shares to be issued in such circumstances do not rank for the distribution in question, the quotations on the dates on which the Shares shall have been quoted cum-distribution shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof reduced by an amount equal to the amount of that distribution per Share; or

(B) if the Shares to be issued in such circumstances rank for the distribution in question, the quotations on the dates on which the Shares shall have been quoted ex-distribution shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof increased by such similar amount, and provided further that if the Shares on each of the said ten (10) Trading Days have been quoted cum-distribution in respect of a distribution which has been declared or announced but the Shares to be issued do not rank for that distribution, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value (as defined in Appendix 2 to the Circular) of that distribution per Share,

provided further that:

(AA) if such Volume Weighted Average Prices are not available on each of the ten (10) Trading Days during the relevant period, then the arithmetic average of such Volume Weighted Average Prices which are available in the relevant period shall be used (subject to a minimum of two such Volume Weighted Average Prices); and

(BB) if only one or no such Volume Weighted Average Prices is available in the relevant period, then the Current Market Price shall be determined in good faith by an independent investment bank (acting as an expert).

"**Trading Day**" means, a day when the SGX-ST is open for dealing business, provided that if no closing price is reported on the SGX-ST for one (1) or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

"**Volume Weighted Average Price**" means, in respect of a Share on any Trading Day, or series of Trading Days, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page "VWAP" (or any successor to or replacement of such page) or such other source as shall be determined to be appropriate by an independent investment bank on such Trading Day, or series of Trading Days, provided that on any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

Zheng Choon may exercise the Call Option by delivering a notice to the Bank on any Business Day during the five Business Days commencing on (and including) the Conversion Date, failing which the Call Option shall lapse and cease to have any further effect.

Save for the Option Price payable by Zheng Choon in the event that it wishes to exercise the Call Options, the Call Options are issued at no cost to the Company and Zheng Choon.

Shareholders should note that the indebtedness under the Master Murabaha Facility Agreements are repayable on 31 March 2021 regardless of Shareholders' approval for the Proposed Grant of Call Options. In addition, the Board has confirmed that the resolutions in relation to the Proposed Grant of Call Options, notwithstanding that they are pending Shareholders' approval, will not have an impact on the Debt Restructuring Agreement.

4.2 Rationale of the Proposed Grant of Call Options

The rationale of the Proposed Grant of Call Options is set out in section 3.5 of the Circular and Shareholders are advised to read the information carefully.

4.3 Other information on the Proposed Grant of Call Options

Please refer to section 3 of the Circular for further information on the Proposed Grant of Call Options.

5. THE PROPOSED GRANT OF CALL OPTIONS AS AN INTERESTED PERSON TRANSACTION

Rule 906 of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than, *inter alia*, 5% of the Group's latest audited NTA.

Zheng Choon, being a controlling shareholder of the Company is defined as an "Interested Person" of the Company while the Company is an "Entity at Risk" under Chapter 9 of the Catalist Rules. While the Call Options are not granted by the Company but are granted by the Bank to Zheng Choon, the Company is tabling the Proposed Grant of Call Options as an Interested Person Transaction for Shareholders' approval as the Call Options are entered into by the Bank, Zheng Choon and the Company.

As at the Latest Practicable Date, based on the Current Market Price of S$0.034, the aggregate value of the Option Price (as illustrated in section 3.4 of the Circular) is approximately S$7.8 million. This represents 130% of the Group's latest audited NTA of approximately S$6.0 million as at 31 March 2016, and as it exceeds 5% of the Group's latest audited NTA, the Company will be seeking the approval of Shareholders for the Proposed Grant of Call Options pursuant to Rule 906 of the Catalist Rules.

6. EVALUATION OF THE INTERESTED PERSON TRANSACTION

The Proposed Grant of Call Options is undertaken in connection with the Master Murabaha Facility Agreements. The exercisability of the Call Options over the Conversion Shares by Zheng Choon is contingent upon the exercise of the Conversion Rights by the Bank to convert the Conversion Amount into Conversion Shares under the Master Murabaha Facility Agreements.

Accordingly, in our evaluation of the Proposed Grant of Call Options as an Interested Person Transaction, we have considered the terms of the Call Options, the terms of the Master Murabaha Facility Agreements including the Proposed Issue of the Conversion Rights, from a financial perspective, for the purposes of our analysis in this letter. We have reviewed and examined the following factors which have a significant bearing on our assessment:

(a) the rationale for the entry into the Master Murabaha Facility Agreements and the Call Options;

(b) the historical financial performance and condition of the Group;

(c) the reasonableness of the terms of the Proposed Issue of Conversion Rights and the Call Options;

(d) the financial effects of the Master Murabaha Facility Agreements and Proposed Issue of Conversion Rights on the Group; and

(e) other relevant considerations.

6.1 Rationale for the entry into the Master Murabaha Facility Agreements and the Call Options

We note that the Proposed Grant of Call Options is undertaken in connection with the entry into the Master Murabaha Facility Agreements. The full text of the rationale for the entry into the Master Murabaha Facility Agreements and the Call Options are set out in sections 2.2 and 3.5 of the Circular respectively, and have been reproduced in italics below:

Master Murabaha Facility Agreements

"*The rationale for the Company's entry into the Master Murabaha Facility Agreements is as follows:*

(a) in connection with the Debt Restructuring Exercise and Debt Restructuring Agreement, amendments have to be made to the key terms and conditions of the 2014 Master Murabaha Facility Agreement; and

(b) pursuant to Sharia law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement has to be signed. Accordingly, the entry into the Master Murabaha Facility Agreements is to re-execute the 2014 Master Murabaha Facility Agreement and facilitate amendments to the latter.

There will be no new proceeds or incoming funds arising at all from the Murabaha Facilities as the entry into the Master Murabaha Facility Agreements is to re-execute the 2014 Master Murabaha Facility Agreement in order to record the amendments made to the key terms and conditions of the 2014 Master Murabaha Facility Agreement pursuant to the Debt Restructuring Exercise and Debt Restructuring Agreement. The key amendments under the Master Murabaha Facility Agreements from the 2014 Master Murabaha Facility Agreement include the Conversion Price and the Conversion Period. Details on the mechanism and the principal terms of the Murabaha Facilities are set out in Appendix 1 of this Circular.

The Conversion Price has been amended from S$0.1929 per Conversion Share in the 2014 Master Murabaha Facility Agreement to S$0.081 per Conversion Share in the Master Murabaha Facility Agreements and the Conversion Period has been extended pursuant to the different tranches of the Master Murabaha Facility Agreement 1, 2, 3 and 4 such that the Conversion Period shall be in accordance with the Debt Restructuring Agreement. Details of such terms and conditions of the Conversion Rights are set out in paragraph 2.3 of this Circular."

Call Options

"*The proposed grant of the Call Options was a commercial decision reached by the parties to the Call Options.*

Zheng Choon, as a Controlling Shareholder of the Company, would not wish for the Bank to sell the Conversion Shares to other parties, in particular, its competitors in the infrastructure construction industry. Accordingly, Zheng Choon has requested the Bank to enter into the Call Options in order to grant to Zheng Choon call options over the Conversion Shares pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares. The Call Options are in the interest of Zheng Choon in its position as a Controlling Shareholder of the Company.

The Call Options are also in the interest of the Company as the Company's growth from a small pipe laying contractor to an established one-stop underground utilities infrastructure construction and road works service provider is attributable to the competency and expertise of the Zheng Choon Shareholders who are part of the key management of the Company. The proposed grant of call options, with the aim of preventing a dilution of the shareholding interests of Zheng Choon and the Zheng Choon Shareholders, serves to further motivate the Zheng Choon Shareholders to be incentivised to remain in and contribute towards the long-term success of the Group, by aligning their interests with the interests of the Group and all Shareholders.

Further, the Bank had agreed to enter into the Call Options which grants Zheng Choon a right of first refusal at an agreed option price so as to avoid having to sell the Conversion Shares in the open market which may be difficult. The over-hang or the disposal of a large number of shares in the open market may adversely affect the share price which will not be in the interests of all Shareholders."

6.2 Historical Financial Performance and Condition of the Group

The salient historical financial information of the Group for the financial years ended 31 December 2013, 31 December 2014 and 31 March 2016 ("**FY2013**", "**FY2014**" and "**FY2016**" respectively), and the 9-month financial periods ended 31 December 2015 and 31 December 2016 ("**9M2016**" and "**9M2017**" respectively) is set out below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**Audited**			**Unaudited**	
(S$'000)	**FY2013**	**FY2014**	**FY2016[1]**	**9M2016**	**9M2017**
Revenue[2]	153,165	131,528	109,121	60,640	86,199
Profit/(loss) before taxation[2]	16,365	(42,570)	(62,961)	(38,423)	14,657
Net profit/(loss) from continuing operations after taxation	14,322	(36,113)	(63,379)	(39,158)	15,001
Profit/(loss) from discontinued operation, net of tax[2]	–	225	1	(7,385)	(947)
Net profit/(loss) for the year attributable to owners of the Company[2]	14,344	(36,113)	(63,379)	(39,209)	15,001

	Audited			**Unaudited**
Statements of Financial Position	**As at 31 December**		**As at 31 March**	**As at 31 December**
(S$'000)	**2013**	**2014**	**2016**	**2016**
Current assets	213,727	169,116	100,586	72,742
Current liabilities	141,952	149,000	160,010	55,925
Working capital	71,775	20,116	(59,424)	16,817
Non-current assets	87,912	94,121	69,377	65,703
Non-current liabilities	52,512	43,313	3,927	62,563
Borrowings	154,369	139,805	110,732	75,200
Total equity attributable to owners of the Company	106,824	70,464	6,026	19,957

Consolidated Statement of Cash Flows	Audited			Unaudited	
(S$'000)	FY2013	FY2014	FY2016[(1)]	9M2016	9M2017
Net cash generated from/(used in) operating activities[(2)]	(44,586)	33,201	35,656	21,216	4,223
Net cash generated from/(used in) investing activities[(2)]	(5,463)	(20,363)	(4,263)	(2,620)	27,800
Net cash generated from/(used in) financing activities[(2)]	52,356	(31,281)	(30,502)	(17,969)	(34,160)
Net increase/(decrease) in cash and cash equivalents	2,307	(18,443)	891	627	(2,137)
Cash and cash equivalents at end of year/period	19,769	1,530	2,572	(858)	425

Source: Company's annual reports for FY2014, FY2016 and announcement of the unaudited financial statements for 9M2017.

Notes:

(1) The Group had on 22 December 2015, announced the change of its financial year-end from 31 December to 31 March. Consequently, the full year results for FY2016 comprises the 15 months period from 1 January 2015 to 31 March 2016, while the corresponding figures relate to the year ended 31 December 2014. Accordingly, the consolidated statement of profit or loss and comprehensive income and the consolidated statement of cash flows for FY2016 are not comparable to those for FY2014.

(2) On 31 May 2015, Ley Choon Constructions and Engineering Pte. Ltd. ("**LCCE**") entered into a conditional sale and purchase agreement with Nur EWC Sdn. Bhd. and Musa Bin Haji Adnin, pursuant to which LCCE sold its 51% equity interest, representing 255,000 shares, in Ley Choon EWC Sdn. Bhd. ("**LCEWC**") to the purchasers for an aggregate consideration of S$486,570. LCEWC represented the geographical area of operations of the Group in Brunei, and was reported in the pipes and roads segment. The disposal was part of an internal restructuring exercise undertaken by the Group and is consistent with the Group's commitment to optimise profitability and operations.

Accordingly, the results relating to LCEWC have been presented in the consolidated statement of profit or loss and other comprehensive income as "profit from discontinued operation, net of tax". LCEWC was not previously presented as discontinued operation for the financial year ended 31 December 2014 or classified as held for sale as at 31 December 2014, and thus the comparative statement of profit or loss and other comprehensive income has been re-presented in the annual report for FY2016 to show the discontinued operation separately from continuing operations.

The disposal of LCEWC was completed in June 2015.

We note the following:

(a) the Group's revenue decreased by 14.1% from S$153.2 million in FY2013 to S$131.5 million in FY2014, without taking into account revenue contributed from discontinued operations. However, taking into account revenue from discontinued operations, the Group's revenue increased by 2.4% from S$153.2 million in FY2013 to S$156.8 million in FY2014, as a result of higher percentage of work completed on road related works amongst other projects and higher sale of asphalt premix.

The Group's revenue from continuing operations decreased by S$22.4 million from S$$131.5 million in FY2014 to S$109.1 million in FY2016, mainly due to adjustments in revenue as a result of variation in contract sum and budgeted cost.

The Group's revenue increased by S$25.6 million or 42.1% from S$60.6 million in 9M2016 to S$86.2 million in 9M2017, mainly due to the absence of revenue adjustments amounting to S$34.4 million which adversely impacted revenue in 9M2016;

(b) without taking into account the financial results from discontinued operations, the Group recorded net profit attributable to owners of the Company of S$14.3 million in FY2013, as compared to net loss attributable to owners of the Company of S$36.1 million in FY2014. Taking into account the financial results from discontinued operations, the Group recorded net profit attributable to owners of the Company of S$14.3 million in FY2013, as compared to net loss attributable to owners of the Company of S$36.0 million in FY2014, mainly due to (i) an increase of cost of sales of S$39.6 million attributable to the provision for additional costs for rectification work to be performed during the defect liability period for certain projects and the estimated liquidated damages because of the delay in completion of a couple of projects, (ii) a decrease in other income of S$11.0 million attributable to a gain on disposal of an office building in FY2013, and (iii) an increase in other operating expenses due to an impairment loss of S$8.5 million on property, plant and equipment.

Net loss attributable to owners of the Company from continuing operations increased by 75.5% from S$36.1 million in FY2014 to S$63.4 million in FY2016 mainly due to (i) the provision for liquidated damages and foreseeable losses for additional work to be performed for certain ongoing projects in FY2016, (ii) an increase in administrative expenses of S$7.1 million, and (iii) an increase in finance costs of S$3.5 million.

The Group recorded net loss attributable to owners of the Company of S$39.2 million in 9M2016 compared to net profit of S$15.0 million in 9M2017, due to (i) the increase in revenue of S$25.6 million as explained in the revenue analysis above, (ii) an increase in other income of S$11.5 million due to gain on disposal of office buildings at No. 4 Sungei Kadut Street 2 and 55 Kranji Crescent, and (iii) decrease in administrative expenses of S$1.1 million mainly due to a decrease in administrative staff costs and depreciation of property, plant and equipment, partially offset by an increase in professional fees in relation to the debt restructuring exercise;

(c) the Group's working capital decreased by S$51.7 million from S$71.8 million as at 31 December 2013 to S$20.1 million as at 31 December 2014, mainly due to (i) a decrease in contracts work-in-progress of S$17.7 million, (ii) a decrease in trade and other receivables of S$16.1 million, (iii) a decrease in cash and cash equivalents of S$13.5 million and (iv) an increase in trade and other payables of S$13.4 million, offset by a decrease in loan and borrowings of S$9.9 million. As at 31 March 2016, the Group recorded a negative working capital of S$59.4 million as compared to the positive working capital of S$20.1 million as at 31 December 2014, mainly due to (i) a decrease in contracts work-in-progress of S$70.7 million and (ii) an increase in borrowings of S$10.3 million.

The Group's working capital increased from negative working capital of S$59.4 million as at 31 March 2016 to a positive working capital of S$16.8 million as at 31 December 2016, mainly due to a decrease in borrowings of $94.2 million attributable to a reclassification of bank loans to non-current liabilities in accordance with the debt restructuring agreement;

(d) the Group's borrowings amounted to S$154.4 million, S$139.8 million, S$110.7 million and S$75.2 million as at 31 December 2013, 31 December 2014, 31 March 2016 and 31 December 2016 respectively;

(e) taking into account the financial results from discontinued operations, the Group recorded net cash used in operating activities of S$44.6 million in FY2013, as compared to net cash generated from operating activities (from continuing operations) of S$33.2 million and S$35.7 million in FY2014 and FY2016 respectively. In the 9M2016 and 9M2017 period, the Group recorded net cash generated from operating activities of S$21.2 million and S$4.2 million respectively; and

(f) taking into account of bank overdrafts, cash restricted in use and fixed deposits which are pledged to the banking facilities granted, the Group recorded cash and cash equivalents of S$19.8 million, S$1.5 million, S$2.6 million as at the end of FY2013, FY2014 and FY2016 respectively. As at the end of 9M2016 period, the Group recorded cash and cash equivalents of negative S$0.9 million, as compared to positive S$0.4 million as at the end 9M2017.

We note the following statement in the annual report for FY2016, whereby Foo Kon Tan LLP has highlighted an emphasis of matter:

"We draw attention to Note 2(a) to the financial statements. As at 31 March 2016, the Group and the Company had net current liabilities of S$59,424,000 (2014: net current assets of S$20,116,000) and S$45,846,000 (2014: net current assets of S$41,865,000), respectively. The Group also incurred a net loss of S$63,378,000 (2014: S$35,888,000) for the financial period then ended. In addition, the Group had defaulted on repayments and breached covenants in respect of its borrowings. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as going concern. The preparation of the financial statements on a going concern basis is dependent on the ability of the Group and the Company to generate sufficient cash flows from operations, reduce expenditure and raise new funds from equity, and the continued support from the financial institutions to make available existing credit facilities, to enable the Group and the Company to pay debts as and when they fall due. If the Group and the Company were unable to continue in operational existence, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements. Our opinion is not qualified in respect of this matter."

We also note the following statement on the significant trends and competitive conditions of the industry in which the Group operates that may affect the Group in the next reporting period and the next 12 months that was made in its unaudited 9M2017 financial results announcement on 13 February 2017:

"In the news release of the Building and Construction Authority (BCA) dated 6 January 2017, BCA projects the total construction demand or the value of construction contracts to be awarded this year to reach between $28.0 billion and $35.0 billion, higher than the preliminary estimate of $26.1 billion last year. The projected stronger construction demand is due to an anticipated increase in public sector construction demand from about $15.8 billion last year to between $20.0 billion and $24.0 billion this year. The public sector is expected to contribute about 70% of the total construction demand. BCA estimates public sector construction demand to be between $18.0 billion to $23.0 billion per annum from 2018 to 2021, supported by various upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5.

In view of the strong demand from public sector on infrastructure projects, the Group will continue to tender for more projects to strengthen its order book. The Group has recently secured one new contract from Public Utilities Board amounting to $2.7 million in November 2016. The Group's unfulfilled order book stands at approximately $157 million."

6.3 Reasonableness of the terms of the Proposed Issue of Conversion Rights and the Call Options

The Proposed Grant of Call Options is undertaken in connection with the Master Murabaha Facility Agreements. The exercisability of the Call Options over the Conversion Shares by Zheng Choon is contingent upon the exercise of the Conversion Rights by the Bank to convert the Conversion Amount into Conversion Shares under the Master Murabaha Facility Agreements.

Based on the terms of the Proposed Issue of Conversion Rights, the Conversion Amount can be converted by the Bank at the Conversion Price of S$0.081 for each Conversion Share.

Based on the terms of the Call Options, the aggregate Option Price (as defined in paragraph 4.1 of this letter) is pegged to the Current Market Price of a Share on the Conversion Date, where (i) the amount is the Current Market Price of a Share where such Current Market Price is S$0.09 or less, or (ii) the amount which is 90% of the Current Market Price of a Share where such Current Market Price is more than S$0.09.

For the purposes of our analysis in this letter, unless otherwise stated, we have assumed that the Bank will only exercise its Conversion Rights when it is favourable, and in this case, when the prevailing market price is above the Conversion Price of S$0.081. We have also, where required, assumed a value of S$0.082 for the market price of a Conversion Share on the Conversion Date, translating to a hypothetical Option Price for a Conversion Share ("**Option Price per Share**").

Accordingly, we have considered the following in assessing the reasonableness of the Conversion Price and the Option Price per Share:

(a) market quotation of the Shares;

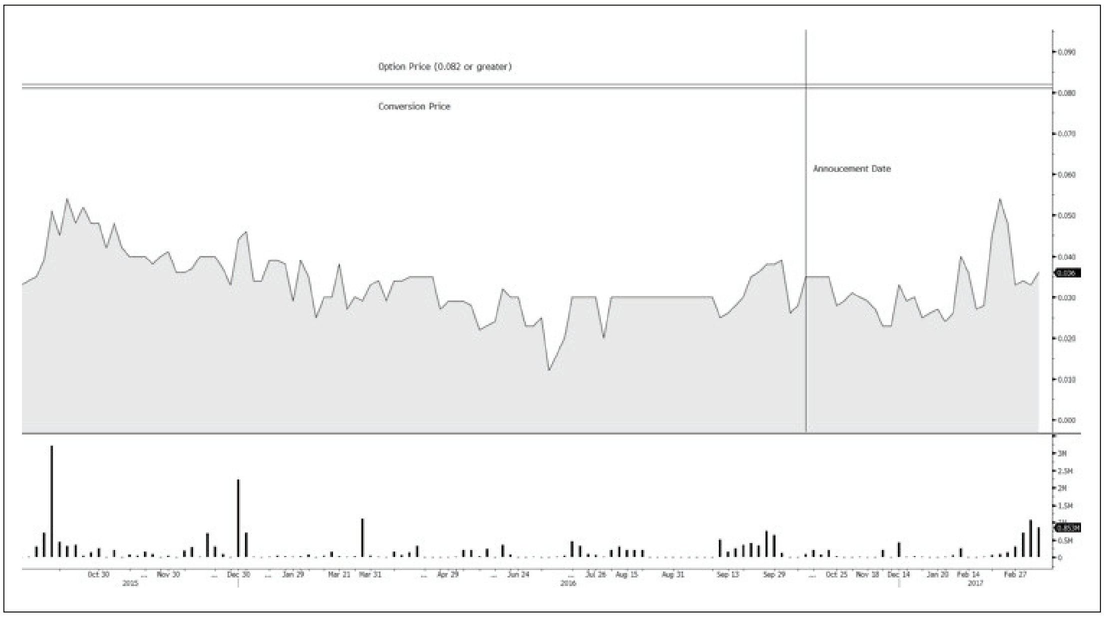
(b) comparison with the NTA of the Group;

(c) comparison with precedent transactions; and

(d) comparison with the Group's existing credit facilities and loans.

6.3.1 Market quotation of the Shares

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



Source: Bloomberg L.P.

A summary of the salient announcements and key events relating to the Company during the aforesaid period is set out below:

Date	Event
12 October 2015	Announcement on the award of tender for a contract worth approximately S$2.5 million by the Public Utilities Board, for the supply and laying of watermains.
28 October 2015	Announcement on the proposed transfer of the listing of the Company from the Main Board of the SGX-ST to the Catalist Board of the SGX-ST (the "**Proposed Transfer**"). The Company expects that it would have to carry out substantive corporate actions to meet the minimum trading price requirement if it wishes to remain on the Main Board of the SGX-ST.
29 October 2015	Announcement on the re-constitution of the Nominating Committee which has been reconstituted as follows: (i) Mr Chia Soon Hin William (Chairman); (ii) Prof. Ling Chung Yee Roy (Member); and (iii) Mr Teo Ho Beng (Member)
9 November 2015	Announcement on the unaudited interim financial results for the 9-month financial period ended 30 September 2015, which reported a net loss attributable to owners of the Company of S$47.0 million in 9M2015 as compared to a net loss of S$22.3 million in 9M2014.
18 December 2015	Announcement on the outcome of the Proposed Transfer, where the SGX-ST rejected the Company's Proposed Transfer application.
22 December 2015	Announcement on the change of the Company's financial year end from 31 December to 31 March.
4 January 2016	Announcement on the award of tender for a contract worth approximately S$7.0 million by the Public Utilities Board for watermain repairs and other contract work in relation to network services.

Date	Event
7 January 2016	Announcement on the clarification on the rejection of the Proposed Transfer where the SGX-ST is of the view that the Company's sufficiency of working capital for at least 12 months after the Proposed Transfer is dependent on whether the financial institutions will accept the debt restructuring plan put forth by the Company.
15 January 2016	Announcement on the appointment of Mr Ling Chung Yee Roy as the Lead Independent Director of the Company.
22 January 2016	Announcement on the EGM results on the approval of the proposed change of auditors from KPMG LLP to Foo Kon Tan LLP.
3 February 2016	Announcement on the receipt of approval from the SGX-ST on 2 February 2016, for a 6-month extension to meet the minimum trading price requirement.
11 February 2016	Announcement on the award for contracts worth approximately S$7.4 million for (i) the supply and installation of water connection works in west division, (ii) the supply and laying watermains in west division, and (iii) the supply and laying NEWater mains (2015) contracts for the eastern and western zones of Singapore.
19 May 2016	Announcement on the proposed disposal of 55 Kranji Crescent, Singapore 728662 and the asphalt premix manufacturing plant together with all plant and equipment, for a consideration S$12.3 million.
30 May 2016	Announcement on the unaudited financial results for the 15-month financial period ended 31 March 2016 which reported a net loss attributable to owners of the Company of S$63.4 million in FY2016 as compared to a net loss of S$39.3 million in the 15-month financial period ended 31 March 2015.
31 May 2016	Announcement on the sale of 4 Sungei Kadut Street 2, Singapore 729226, pursuant to the exercise of the option by Doule-Trans Pte. Ltd., for a consideration of S$6.8 million.

Date	**Event**
3 June 2016	Announcement on the award of a contract worth approximately S$2.8 million by the Public Utilities Board, for the maintenance and servicing of installations in water supply (network).
8 June 2016	Announcement on the entry of a term sheet between the Group and its lenders, setting out the key terms of restructuring the debt obligations of the Group, which will subsequently be encapsulated into a Debt Restructuring Agreement.
13 June 2016	Announcement on the award of a contract worth approximately S$33.6 million by the Public Utilities Board for the supply and laying of pipelines from AYE/Henderson Road to Keppel Road and Keppel Road to Maxwell Road/Shenton Way.
7 July 2016	Announcement on the annual report for the financial year ended 31 March 2016 ("**FY2016**") which reported a net loss of S$63.4 million in FY2016 for the 15 months period, as compared to a net loss of S$35.9 million in FY2014.
8 July 2016	Announcement on the issue of the Independent Auditor's Report for the Group by its Independent Auditor, Foo Kon Tan LLP, which contains an emphasis of matter. An extract of the emphasis of matter is set out in section 6.2 of this letter.
5 August 2016	Announcement on the award of a contract worth approximately S$2.0 million by the Public Utilities Board for the supply and installation of water connection works in east division for zone E1.
12 August 2016	Announcement on the results of the extraordinary general meeting held on 12 August 2016, in which the resolutions on the proposed disposal of 4 Sungei Kadut Street 2, Singapore 729226 and the proposed disposal of 55 Kranji Crescent, Singapore 728662 together with the plant and equipment, were duly passed.

Date	**Event**
12 August 2016	Announcement on the unaudited interim financial results for the 3-month financial period ended 30 June 2016 which reported a net profit attributable to owners of the Company of S$0.6 million in 3M2017 as compared to a net loss of S$31.5 million in 3M2016.
19 August 2016	Announcement on the completion of the proposed disposal of 4 Sungei Kadut Street 2, Singapore 729226.
23 August 2016	Announcement on the award of a contract worth approximately S$35.3 million by the Public Utilities Board for the supply and installation of 2200mm diameter pipeline from Murnane Service Reservoir at Jalan Kampong Chantek to PIE/Rifle Range Road.
26 August 2016	Announcement on receipt of queries regarding the unaudited interim financial results for the 3-month financial period ended 30 June 2016 from the SGX-ST, to which the Company replied that, *inter alia*, the Group has been continuously tendering for projects and improving operational efficiency and this has led to profitable results in 3M2017.
1 September 2016	Announcement on the re-designation of Mr Koh Tiam Teng Francis from an Executive Director to a Non-Executive Director of the Company with effect from 1 September 2016.
26 September 2016	Announcement on the Group entering into a sale and purchase agreement with TEE Land Limited in relation to the proposed disposal of the entire issued and paid-up share capital of Ley Choon Development Pte. Ltd. ("**LCD**"), for a purchase consideration of S$11.5 million.
26 September 2016	Announcement on the entry into a Debt Restructuring Agreement between the Group and its lenders, encapsulating the key terms of restructuring the debt obligations of the Group.
10 October 2016	Announcement on the award of a contract worth approximately S$9.5 million from the Public Utilities Board for watermain repairs and other contract work for network services in the east division.

Date	Event
11 October 2016	Announcement on, *inter alia*, the Group's entry into the Master Murabaha Facility Agreements with the Bank, and the Proposed Grant of Call Options by the Bank to Zheng Choon.
14 October 2016	Announcement on the completion of the proposed disposal of 55 Kranji Crescent, Singapore 728662 and the asphalt premix manufacturing plant together with all plant and equipment.
17 October 2016	Announcement on the award of a contract worth approximately S$3.0 million by the Public Utilities Board for the supply and laying of watermains in east division.
31 October 2016	Announcement on the award of a contact worth approximately S$4.8 million by the Public Utilities Board for the replacement and network enhancement of watermains.
14 November 2016	Announcement on the results of the extraordinary general meeting held on 14 November 2016, in which the resolution on the proposed disposal of all issued and paid up shares of Ley Choon Development Pte. Ltd. was duly passed.
14 November 2016	Announcement on the unaudited interim financial results for the 6-month financial period ended 30 September 2016 which reported a net profit attributable to owners of the Company of S$5.3 million in 6M2017, as compared to a net loss of S$43.7 million in 6M2016.
15 November 2016	Announcement on the Company's intention to make a re-application to the SGX-ST for the Proposed Transfer.
17 November 2016	Announcement on the award of a contract worth approximately S$2.7 million by the Public Utilities Board for the supply and laying of watermains.
30 November 2016	Announcement on the completion of the disposal of all issued and paid up shares in Ley Choon Development Pte. Ltd. to Tee Land Limited.

Date	**Event**
2 December 2016	Announcement on receipt of queries regarding the unaudited interim financial results for the 6-month financial period ended 30 September 2016 from the SGX-ST, to which the Company replied that, *inter alia*, the increase in revenue for the second quarter ended 30 September 2016 was attributable to projects related to the supply and laying of water pipes from the Public Utilities Board, most of which were secured in FY2016.
16 December 2016	Announcement on the cessation of Mr Koh Tiam Teng, a Non-Executive Director of the Company, with effect from 16 December 2016.
18 January 2017	Announcement on the receipt of the approval-in-principal for the Proposed Transfer from the SGX-ST.
13 February 2017	Announcement on the unaudited interim financial results for the 9-month financial period ended 31 December 2016 which reported a net profit attributable to owners of the Company of S$15.0 million in 9M2017, as compared to a net loss of S$39.2 million in 9M2016.
17 February 2017	Announcement on the results of the extraordinary general meeting held on 17 February 2017, in which the resolutions on the Proposed Transfer and new share issue mandate were duly passed.
17 February 2017	Announcement on the effective date of the Proposed Transfer, being 22 February 2017 and the appointment of RHT Capital Pte. Ltd to act as its continuing sponsor.
24 February 2017	Announcement on the proposed renounceable non-underwritten rights issue of up to 592,406,996 new ordinary shares in the capital of the Company at an issue price of S$0.015, for each rights share, on the basis of one (1) rights share for every one (1) existing ordinary share.
28 February 2017	Announcement on the appointment of RHT Corporate Advisory Pte. Ltd. as the Company's share registrar and change of place of the Register of Members and Index of the Company at 9 Raffles Place, #29-01 Republic Plaza Tower, Singapore 048619.

A tabulation of the volume-weighted average prices ("**VWAP**") of the Shares over periods of one (1), three (3), six (6) and 12 month(s) prior and up to the Announcement Date and for the period after the Announcement Date and up to the Latest Practicable Date is set out as follows:

	Lowest closing price (S$)	**Highest closing price (S$)**	**VWAP (S$)**	**Premium of Conversion Price over VWAP (%)**	**Premium of Option Price per Share over VWAP (%)**
Periods prior and up to the Announcement Date					
Last 12 months	0.012	0.054	0.037	118.9	121.6
Last 6 months	0.012	0.039	0.031	161.3	164.5
Last 3 months	0.016	0.039	0.032	153.1	156.3
Last one month	0.026	0.039	0.034	138.2	141.2
Last Market Day(1) prior to the Announcement	0.028	0.028	0.028	189.3	192.9
Period after the Announcement Date and up to the Latest Practicable Date					
After the Announcement Date and up to the Latest Practicable Date	0.023	0.054	0.033	145.5	148.5
Latest Practicable Date(2)	0.036	0.036	0.034	138.2	141.2

Source: Bloomberg L.P.

Notes:

(1) This refers to 7 October 2016, being the last market day (the "**Last Market Day**") on which the Shares were traded prior to the Announcement which was released on the SGXNET on 11 October 2016 at 7.08 p.m..

(2) This refers to 6 March 2017, being the Latest Practicable Date.

We note the following with regard to the periods prior and up to the Announcement Date:

(a) during the 12-month period prior and up to the Announcement Date, the closing prices of the Shares ranged between a low of S$0.012 (on 11 July 2016) and a high of S$0.054 (on 23 October 2015). The Conversion Price represents (i) a significant premium of S$0.069 (or 575.0%) over the lowest closing price of the Shares during the aforementioned 12-month period, and (ii) a premium of S$0.027 (or 50.0%) over the highest closing price of the Shares during the aforementioned 12-month period;

(b) the Option Price per Share represents (i) a significant premium of $0.070 (583.3%) over the lowest closing price of the Shares during the aforementioned 12-month period; and (ii) a premium of $0.028 (or 51.9%) over the highest closing price of the Shares during the aforementioned 12-month period;

(c) the Conversion Price represents a significant premium of 118.9%, 161.3%, 153.1% and 138.2% over the VWAP of the Shares for the 12-, 6-, 3- and one-month period prior and up to the Announcement Date respectively;

(d) the Option Price per Share represents a significant premium of 121.6%, 164.5%, 156.3% and 141.2% over the VWAP of the Shares for the 12-, 6-, 3- and one-month period prior and up to the Announcement Date respectively;

(e) the Conversion Price represents a significant premium of 189.3% over the closing price of the Shares of S$0.028 on 7 October 2016, being the Last Market Day; and

(f) the Option Price per Share represents a significant premium of 192.9% over the closing price of the Shares of S$0.028 on 7 October 2016, being the Last Market Day.

We note the following with regard to the period after the Announcement Date and up to the Latest Practicable Date:

(a) the closing prices of the Shares ranged between a low of S$0.023 (on 28 and 29 November 2016) and a high of S$0.054 (on 22 February 2017). The Conversion Price represents a significant premium of S$0.058 (or 252.2%) over the lowest closing price of the Shares and a premium of S$0.027 (or 50.0%) over the highest closing price of the Shares during the aforementioned period;

(b) the Option Price per Share represents a significant premium of S$0.059 (or 256.5%) over the lowest closing price of the Shares and a premium of S$0.028 (or 51.9%) over the highest closing price of the Shares during the aforementioned period;

(c) the Conversion Price represents a significant premium of S$0.048 (or 145.5%) over the VWAP of the Shares of S$0.033 for the aforementioned period;

(d) the Option Price per Share represents a significant premium of S$0.049 (or 148.5%) over the VWAP of the Shares of S$0.033 for the aforementioned period;

(e) the Conversion Price represents a significant premium of S$0.045 (or 125.0%) over the closing price of the Shares of S$0.036 on 6 March 2017, being the Latest Practicable Date; and

(f) the Option Price per Share represents a significant premium of S$0.046 (or 127.8%) over the closing price of the Shares of S$0.036 on 6 March 2017, being the Latest Practicable Date.

6.3.2 Comparison with the NTA of the Group

NTA of the Group

Based on the latest unaudited consolidated financial statements of the Group as at 31 December 2016, the unaudited NTA of the Group amounted to S$19.7 million, or S$0.0333 per Share (based on 592,406,996 issued Shares excluding treasury Shares as at 31 December 2016). Accordingly, the Conversion Price and Option Price per Share represents a significant premium of S$0.0477 and S$0.0487 (or 143.2% and 146.2%) respectively over the unaudited NTA per Share of S$0.0333 as at 31 December 2016.

The Directors have confirmed that to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 31 December 2016, (b) there have been no material acquisitions or disposals of assets by the Group since 31 December 2016 and up to the Latest Practicable Date, and (c) there are no other contingent liabilities, bad or doubtful debts or impairment losses which are likely to have a material impact on the unaudited NTA of the Group as at 31 December 2016.

6.3.3 Comparison with precedent transactions

We note that the Proposed Transactions are unique and there was no publicly announced transaction by a SGX-ST listed company relating to the issuance of call options on new shares issued or to be issued on the exercise of a convertible instrument, in the Relevant Period (as defined below). Notwithstanding such limitations, we have considered and compared:

(a) the reasonableness of the terms of the Proposed Issue of Conversion Rights with precedent issues of convertible debts;

(b) the reasonableness of the terms of the Call Options with precedent issues of options and warrants exercises; and

(c) the reasonableness of the Discount Scenario (as defined below) pursuant to the terms of the Call Options with precedent issues of share placement exercises,

recently undertaken and completed by companies listed on the SGX-ST.

6.3.3.1 Comparison with precedent issues of convertible debts

In assessing the reasonableness of the terms of the Proposed Issue of Conversion Rights, we have compared the financial terms of the Murabaha Facilities and the Conversion Rights with those of selected recent convertible/exchangeable loans or bonds and convertible options granted on existing debt facilities (the "**Precedent Convertible Debt Transactions**"), issued by companies listed on the SGX-ST, which were announced in the one-year period prior to the Announcement Date and which had been completed as at the Latest Practicable Date (the "**Relevant Period**"). While not directly comparable to the Murabaha Facilities, the Precedent Convertible Debt Transactions provide a reference on certain market rates and terms.

Shareholders should note that the circumstances and terms relating to the Precedent Convertible Debt Transactions are unique and might not be identical to the Murabaha Facilities and/or the Conversion Rights, and are dependent on factors such as the financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of the relevant Precedent Convertible Debt Transactions.

We wish to highlight that the Precedent Convertible Debt Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Convertible Debt Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Convertible Debt Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

Company	Date of announcement	Principal sum (in thousands)	Tenure (years)	Security	Conversion Price (S$)	Premium of conversion price over VWAP[1] prior to announcement (%)	Conversion price-to-NTA ratio (times)[2]	Coupon/ Interest rate per annum (%)	Redemption Terms on Maturity
Xinren Aluminum Holdings Limited	21 November 2015	US$70,000	5	Secured	1.010	152.5[3]	2.52[4]	8.00	119% of principal sum
QT Vascular Ltd.	27 January 2016	US$6,060[5]	1	Unsecured	0.128	35.9	n.m.[6]	8.00	100% of principal sum
Annica Holdings Limited	11 February 2016	S$3,505[7]	3	Unsecured	0.001	0.0	0.31[8]	8.00[9]	100% of principal sum
MM2 Asia Ltd.	24 February 2016	S$5,000	3	Unsecured	0.415[10]	2.5[11]	7.55[10]	2.00	100% of principal sum plus interest of 17.5% compounded annually from the date of issue to maturity date
Plato Capital Limited	25 February 2016	S$10,000	5	Unsecured	0.130	26.2[12]	0.69	0.50	100% of principal sum
Suntec Real Estate Investment Trust	11 August 2016	S$300,000	5	Unsecured	2.101	20.5	0.99	1.75	100% of principal sum
Vibropower Corporation Limited	26 September 2016	S$1,000	1	Unsecured	0.240	9.1	0.54	12.00[13]	100% of principal sum
				High		**152.5**	**7.55**	**12.00**	
				Mean		**15.7**[14]	**1.01**[15]	**5.75**	
				Median		**14.8**[14]	**0.69**[15]	**8.00**	
				Low		**0.0**	**0.31**	**0.50**	
Company	**11 October 2016**	**S$15,975**	**2 to 3.25**	**Secured**	**0.081**	**189.3**	**2.43**[16]	**6.5%**[17]	**100% of principal sum**

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and SAC Capital's computations.

Notes:

(1) VWAP is computed based on trades done on the last full market day preceding the date of the signing of the agreements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.

(2) NTA per share is computed based on the latest announced financial statements by the companies involved in the Precedent Convertible Debt Transactions prior to the completion of the respective Precedent Convertible Debt Transactions.

(3) Based on the conversion price of S$1.01 and the VWAP of S$0.400 on 3 December 2015, being the last full market day on which the shares were traded prior to the signing of the subscription agreement on 15 December 2015.

(4) Based on the closing exchange rate of S$1:RMB4.4723 on 30 September 2015.

(5) The principal sum of US$6.06 million comprise of (i) an exchangeable bonds subscription agreement with Luminor Pacific Fund 2 Ltd which amounted to US$1.86 million, and (ii) convertible bonds subscription agreements with each of Wang Yu Huei, Sim Siew Tin, Carol, Ong Shen Chieh, Kuah Ann Thia, Ho Kin Yan, Malcolm Koo Chin Wei, The Ephraim Heller Separate Property Trust, Kenneth B. Landis, Gary McCord and Lim Sai Guet which amounted to US$4.20 million.

(6) n.m. denotes not meaningful as QT Vascular Ltd. was in a net tangible liabilities position as at 31 December 2015.

(7) On 22 October 2015, Annica Holdings Limited ("**Annica**") had entered into a loan agreement with LionGold Corp Ltd ("**LionGold**") pursuant to which LionGold had extended an unsecured term loan facility of S$3,557,422.99 to Annica, with interest accruing on the amount drawn down under the loan agreement at 8.0% per annum. On 11 February 2016, LionGold entered into a deed of assignment, pursuant to which it had assigned the outstanding principal of S$3,504,878.77 (the "**Assigned Debt**") under the loan agreement to Mr. Lim In Chong (the "**Investor**") (the "**Debt Assignment**"). On 11 February 2016, Annica entered into a debt conversion agreement with the Investor to grant an option to the Investor to convert the assigned debt into shares of Annica.

(8) Based on the audited NTA per share as at 31 December 2015 prior to the despatch of the circular dated 12 July 2016 in relation to, *inter alia*, the propose allotment and issuance of 3,504,878,770 debt conversion shares to the Investor.

(9) Pursuant to the Debt Assignment, any interest shall remain payable by Annica to LionGold.

(10) Based on the conversion price of S$0.415 on a post-share split basis, where the proposed share split of every one (1) ordinary share in the capital of MM2 Asia Ltd. into two (2) ordinary shares have been approved by shareholders on 19 February 2016, and the unaudited NTA per share of S$0.055 (adjusted on the post-share split basis) of MM2 Asia Ltd. as at 30 September 2015.

(11) Based on the conversion price of S$0.415 on a post-share split basis and the VWAP of S$0.405 (adjusted on the post-share split basis) on 24 February 2016, being the last full market day on which the shares were traded prior to the signing of the subscription agreement on 24 February 2016.

(12) Based on the conversion price of S$0.13 and the VWAP of S$0.103 on 17 February 2016, being the last full market day on which the shares were traded prior to the letter of undertaking dated 23 February 2016 by Mr Lim Kian Onn. The Company and Mr Lim Kian Onn had on 19 April 2016 entered into the redeemable convertible unsecured loan stocks subscription agreement.

(13) Interest rate per annum is computed based on the arithmetic summation of the loan interest rate of 1.0% per month from the date of drawdown until the date that the converted shares are allotted to the lenders or repayment date, as the case may be.

(14) Being a statistical outlier, Xinren Aluminum Holdings Limited had been excluded from the computation of the mean and median premium over VWAP prior announcement.

(15) Being a statistical outlier, MM2 Asia Ltd. had been excluded from the computation of the mean and median conversion price-to-NTA ratios.

(16) Based on the unaudited NTA of the Group as at 31 December 2016.

(17) As set out in Appendix 1 to the Circular, being the Profit Rate payable by the Company to the Bank, assuming a dividend payout has not occurred during the Periodic Profit Period, which comprise the sum of (i) the Periodic Profit Rate and (ii) the Unearned Profit of up to 3.5% per annum.

We note that:

(a) the premium of the Conversion Price over the VWAP of the Shares for trades done on the Last Market Day of 189.3% is (i) above the range of the Precedent Convertible Debt Transactions of between par and a premium of 152.5%, and (ii) above the corresponding mean and median premium of 15.7% and 14.8% of the Precedent Convertible Debt Transactions respectively;

(b) the Conversion Price-to-NTA ratios as implied by the Conversion Price and the unaudited NTA per Share of the Group as at 31 December 2016 of 2.43 times is (i) within the range of corresponding conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of between 0.31 times and 7.55 times, (ii) higher than the corresponding conversion price-to-NTA ratios of 5 out of 7 Precedent Convertible Debt Transactions and lower than the corresponding conversion price-to-NTA ratios of 2 out of 7 Precedent Convertible Debt Transactions, and (iii) above the mean and median conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of 1.01 times and 0.69 times respectively;

(c) the Profit Rate of 6.5% per annum of the Murabaha Facilities is within the range of corresponding interest rates of the Precedent Convertible Debt Transactions of between 0.5% and 12.0%. We also note the redemption terms of some of the Precedent Convertible Debt Transactions were more than 100% of the principal sum. Accordingly, the effective interest of these Precedent Convertible Debt Transactions would have been higher if these loans were redeemed at maturity.

6.3.3.2 Comparison with precedent issues of options and warrants issues

In addition to the comparison set out in paragraph 6.3.3.1 of this letter above, in assessing the reasonableness of the terms of the Call Options, we have also compared the financial terms of the Call Options with those of selected recent options and warrants (the "**Precedent Options and Warrants Transactions**") that were issued on a non *pro-rata* basis by companies listed on the SGX-ST, which were announced and completed in the Relevant Period.

Shareholders should note that the circumstances and terms relating to the Precedent Options and Warrants Transactions are unique and might not be identical to the Call Options, and are dependent on factors such as the underlying securities of the options and warrants, financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of the relevant Precedent Options and Warrants Transactions.

We wish to highlight that the Precedent Options and Warrants Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Options and Warrants Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Options and Warrants Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

The table below summarises the salient statistics of the selected Precedent Options and Warrants Transactions:

Company	Type of instrument	Date of announcement	Exercise price (S$)	Premium/(Discount) of exercise price over VWAP[(1)] prior to announcement (%)
Eucon Holding Limited	Call Options	11 December 2015	0.018	(35.7)
Annica Holdings Limited	Call Options	11 February 2016	0.001[(2)]	0.0[(2)]
Swee Hong Limited	Warrants	25 February 2016	0.01	(92.2)[(3)]
			High	0.0
			Mean	(42.7)
			Median	(35.7)
			Low	(92.2)
Company	**Call Options**	**11 October 2016**	**0.082**	**192.9**

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and SAC Capital's computations.

Notes:

(1) VWAP is computed based on trades done on the last full market day preceding the date of the signing of the agreements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.

(2) Based on the amended minimum exercise price of S$0.001 pursuant to the option agreement supplemental deed entered into on 6 June 2016, and the VWAP of S$0.001 on 5 February 2016, being the last full market day on which the shares were traded prior to the signing of the option agreement on 11 February 2016.

(3) Based on the exercise price of S$0.01 and the VWAP of S$0.129 on 5 February 2015, being the last full market day on which the shares were traded prior to a trading halt on 9 February 2015, and a suspension of trading of the Shares on 11 February 2015.

We note that the premium of the Option Price per Share over the VWAP of the Shares for trades done on the Last Market Day of 192.9% is (i) above the range of the Precedent Options and Warrants Transactions of between a discount of 92.2% and par, and (ii) above the corresponding mean and median discount of 42.7% and 35.7% of the Precedent Options and Warrants Transactions respectively.

6.3.3.3 Comparison with precedent share placements issues

In circumstances where the Current Market Price is S$0.09 or less, the Option Price per Share will be equivalent to the Current Market Price on the Conversion Date, which means that Zheng Choon will be acquiring Shares at or close to the prevailing market price where Shareholders would purchase from the market on the Conversion Date.

In circumstances where the Current Market Price is more than S$0.09, the Option Price per Share will be equivalent to 90% of the Current Market Price on the Conversion Date, which means that Zheng Choon will be acquiring Shares at or close to a discount of 10% to the prevailing market price where Shareholders would purchase from the market on the Conversion Date (the "**Discount Scenario**").

In assessing the reasonableness of the 10% discount to the Current Market Price that Zheng Choon will enjoy under the Discount Scenario pursuant to the exercise of the Call Options over the Conversion Shares, we have compared with those of selected recent share placements issues for cash (the "**Precedent Placement Transactions**") by companies listed on the SGX-ST, which were announced in the six-month period prior to the Announcement Date and which had been completed as at the Latest Practicable Date (the "**Placement Relevant Period**").

Shareholders should note that the circumstances and terms relating to the Precedent Placement Transactions are unique and might not be identical to the Call Options, and are dependent on factors such as the financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of the relevant Precedent Placement Transactions.

We wish to highlight that the Precedent Placement Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Placement Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Placement Transactions must be judged on its own commercial and financial merits. Accordingly, any comparison made herein is strictly limited in scope.

Company	Date of announcement	Placement price (S$)	Premium/(Discount) of placement price over VWAP(1) prior to announcement (%)
Lorenzo International Limited	12 April 2016	0.0200	17.6
iX Biopharma Ltd.	14 April 2016	0.3500	(1.4)
Wilton Resources Corporation Limited	20 April 2016	0.0540	(10.0)
Swing Media Technology Group Limited	22 April 2016	0.5330	(10.0)
Cityneon Holdings Limited	5 May 2016	0.5500	(5.3)
Loyz Energy Limited	31 May 2016	0.0268	(8.5)
Alliance Mineral Assets Limited	6 June 2016	0.0600	(4.6)
Universal Resource and Services Limited	13 June 2016	0.1400	55.6

Company	Date of announcement	Placement price (S$)	Premium/(Discount) of placement price over VWAP[(1)] prior to announcement (%)
GS Holdings Limited	15 June 2016	0.2850	(10.0)
Abundance International Limited	17 June 2016	0.0700	40.0[(2)]
Anchor Resources Limited	27 June 2016	0.1040	(9.8)
IPCO International Limited	29 June 2016	0.0027	(10.0)
Yorkshine Holdings Limited (formerly known as Novo Group Ltd.)	5 July 2016	0.4030[(3)]	6.1
Yamada Green Resources Limited	8 July 2016	0.2928	0.0
Sincap Group Limited	11 July 2016	0.0600	130.8
Epicentre Holdings Limited	20 July 2016	0.1180[(4)]	(8.1)[(4)]
Mapletree Commercial Trust	26 July 2016	1.4500	(3.3)
Duty Free International Limited	27 July 2016	0.3650	(0.9)
Ascendas Real Estate Investment Trust	1 August 2016	2.4170	(3.3)
China Great Land Holdings Ltd	8 August 2016	0.0200	77.0
MMP Resources Limited	10 August 2016	0.0070	133.3[(5)]
Duty Free International Limited	10 August 2016	0.3650	0.8
Vibrant Group Limited	18 August 2016	0.3800	(2.1)
Singapore Telecommunications Limited	18 August 2016	4.1600	(1.6)[(6)]
HLH Group Limited	22 August 2016	0.0060	0.0
Tritech Group Limited	24 August 2016	0.0661	6.6[(7)]
Healthway Medical Corporation Limited	29 August 2016	0.0300	10.7
MMP Resources Limited	31 August 2016	0.0070	75.0
Excelpoint Technology Ltd	2 September 2016	0.5250	34.6
ISR Capital Limited	4 September 2016	0.0850	(5.9)
Global Yellow Pages Limited	18 September 2016	0.1540	(9.9)
PSL Holdings Limited	22 September 2016	0.3825	(10.0)

Company	Date of announcement	Placement price (S$)	Premium/(Discount) of placement price over VWAP(1) prior to announcement (%)
ICP Ltd	22 September 2016	0.0070	7.7
Vibropower Corporation Limited	26 September 2016	0.2400	9.1
A-Smart Holdings Ltd (formerly known as Xpress Holdings Ltd)	26 September 2016	0.7000	(3.1)
Loyz Energy Limited	30 September 2016	0.0212	(7.8)

High	**133.3**
Mean	**6.3**(8)
Median	**(1.8)**(8)
Low	**(10.0)**

Source: Bloomberg L.P., annual reports, circulars and/or announcements of the respective companies and SAC Capital's computations.

Notes:

(1) VWAP is computed based on trades done on the last full market day preceding the date of the signing of the agreements of the respective companies, and is extracted from the circulars and/or announcements of the respective companies, where available.

(2) Based on the placement price of S$0.07 and the VWAP of S$0.05 on 29 April 2016, being the last full market day on which the shares were traded prior to a suspension of trading of the Shares on 9 May 2016.

(3) Based on the exchange rate of S$1:HK$5.7555 as disclosed in the announcement dated 5 July 2016.

(4) Based on the amended placement price of S$0.118 pursuant to the supplemental agreement announced on 24 October 2016, and the VWAP of S$0.1284 on 4 July 2016, being the last full market day on which the shares were traded prior to the signing of the placement agreement on 20 July 2016.

(5) Based on the placement price of S$0.007 and the VWAP of S$0.003 on 5 August 2016, being the last full market day on which the shares were traded prior to the signing of the placement agreement on 10 August 2016.

(6) Based on the placement price of S$4.16 and the VWAP of S$4.2257 on 17 August 2016, being the last full market day on which the shares were traded prior to the signing of the placement agreement on 18 August 2016.

(7) Based on the placement price of S$0.0661 and the VWAP of S$0.062 on 23 August 2016, being the last full market day on which the shares were traded prior to the signing of the placement agreement on 23 August 2016.

(8) Being a statistical outliers, Sincap Group Limited and MMP Resources Limited (announced on 10 August 2016) have been excluded from the computation of the mean and median premium/(discount) over VWAP prior announcement.

We note that the 10% discount to the Current Market Price that Zheng Choon will enjoy under the Discount Scenario pursuant to the exercise of the Call Options over the Conversion Shares is (i) within the range of the Precedent Placement Transactions of between a premium of 133.3% and a discount of 10.0%, and (ii) below the corresponding mean and median premium of 6.3% and discount of 1.8% of the Precedent Placement Transactions respectively.

Notwithstanding the above, based on the VWAP analysis set out in paragraph 6.3.1 of this letter, we noted that the Option Price per Share represents a significant premium of 192.9% over the closing price of the Shares of S$0.028 on the Last Market Day. In addition, Zheng Choon will only be able to exercise the Call Options over the Conversion Shares if the Conversion Rights is exercised by the Bank at the Conversion Price. Similarly, we noted that the Conversion Price represents a significant premium of 189.3% over the closing price of the Shares of S$0.028 on the Last Market Day.

In addition, based on the last transacted price of the Shares of S$0.028 as at the Last Market Day, the Call Option was substantially out-of-the-money at the time of the Announcement Date. Based on the last transacted price of the Shares of S$0.036 as at the Latest Practicable Date, the Call Option was also substantially out-of-the-money.

6.3.4 Comparison with the Group's existing credit facilities and loans

As set out in Appendix 1 to the Circular, assuming a dividend payout has not occurred during a Periodic Profit Period, the Profit Rate payable by the Company to the Bank is at 6.5% per annum, which comprise the sum of (i) the Periodic Profit Rate and (ii) the Unearned Profit of up to 3.5% per annum.

The following table sets out a comparison of the interest rates between the Group's existing credit facilities or borrowings prior to the Debt Restructuring Agreement, and as at the Latest Practicable Date pursuant to the Debt Restructuring Agreement and the Murabaha Facilities:

Type of Borrowings	Face Value as at 31 March 2016 (S$)	Nominal Interest Rate per annum prior to the Debt Restructuring Agreement (%)	Nominal Interest Rate per annum as at the Latest Practicable Date pursuant to the Debt Restructuring Agreement (%)	Security
Obligations under finance leases	7.99 million	1.95% to 3.82%	1.95% to 3.82%	Secured
Loans from financial institutions(1)	54.98 million	2.16% to 5.50%	3.87%(2)(3) to 4.6%	Secured
Bank overdrafts	8.46 million	5.50% to 9.83%	3.87%(2)(3) to 4.6%	Secured
Bills payable to banks	21.48 million	3.68% to 4.53%	3.87%(2)(3) to 4.6%	Secured
Loans from controlling shareholders	3.28 million	6.00%	6.00%	Unsecured
Murabaha Facilities	**15.00 million**	**6.70%**	**6.50%**	**Secured**

Source: Annual report of the Company for FY2016

Notes:

(1) As at 31 March 2016, loans from financial institutions include loans from Malayan Banking Berhad ("**MBB**"), United Overseas Bank Limited ("**UOB**") and Sing Investments & Finance Limited ("**Sing Investments**") in relation to the following non-core assets, the leasehold property at 4 Sungei Kadut Street 2, Singapore 729226, the freehold property located at 231 Pasir Panjang Road, Singapore 118696, any asset of LCD and any of the shares in the capital of LCD, and the leasehold property located at 55 Kranji Crescent, Singapore 728662 (collectively, the "**Non-Core Assets**"). As at the Latest Practicable Date, the Non-Core Assets has been disposed and the loans owing to MBB, UOB and Sing Investments in relation to the Non-Core Assets have been paid from the sale proceeds. In this regard, the nominal interest rate per annum for loans from financial institutions of 3.8724% to 4.6% as at the Latest Practicable Date pursuant to the Debt Restructuring Agreement, excludes the aforementioned loans from MBB, UOB and Sing Investments.

(2) Pursuant to the Debt Restructuring Agreement, the interest rate on the Group's existing credit facilities and loans, except for obligations under finance leases and loans from controlling shareholders, is equal to the aggregate of (a) applicable Margin, and (b) SIBOR, where the "**Margin**" means: (a) 3% per annum; or (b) in the event a member of the Group declares and pays a dividend to a shareholder, 6% per annum.

(3) The SIBOR applied was 0.8724% as at 30 September 2016.

We note the following:

(a) the Profit Rate of the Murabaha Facilities of 6.7% per annum is within the range of the interest rates of the Group's existing credit facilities and borrowings of between 1.95% and 9.83% prior to the Debt Restructuring Agreement; and

(b) the Profit Rate of Murabaha Facilities of 6.5% per annum is above the range of the interest rates of the Group's existing credit facilities and borrowings of between 1.95% and 6.0% as at the Latest Practicable Date pursuant to the Debt Restructuring Agreement.

We also note that the Murabaha Facilities has a conversion feature that allows the subscriber to convert the loan into ordinary shares of the Company, a feature which the other existing credit facilities and loans do not have. Accordingly, any comparison made herein is strictly limited in scope.

6.4 Financial Effects of the Murabaha Facilities and the Proposed Issue of Conversion Rights on the Group

For illustration purposes only, the pro forma financial effects of the Murabaha Facilities and the Proposed Issue of Conversion Rights on the Group based on the audited financial statements of the Group for FY2016, assuming the Conversion Rights in respect of all four Master Murabaha Facility Agreements are fully exercised by the Bank to convert into Conversion Shares as of 31 March 2016, are set out in section 2.7 of the Circular.

The financial effects on the NTA and gearing of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 31 March 2016. The financial effects on the LPS of the Group are computed on the assumption that the exercise of the Conversion Rights is completed on 1 January 2015 as set out in section 2.7 of the Circular. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein.

We note the following:

(a) Share capital

The issued and paid-up share capital of the Group would increase from S$71.1 million as at 31 March 2016 to S$89.8 million after the exercise of all its Conversion Rights by the Bank;

(b) NTA per Share

The NTA per Share of the Group would increase from 1.0 cents as at 31 March 2016 to 2.7 cents after the exercise of all its Conversion Rights by the Bank;

(c) Gearing

The gearing of the Group would decrease from 18.4 times as at 31 March 2016 to 4.3 times after the exercise of all its Conversion Rights by the Bank; and

(d) Loss per Share ("**LPS**")

The LPS of the Group would decrease from 10.7 cents in FY2016 to 8.0 cents after the exercise of all its Conversion Rights by the Bank.

Shareholders should note that the financial effects analysis as set out in section 2.7 of the Circular does not purport to be an indication or a projection or an estimate of the financial results and financial position of the Group after the completion of the Proposed Issue of Conversion Rights.

6.5 Other Relevant Considerations

6.5.1 Dilution impact to the Non-Interested Shareholders

As at the Latest Practicable Date, Zheng Choon holds in aggregate 296,379,500 Shares representing 50.03% of the issued share capital of the Company. The shareholding interests of Zheng Choon (a) as at the Latest Practicable Date, (b) assuming that the Bank exercises all of its Conversion Rights and Zheng Choon does not exercise the Call Options, and (c) assuming that the Bank exercises all of its Conversion Rights and Zheng Choon exercises the Call Options on all the Conversion Shares, are set out as follows:

	As at the Latest Practicable Date		Assuming that the Bank exercises all of its Conversion Rights under the Maximum Issuance of Conversion Shares scenario(1)		Assuming that the Bank exercises all of its Conversion Rights under the Maximum Issuance of Conversion Shares scenario and Zheng Choon exercises the Call Options(2)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Zheng Choon(3)	296,379,500	50.03	296,379,500	36.02	526,829,614	64.02
Toh Choo Huat(3)	397,000	0.07	397,000	0.05	397,000	0.05
Toh Swee Kim(3)	110,000	0.02	110,000	0.01	110,000	0.01
Bank	–	–	230,450,114	28.01	–	–
Non-Interested Shareholders (other than the Bank)	295,520,496	49.88	295,520,496	35.91	295,520,496	35.91
Total	**592,406,996**	**100.00**	**822,857,110**	**100.00**	**822,857,110**	**100.00**

Notes:

(1) On the assumption that the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank under the Maximum Issuance of Conversion Shares scenario detailed in section 2.1 of the Circular.

(2) On the assumption that the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank under the Maximum Issuance of Conversion Shares scenario detailed in section 2.1 of the Circular and Zheng Choon exercises the Call Options.

(3) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon. Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Swee Kim is deemed interested in the Shares held by Zheng Choon. Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon. As such, Mr Toh Chew Leong is deemed interested in the Shares held by Zheng Choon. Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon. As such, Mr Toh Chew Chai is deemed interested in the Shares held by Zheng Choon.

In the event that the Bank exercises all of its Conversion Rights under the Maximum Issuance of Conversion Shares scenario as detailed in section 2.1 of the Circular and Zheng Choon does not exercise the Call Options, the aggregate shareholding interest of Zheng Choon would decrease from 50.03% as at the Latest Practicable Date to 36.02% following the issue of the Conversion Shares to the Bank. Correspondingly, the aggregate shareholding interest of the Non-Interested Shareholders (other than the Bank) could potentially be diluted from 49.88% to 35.91% following the issue of the Conversion Shares to the Bank.

However, should Zheng Choon exercise the Call Options over the Conversion Shares after the Bank exercises all of its Conversion Rights, the aggregate shareholding interests of Zheng Choon would increase from 36.02% to 64.02% following the exercise of the Call Options over the Conversion Shares by Zheng Choon. The aggregate interest of the Non-Interested Shareholders (other than the Bank) would remain the same at 35.91% following the exercise of the Call Options over the Conversion Shares by Zheng Choon.

In view of the above, we note that Zheng Choon will still remain as the single largest shareholding block in the Company. We also note that the dilutive impact to the Non-Interested Shareholders (other than the Bank) occurs at the point of the issuance of the Conversion Shares to the Bank, and the shareholding interests of the Non-Interested Shareholders (other than the Bank) will not change regardless of whether Zheng Choon exercises the Call Options over the Conversion Shares.

In addition, under Rule 14 of The Singapore Code of Take-overs and Mergers (the "**Code**"), any person who, together with all parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or 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 make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the Securities Industry Council (the "**SIC**").

Shareholders should note that in the scenario where the Bank exercises all of its Conversion Rights under the Maximum Issuance of Conversion Shares, the aggregate shareholding interest of Zheng Choon would decrease to 36.02%, which would result in Zheng Choon's aggregate shareholding interest to fall below 50.0%. In the scenario where Zheng Choon exercises the Call Options over the Conversion Shares, the aggregate shareholding interest of Zheng Choon would then increase from 36.02% to 64.02%.

In such an event, it should be noted that Zheng Choon will have to observe any mandatory general offer obligations whenever it wishes to exercise the Call Options pursuant to the exercise of its Conversion Rights by the Bank, particularly in situations where its shareholding interest in the Company falls below 50.0%, unless such obligation is waived by the SIC.

6.5.2 Shareholders' Undertakings

As stated in the rationale of the Proposed Grant of the Call Options as set out in section 3.5 of the Circular, the Company's growth from a small pipe laying contractor to an established one-stop underground utilities infrastructure construction and road works service provider is attributable to the competency and expertise of the Zheng Choon Shareholders who are part of the key management of the Company. The proposed grant of call options, with the aim of preventing a dilution of the shareholding interests of Zheng Choon and the Zheng Choon Shareholders, serves to further motivate the Zheng Choon Shareholders to be incentivized to remain in and contribute towards the long-term success of the Group, by aligning their interests with the interests of the Group and all Shareholders.

We believe that the Shareholders' Undertakings from Zheng Choon and the Zheng Choon Shareholders affirms the rationale for the Proposed Grant of Call Options and further underscores Zheng Choon's commitment to and confidence in the prospects of the Group after the completion of the Proposed Transactions.

6.5.3 Voting abstentions

We note that as set out in section 8 of the Circular, *inter alia*:

(a) Zheng Choon and the Zheng Choon Shareholders shall abstain, and shall procure that its/his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on the ordinary resolution relating to the Proposed Grant of Call Options; and

(b) Zheng Choon and the Zheng Choon Shareholders shall not, and shall procure its/his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of the ordinary resolution relating to the Proposed Grant of Call Options unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the said ordinary resolution to be proposed at the EGM.

Accordingly, the approval of the Proposed Grant of Call Options would be subject entirely to the approval of the Non-Interested Shareholders.

6.5.4 Costs of granting the Call Options

We note that the Call Options are issued by the Bank to Zheng Choon at no consideration. We have considered the valuation of the Call Options using the theoretical value of the Call Options based on the Black-Scholes model, which is dependent on, *inter alia*, the Option Price per Share *vis-à-vis* the current price of the underlying security, the length of the option period, the price volatility of the underlying security and the risk-free interest rate.

However, it should be noted that the Call Options are not transferable and will not be listed on any stock exchange, and accordingly, any time value of these Call Options can only be realised if the holder of such Call Options can trade or arbitrage these Call Options in the open market. Therefore, the valuation of the Call Options using the Black-Scholes model would not be meaningful for our purpose. Furthermore, the Call Options were substantially out-of-the-money at the time of the Announcement and as at the Latest Practicable Date.

6.5.5 No assurance of improvement to the Group's financial position and performance or enhancement of shareholder value

Shareholders should note that there is no assurance that the Proposed Transactions and/or steps taken or to be taken by the Company subsequent to the Proposed Transactions to improve its financial position and performance will be successful or would result in an enhancement of shareholder value.

6.5.6 Implications of the Proposed Issue of Conversion Rights and the Proposed Grant of Call Options

Shareholders should note that the indebtedness under the Master Murabaha Facility Agreements are repayable on 31 March 2021 whether or not Shareholders' approval for the Proposed Issue of Conversion Rights, the Conversion Shares and the Proposed Grant of Call Options is obtained. In the event that such Shareholders' approval is not obtained, the Company will have to repay the indebtedness under the Master Murabaha Facility Agreements on 31 March 2021 and the Bank will not have the right to convert the Conversion Amount into Conversion Shares.

In addition, the Board has confirmed that the resolutions in relation to, *inter alia*, the Proposed Issue of Conversion Rights, the Conversion Shares and the Proposed Grant of Call Options, notwithstanding they are pending Shareholders' approval, will not have an impact on the Debt Restructuring Agreement.

6.5.7 Proposed Renounceable Non-Underwritten Rights Issue

On 24 February 2017 (the "**Proposed Rights Issue Announcement**"), the Company announced that it is proposing to undertake a renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 592,406,966 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S$0.015 ("**Rights Issue Price**"), for each Rights Share, on the basis of (1) Rights Share for every one (1) existing Share of the Company. The issue of the Rights Shares is proposed to be made pursuant to the authority granted by the Shareholders under the share issue mandate at the extraordinary meeting of the Company held on 17 February 2017.

To show its support for the Proposed Rights Issue and to demonstrate its commitment and confidence in the prospects of the Group, Zheng Choon had on 24 February 2017, pursuant to a deed of undertaking, irrevocably and unconditionally undertaken to the Company to, *inter alia*, subscribe for and/or procure the subscription of its pro-rata entitlement of the Right Shares under the Rights Issue which amount to an aggregate of 296,379,500 Rights Shares.

Shareholders should note that although the Proposed Rights Issue has been announced, completion of the Proposed Rights Issue, as set out in the Proposed Rights Issue Announcement, is subject to, *inter alia,* the following:

(a) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on the Catalist Board of the SGX-ST; and

(b) the lodgement of the offer information statement together with all other accompany documents by the Company with the SGX-ST.

Further details on the Proposed Rights Issue are/will be set out in the Rights Issue Announcement and the offer information statement to be sent to Shareholders, and Shareholders are advised to read the information carefully.

Shareholders should further take note of any announcements which may be released by the Company after the Latest Practicable Date which are relevant to the Proposed Transactions, the Proposed Rights Issue and other related corporate actions.

7 OUR OPINION AND ADVICE

In arriving at our opinion and advice in respect of the Interested Person Transaction, we have taken into account the following key considerations:

(a) the rationale for the entry into the Master Murabaha Facility Agreements and the Call Options, as detailed in paragraph 6.1 of this letter;

(b) the historical financial performance and condition of the Group, as detailed in paragraph 6.2 of this letter;

(c) the reasonableness of the terms of the Proposed Issue of Conversion Rights and the Call Options, as detailed in paragraph 6.3 of this letter;

(d) the financial effects of the Murabaha Facilities and the Proposed Issue of Conversion Rights on the Group, as detailed in paragraph 6.4 of this letter; and

(e) other relevant considerations as follows:

  (i) the dilution impact to the Non-Interested Shareholders;

  (ii) the Shareholders' Undertakings by Zheng Choon;

  (iii) the voting abstentions by Zheng Choon;

  (iv) the costs of granting the Call Options;

  (v) there being no assurance of improvement to the Group's financial position and performance or enhancement of shareholder value after the completion of Proposed Transactions;

(vi) the implications of the Proposed Issue of Conversion Rights and the Proposed Grant of Call Options; and

(vii) the Proposed Renounceable Non-Underwritten Rights Issue.

Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that the Proposed Grant of Call Options as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Non-Interested Shareholders. Accordingly, we advise the Audit Committee to recommend that the Non-Interested Shareholders vote in favour of the Proposed Grant of Call Options as an Interested Person Transaction.

Our opinion and advice are addressed to the Audit Committee for the purposes of the Interested Person Transaction. The recommendation to be made by the Audit Committee to the Non-Interested Shareholders shall remain the responsibility of the Audit Committee. Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the forthcoming EGM and for the purposes of the Interested Person Transaction.

Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Executive Director

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Ley Choon Group Holdings Limited (the "**Company**") will be held at 3 Sungei Kadut Drive Singapore 729556 on 31 March 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolutions.

ORDINARY RESOLUTION 1 – MASTER MURABAHA FACILITY AGREEMENTS AND THE PROPOSED ISSUE OF CONVERSION RIGHTS AND CONVERSION SHARES

IT IS RESOLVED THAT:

(a) that the Finance Documents (as defined in the Facility Agreements (defined below)) to which the Company is a party be and are hereby approved, confirmed and ratified;

(b) in connection with the Master Murabaha Facility Agreements entered into between the Company and The Islamic Bank of Asia Limited (the "**Bank**") dated 11 October 2016 (the "**Facility Agreements**"), approval be and is hereby given to the Directors to do all such acts and things, and sign and execute all such documents and instruments (whether by hand or seal) as may be necessary to give effect to the Finance Documents (as defined in the Facility Agreements) to which the Company is a party including, without limitation:

    (i) to create and grant the Conversion Rights (as defined in the Facility Agreements);

    (ii) to allot and issue such number of Conversion Shares (as defined in the Facility Agreements) at the Conversion Price (as defined in the Facility Agreements and subject to adjustments in accordance with the terms of the Facility Agreements) as may be required or permitted to be allotted and issued upon any exercise of the Conversion Rights during the Conversion Period (as defined in the Facility Agreements), subject to and otherwise in accordance with the terms of the Facility Agreements; and

    (iii) on the same basis as paragraph (b)(ii) above, such further Conversion Shares as may be required or permitted to be allotted and issued upon any exercise of the Conversion Rights upon the adjustment of the Conversion Price in accordance with the terms of the Facility Agreements; and

(c) the Directors of the Company and each of them be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they or he may deem desirable, necessary or expedient to give effect to the matters referred to in paragraphs (a) and (b) including, without limitation, to negotiate, execute and authorise the release of, in the name of and on behalf of the Company, all such agreements, deeds, undertakings, forms, circulars, announcements, instruments, notices, communications and other documents and things, and to approve any amendment, alteration or modification to any such document.

ORDINARY RESOLUTION 2 – PROPOSED GRANT OF CALL OPTIONS AS AN INTERESTED PERSON TRANSACTION

IT IS RESOLVED THAT:

(a) in connection with the call option agreements entered into between the Company, its controlling shareholder Zheng Choon Holding Pte. Ltd. ("**Zheng Choon**") and the Bank dated 11 October 2016 (the "**Call Option Agreements**"), approval be and is hereby given for the proposed grant of call options over the Conversion Shares to Zheng Choon pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares at the Option Price (as defined in the Call Option Agreements), which constitutes an interested person transaction under the Catalist Rules; and

(b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Call Option Agreements, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Call Option Agreements.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer
16 March 2017

Notes:

1. Terms and expressions not defined herein but which are defined in this Circular shall have the same meanings when used herein.

2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The Proxy Form must be deposited at the registered office of the Company at 3 Sungei Kadut Drive Singapore 729556, not less than 48 hours before the time fixed for holding the Extraordinary General Meeting in order to be entitled to attend and to vote at the Extraordinary General Meeting. The sending of a Proxy Form by a member does not preclude him from attending and voting in person if he finds that he is unable to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

5. A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the Extraordinary General Meeting in order to be entitled to attend and vote at the Extraordinary General Meeting.

6. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

7. By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) 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, 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, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

LEY CHOON GROUP HOLDINGS LIMITED
(Incorporated in Republic of Singapore)
(Company Registration Number: 198700318G)

IMPORTANT

This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____ (name)

of ____ (address)
being a member/members of Ley Choon Group Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholding	
			No. of Shares	%
and/or (delete as appropriate)				

and/or such other persons as furnished by us in accordance with Note 4 of this proxy form, or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the Extraordinary General Meeting (the "**EGM**") of the Company to be held at 3 Sungei Kadut Drive Singapore 729556 on 31 March 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion.

(* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Ordinary Resolutions	For*	Against*
(1)	Approval of the Master Murabaha Facility Agreements and the Proposed Issue of Conversion Rights and Conversion Shares		
(2)	Approval of the Proposed Grant of Call Options as an Interested Person Transaction		

Dated this _________ day of ________________ 2017

Total number of Shares held:	
Depository Register	
Register of Shareholders	

____
Signature(s) of Member(s)
or Common Seal of Corporate Member

* **IMPORTANT: PLEASE READ NOTES OVERLEAF**

PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as define in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert the number of Shares. If you have Shares registered in your name in the Depository and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 3 Sungei Kadut Drive Singapore 729556, not less than 48 hours before the time set for the EGM.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may authorised by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time set for the EGM, as certified by The Central Depository (Pte) Limited to the Company.

11. The submission of an instrument or form appointing a proxy by a Shareholder of the Company does not preclude him from attending and voting in person at the EGM, if he is able to do so.

12. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.

13. By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.