

CIRCULAR DATED 31 MAY 2011

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your shares in the capital of Inno-Pacific Holdings Ltd (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or to the stockbroker, the bank or the agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. Approval in-principle has been granted by the SGX-ST to the Company for the admission of the Consideration Shares (as defined below) to the Official List of the SGX-ST and the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST subject to certain conditions. Approval in-principle granted by the SGX-ST to the Company for the admission of the Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions (as defined herein), the Consideration Shares, the Company and/or its subsidiaries.



INNO-PACIFIC HOLDINGS LTD

(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED ACQUISITION BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ENIGMA VENTURE (M) SDN BHD FOR A PURCHASE CONSIDERATION OF S\$2,000,000 (THE “ENIGMA ACQUISITION”);**
- (2) **THE PROPOSED ACQUISITION BY THE COMPANY OF A 25% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF GRAND PROSPER GROUP LIMITED FOR A PURCHASE CONSIDERATION OF S\$2,000,000 (THE “GRAND PROSPER ACQUISITION”);**
- (3) **THE PROPOSED ACQUISITION BY THE COMPANY OF A 35% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF TRACKPLUS SDN BHD FOR A PURCHASE CONSIDERATION OF MYR5,250,000 (EQUIVALENT TO APPROXIMATELY S\$2,202,828) (THE “TRACKPLUS ACQUISITION”);**
- (4) **THE PROPOSED ACQUISITION BY INNO-PACIFIC REALTY SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF THREE (3) RESIDENTIAL UNITS OF A CONDOMINIUM KNOWN AS “CLEAR WATER RESIDENCE” LOCATED IN KUALA LUMPUR MALAYSIA FOR A TOTAL PURCHASE CONSIDERATION OF MYR6,398,872 (EQUIVALENT TO APPROXIMATELY S\$2,684,878) (THE “CLEAR WATER PROPERTIES ACQUISITION”);**
- (5) **THE PROPOSED ACQUISITION BY INNO-PACIFIC REALTY SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF THREE (3) SHOPHOUSES LOCATED IN KOTA KINABALU SABAH MALAYSIA FOR A TOTAL PURCHASE CONSIDERATION OF MYR1,230,030 (EQUIVALENT TO APPROXIMATELY S\$516,169) (THE “SHOPHOUSES ACQUISITION”);**
- (6) **THE PROPOSED ACQUISITION BY INNO-PACIFIC REALTY SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MEGAN MIDAS SDN BHD FOR A PURCHASE CONSIDERATION OF MYR3,600,000 (EQUIVALENT TO APPROXIMATELY S\$1,510,510) (THE “MEGAN MIDAS ACQUISITION”); AND**
- (7) **THE PROPOSED ALLOTMENT AND ISSUE OF AN AGGREGATE OF 1,091,437,210 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “CONSIDERATION SHARES”) AT AN ISSUE PRICE OF S\$0.01 FOR EACH CONSIDERATION SHARE IN FULL SATISFACTION OF THE PURCHASE CONSIDERATION FOR EACH OF THE ENIGMA ACQUISITION, THE GRAND PROSPER ACQUISITION, THE TRACKPLUS ACQUISITION, THE CLEAR WATER PROPERTIES ACQUISITION AND THE MEGAN MIDAS ACQUISITION AND IN PARTIAL SATISFACTION OF THE PURCHASE CONSIDERATION FOR THE SHOPHOUSES ACQUISITION, FURTHER DETAILS OF WHICH ARE CONTAINED IN THIS CIRCULAR**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	13 June 2011 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	15 June 2011 at 2.00 p.m.
Place of Extraordinary General Meeting	:	Level 2 Nautica III Republic Of Singapore Yacht Club 52 West Coast Ferry Road Singapore 126887

CONTENTS

DEFINITIONS.....	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION.....	9
2. THE PROPOSED ENIGMA ACQUISITION	10
3. THE PROPOSED GRAND PROSPER ACQUISITION.....	20
4. THE PROPOSED TRACKPLUS ACQUISITION.....	30
5. THE PROPOSED CLEAR WATER PROPERTIES ACQUISITION.....	39
6. THE PROPOSED SHOPHOUSES ACQUISITION	44
7. THE PROPOSED MEGAN MIDAS ACQUISITION.....	49
8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RESPECT OF THE SHOPHOUSES ACQUISITION AND THE MEGAN MIDAS ACQUISITION	55
9. FINANCIAL EFFECTS OF THE ACQUISITIONS ON A COLLECTIVE BASIS.....	56
10. INVESTMENT OBJECTIVE OF THE GROUP.....	57
11. CORPORATE STRUCTURE OF THE GROUP	57
12. INTERESTS OF EACH OF THE VENDORS IN THE COMPANY UPON COMPLETION OF ALL THE ACQUISITIONS	58
13. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST	58
14. EXTRAORDINARY GENERAL MEETING.....	59
15. ACTION TO BE TAKEN BY SHAREHOLDERS.....	59
16. DIRECTORS' RECOMMENDATION.....	60
17. DIRECTORS' RESPONSIBILITY STATEMENT.....	60
18. CONSENTS	60
19. DOCUMENTS AVAILABLE FOR INSPECTION.....	60
APPENDIX I – THE GUARANTEED OBLIGATIONS PROVIDED BY EACH OF IPCO AND BLUMONT UNDER THE RESPECTIVE ENIGMA SALE AND PURCHASE AGREEMENT AND THE TRACKPLUS SALE AND PURCHASE AGREEMENT.....	62
APPENDIX II – VALUATION CERTIFICATE ISSUED BY SULEIMAN & CO PROPERTY CONSULTANTS SDN BHD IN RESPECT OF THE TRACKPLUS LAND.....	64
APPENDIX III – VALUATION CERTIFICATE ISSUED BY JS VALUERS PROPERTY CONSULTANTS (E.M.) SDN BHD IN RESPECT OF THE SHOPHOUSES	65
APPENDIX IV – VALUATION CERTIFICATE ISSUED BY SULEIMAN & CO PROPERTY CONSULTANTS SDN BHD IN RESPECT OF THE MEGAN MIDAS PROPERTY	67
APPENDIX V – CORPORATE STRUCTURE OF THE GROUP	68
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	70
PROXY FORM	

DEFINITIONS

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

“Acquisitions”	:	Collectively, the Enigma Acquisition, the Grand Prosper Acquisition, the Trackplus Acquisition, the Clear Water Properties Acquisition, the Shophouses Acquisition and the Megan Midas Acquisition
“Act”	:	The Companies Act, Chapter 50 of Singapore
“associate”	:	Shall have the meaning ascribed to the term in the Listing Manual
“associated company”	:	A company in which at least 20% but not more than 50% of its shares are held by the listed company or group
“Blumont”	:	Blumont Group Ltd. (formerly known as Adroit Innovations Limited), the holding company of Tria Holdings and whose shares are listed and quoted on the Main Board of the SGX-ST
“Board”	:	The board of Directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Chiew Kim Lee”	:	Being one of the Megan Midas Vendors in respect of the Megan Midas Sale Shares
“Clear Water”	:	Clear Water Developments Sdn Bhd, a company incorporated in Malaysia, being the vendor in respect of the Residential Properties
“Clear Water Consideration Shares”	:	268,487,800 Consideration Shares to be allotted and issued to Clear Water in full satisfaction of the Clear Water Purchase Consideration
“Clear Water Master Purchase Agreement”	:	Master purchase agreement dated 16 February 2011 entered into between IPR and Clear Water relating to the Clear Water Properties Acquisition
“Clear Water Properties Acquisition”	:	The proposed acquisition by IPR of the Residential Properties pursuant to the terms of the Clear Water Master Purchase Agreement and the Residential Properties Agreements
“Clear Water Purchase Consideration”	:	The sum of MYR6,398,872 (equivalent to approximately S\$2,684,878) payable by IPR to Clear Water for the Clear Water Properties Acquisition to be fully satisfied by the allotment and issue of 268,487,800 Consideration Shares to Clear Water at the Issue Price
“CNA”	:	C.N.A. Venture Holdings Sdn Bhd, a company incorporated in Malaysia, is an associated company of Enigma
“CNA Shareholders’ Agreement”	:	The shareholders’ agreement to be entered into between Enigma and MDSB for purposes of recording the financial, managerial, administrative and other arrangements as may be agreed between Enigma and MDSB in relation to their participation in CNA and the manner in which the affairs of CNA will be regulated
“Company”	:	Inno-Pacific Holdings Ltd
“Consideration Shares”	:	An aggregate of 1,091,437,210 new Shares to be allotted and issued by the Company at the Issue Price to each of the Vendors in full or partial satisfaction of the purchase consideration payable for each of the Acquisitions
“Deshi”	:	Deshi Oil and Gas Exploration Co. Ltd., a subsidiary of Grand Prosper

“Dimensi Cita”	: Dimensi Cita Sdn Bhd, a company incorporated in Malaysia, being the vendor in respect of the Enigma Sale Shares
“Directors”	: The directors of the Company as at the date of this Circular
“Dragon Seed”	: Dragon Seed Resources Limited, a company incorporated in the British Virgin Islands, being the vendor in respect of the Grand Prosper Sale Shares
“EGM”	: The extraordinary general meeting of the Company to be held at Level 2 Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 June 2011 at 2.00 p.m., notice of which is set out on pages 70 to 73 of this Circular
“Enigma”	: Enigma Venture (M) Sdn Bhd, a company incorporated in Malaysia
“Enigma Acquisition”	: The proposed acquisition by the Company of the Enigma Sale Shares held by Dimensi Cita pursuant to the terms of the Enigma Sale and Purchase Agreement
“Enigma Consideration Shares”	: 200,000,000 Consideration Shares to be allotted and issued to Dimensi Cita in full satisfaction of the Enigma Purchase Consideration
“Enigma Group”	: Enigma and its associated company, CNA
“Enigma Purchase Consideration”	: The sum of S\$2,000,000 payable by the Company to Dimensi Cita for the Enigma Acquisition to be fully satisfied by the allotment and issue of 200,000,000 Consideration Shares to Dimensi Cita at the Issue Price
“Enigma Sale and Purchase Agreement”	: Sale and purchase agreement dated 16 February 2011 entered into between the Company and Dimensi Cita relating to the Enigma Acquisition
“Enigma Sale Shares”	: An aggregate of two (2) ordinary shares, representing the entire issued and paid-up share capital of Enigma
“EPS”	: Earnings per Share
“Excellent Empire”	: Excellent Empire Limited, a company incorporated in the British Virgin Islands, being the other shareholder of Grand Prosper and holds the balance 75% interest in Grand Prosper
“FY”	: Financial year ending or ended 31 December
“Grand Prosper”	: Grand Prosper Group Limited, a company incorporated in Hong Kong
“Grand Prosper Acquisition”	: The proposed acquisition by the Company of the Grand Prosper Sale Shares held by Dragon Seed pursuant to the terms of the Grand Prosper Sale and Purchase Agreement
“Grand Prosper Consideration Shares”	: 200,000,000 Consideration Shares to be allotted and issued to Dragon Seed in full satisfaction of the Grand Prosper Purchase Consideration
“Grand Prosper Group”	: Grand Prosper and its subsidiary, Deshi
“Grand Prosper Purchase Consideration”	: The sum of S\$2,000,000 payable by the Company to Dragon Seed for the Grand Prosper Acquisition to be fully satisfied by the allotment and issue of 200,000,000 Consideration Shares to Dragon Seed at the Issue Price

“Grand Prosper Sale and Purchase Agreement”	:	Sale and purchase agreement dated 16 February 2011 entered into between the Company and Dragon Seed relating to the Grand Prosper Acquisition
“Grand Prosper Sale Shares”	:	An aggregate of 25 ordinary shares, representing 25% of the issued and paid-up share capital of Grand Prosper
“Group”	:	The Company and its subsidiaries
“IPCO”	:	IPCO International Limited, the indirect holding company of Dimensi Cita and whose shares are listed and quoted on the Main Board of the SGX-ST
“IPR”	:	Inno-Pacific Realty Sdn Bhd, a wholly-owned subsidiary of the Company, incorporated in Malaysia
“Issue Price”	:	S\$0.01 for each Consideration Share
“JS Valuers”	:	JS Valuers Property Consultants (E.M.) Sdn. Bhd., the independent valuer appointed by the Company to conduct a valuation on the Shophouses
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 20 May 2011
“Listing Manual”	:	The listing manual of the SGX-ST
“LKY”	:	Lim Kuan Yew, being the vendor in respect of the Shophouses and one of the Megan Midas Vendors in respect of the Megan Midas Sale Shares
“LKY Consideration Shares”	:	51,615,610 Consideration Shares to be allotted and issued to LKY in full satisfaction of the Shophouses Purchase Consideration
“LKY Sale and Purchase Agreements”	:	Collectively, the three separate sale and purchase agreements all dated 16 February 2011 entered into between IPR and LKY relating to the Shophouses Acquisition
“Market Day”	:	A day on which SGX-ST is open for trading in securities
“MDSB”	:	Magnificent Dimension Sdn Bhd, a company incorporated in Malaysia, being the other shareholder of CNA and holds the balance 60% interest in CNA
“Megan Midas”	:	Megan Midas Sdn Bhd, a company incorporated in Malaysia
“Megan Midas Acquisition”	:	The proposed acquisition by IPR of the Megan Midas Sale Shares held by the Megan Midas Vendors pursuant to the terms of the Megan Midas Sale and Purchase Agreement
“Megan Midas Consideration Shares”	:	An aggregate of 151,051,000 Consideration Shares to be allotted and issued in equal proportion to each of the Megan Midas Vendors in full satisfaction of the Megan Midas Purchase Consideration
“Megan Midas Property”	:	A condominium unit bearing postal address of No. 33-02, 33 rd Floor, Cendana Condominium, No. 1, Jalan Cendana, 50250 Kuala Lumpur, Malaysia which is registered under Megan Midas
“Megan Midas Purchase Consideration”	:	The sum of MYR3,600,000 (equivalent to approximately S\$1,510,510) payable by IPR to the Megan Midas Vendors for the Megan Midas Acquisition to be fully satisfied by the allotment and issue of an aggregate of 151,051,000 Consideration Shares to the Megan Midas Vendors at the Issue Price

“Megan Midas Sale and Purchase Agreement”	: Sale and purchase agreement dated 24 February 2011 entered into between IPR and the Megan Midas Vendors relating to the Megan Midas Acquisition
“Megan Midas Sale Shares”	: An aggregate of two (2) ordinary shares, representing the entire issued and paid-up share capital of Megan Midas
“Megan Midas Vendors”	: Collectively, Messrs LKY and Chiew Kim Lee
“NM”	: Not meaningful
“NTA”	: Net tangible assets
“PRC”	: People’s Republic of China
“Residential Properties”	: The three (3) residential units of a condominium known as Clear Water Residence located in Kuala Lumpur Malaysia
“Residential Properties Agreements”	: Collectively, the three separate sale and purchase agreements all dated 16 February 2011 entered into between IPR and Clear Water relating to the Clear Water Properties Acquisition
“Securities Account”	: Securities account maintained by a depositor with CDP but does not include a securities sub-account
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	: The ordinary shares in the capital of the Company
“Shophouse A-1”	: A shophouse which is at the ground floor corner shoplot and described as under Lot No. A-1 Ground Floor Block A Taman Sungai Mas, Menggatal, Kota Kinabalu, Sabah, Malaysia
“Shophouse A-2”	: A shophouse which is at the ground floor intermediate shoplot and described as under Lot No. A-2 Ground Floor Block A Taman Sungai Mas, Menggatal, Kota Kinabalu, Sabah, Malaysia
“Shophouse A-3A”	: A shophouse which is at the ground floor intermediate shoplot and described as under Lot No. A-3A Ground Floor Block A Taman Sungai Mas, Menggatal, Kota Kinabalu, Sabah, Malaysia
“Shophouses”	: Collectively, Shophouse A-1, Shophouse A-2 and Shophouse A-3A
“Shophouses Acquisition”	: The proposed acquisition by IPR of the Shophouses owned by LKY pursuant to the terms of each of the LKY Sale and Purchase Agreements
“Shophouses Earnest Monies”	: The aggregate sum of MYR30 paid by IPR to LKY upon the execution of the LKY Sale and Purchase Agreements
“Shophouses Purchase Consideration”	: The aggregate sum of MYR1,230,000 (approximately S\$516,156.10), being the balance amount, payable by IPR to LKY for the Shophouses Acquisition to be fully satisfied by the allotment and issue of 51,615,610 Consideration Shares to LKY at the Issue Price

“Subsidiary”	: In relation to a corporation means any company or entity directly or indirectly under the control of the corporation; “control” means direct or indirect ownership of more than 50.0% of the voting share capital or equivalent right of ownership of such company or entity, or the power to direct its policies, management, personnel, financial or operation whether by contract or otherwise
“Suleiman”	: Suleiman & Co Property Consultants Sdn. Bhd., the independent valuer appointed by the Group to conduct a valuation on each of the Trackplus Land and the Megan Midas Property
“Trackplus”	: Trackplus Sdn Bhd, a company incorporated in Malaysia
“Trackplus Acquisition”	: The proposed acquisition by the Company of the Trackplus Sale Shares held by Tria Holdings pursuant to the terms of the Trackplus Sale and Purchase Agreement
“Trackplus Consideration Shares”	: 220,282,800 Consideration Shares to be allotted and issued to Tria Holdings in full satisfaction of the Trackplus Purchase Consideration
“Trackplus Land”	: A parcel of land which is owned by Trackplus measuring an area of approximately 7,863 square metres and located at Section 13, Town of Shan Alam, Selangor, Malaysia
“Trackplus Purchase Consideration”	: The sum of MYR5,250,000 (equivalent to approximately S\$2,202,828) payable by the Company to Tria Holdings for the Trackplus Acquisition to be fully satisfied by the allotment and issue of 220,282,800 Consideration Shares to Tria Holdings at the Issue Price
“Trackplus Sale and Purchase Agreement”	: Sale and purchase agreement dated 17 February 2011 entered into between the Company and Tria Holdings relating to the Trackplus Acquisition
“Trackplus Sale Shares”	: An aggregate of 1,610,000 ordinary shares, representing 35% of the issued and paid-up share capital of Trackplus
“Trackplus Shareholders’ Agreement”	: The shareholders’ agreement to be entered into between the Company and Tria Holdings for purposes of recording the financial, managerial, administrative and other arrangements as may be agreed between the Company and Tria Holdings in relation to their participation in Trackplus and the manner in which the affairs of Trackplus will be regulated
“Tria Holdings”	: Tria Holdings Pte Ltd, a company incorporated in Singapore, being the vendor in respect of the Trackplus Sale Shares
“Vendors”	: Collectively, Clear Water, Dimensi Cita, Dragon Seed, LKY, Tria Holdings and the Megan Midas Vendors
“HK\$”	: Hong Kong dollars, the lawful currency of Hong Kong
“MYR”	: Malaysian Ringgit, the lawful currency of Malaysia
“RMB”	: Renminbi, the lawful currency of PRC
“S\$” and “cents”	: Singapore dollars and cents, respectively
“%”	: Per centum or percentage

The words “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

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

Words importing persons shall, where applicable, include corporations.

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

Any word defined under the Act and used in this Circular shall have the meaning assigned to it under the Act.

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

Unless otherwise stated, the exchange rate of S\$1.00=MYR2.3833 is used for the purposes of this Circular, whenever Malaysian Ringgits are required to be converted into their Singapore dollar equivalent. This exchange rate should not be construed as a representation that the Malaysian Ringgit could have been, or could be, converted into Singapore dollars at the rate stated, or at all.

Unless otherwise stated, the exchange rate of S\$1.00=HK\$6.0839 is used for the purposes of this Circular, whenever Hong Kong Dollars are required to be converted into their Singapore dollar equivalent. This exchange rate should not be construed as a representation that the Hong Kong Dollars could have been, or could be, converted into Singapore dollars at the rate stated, or at all.

Unless otherwise stated, the exchange rate of S\$1.00=RMB5.1558 is used for the purposes of this Circular, whenever Chinese Renminbi are required to be converted into their Singapore dollar equivalent. This exchange rate should not be construed as a representation that the Chinese Renminbi could have been, or could be, converted into Singapore dollars at the rate stated, or at all.

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

INNO-PACIFIC HOLDINGS LTD
(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

Directors:

Dato' Moehamad Izat Emir (*Independent, Non-Executive Chairman*)
Wong Chin Yong (*Managing Director*)
Ong Kah Hock (*Independent Director*)
Koay Theam Hock (*Independent Director*)

Registered Office:

190 Middle Road
#19-07 Fortune Centre
Singapore 188979

Date : 31 May 2011

To : The Shareholders of Inno-Pacific Holdings Ltd

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ENIGMA FOR A PURCHASE CONSIDERATION OF S\$2,000,000;**
- (2) **THE PROPOSED ACQUISITION BY THE COMPANY OF A 25% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF GRAND PROSPER FOR A PURCHASE CONSIDERATION OF S\$2,000,000;**
- (3) **THE PROPOSED ACQUISITION BY THE COMPANY OF A 35% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF TRACKPLUS FOR A PURCHASE CONSIDERATION OF MYR5,250,000 (EQUIVALENT TO APPROXIMATELY S\$2,202,828);**
- (4) **THE PROPOSED ACQUISITION BY IPR OF THE RESIDENTIAL PROPERTIES FOR A TOTAL PURCHASE CONSIDERATION OF MYR6,398,872 (EQUIVALENT TO APPROXIMATELY S\$2,684,878);**
- (5) **THE PROPOSED ACQUISITION BY IPR OF THE SHOPHOUSES FOR A TOTAL PURCHASE CONSIDERATION OF MYR1,230,030 (EQUIVALENT TO APPROXIMATELY S\$516,169);**
- (6) **THE PROPOSED ACQUISITION BY IPR OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MEGAN MIDAS FOR A PURCHASE CONSIDERATION OF MYR3,600,000 (EQUIVALENT TO APPROXIMATELY S\$1,510,510); AND**
- (7) **THE PROPOSED ALLOTMENT AND ISSUE OF AN AGGREGATE OF 1,091,437,210 CONSIDERATION SHARES AT AN ISSUE PRICE OF S\$0.01 FOR EACH CONSIDERATION SHARE IN FULL SATISFACTION OF THE PURCHASE CONSIDERATION FOR EACH OF THE ENIGMA ACQUISITION, THE GRAND PROSPER ACQUISITION, THE TRACKPLUS ACQUISITION, THE CLEAR WATER PROPERTIES ACQUISITION AND THE MEGAN MIDAS ACQUISITION AND IN PARTIAL SATISFACTION OF THE PURCHASE CONSIDERATION FOR THE SHOPHOUSES ACQUISITION**

1. INTRODUCTION

The Directors are convening an EGM to be held at Level 2 Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 June 2011 at 2.00 p.m. to seek Shareholders' approval for the following proposals:

- (a) the proposed Enigma Acquisition;
- (b) the proposed Grand Prosper Acquisition;
- (c) the proposed Trackplus Acquisition;
- (d) the proposed Clear Water Properties Acquisition;
- (e) the proposed Shophouses Acquisition;
- (f) the proposed Megan Midas Acquisition; and
- (g) the proposed allotment and issue of such number of Consideration Shares to each of the Vendors as full or partial satisfaction of the purchase consideration for each of the Acquisitions.

Each of the Acquisitions is not conditional upon the others being approved by the Shareholders at the EGM.

The purpose of this Circular is to provide Shareholders with information relating to the above proposals to be tabled at the EGM and to seek Shareholders' approval in relation thereto at the EGM. The Notice of the EGM is set out on pages 70 to 73 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED ENIGMA ACQUISITION

2.1 Background

On 16 February 2011, the Company announced that it had on the same day entered into the Enigma Sale and Purchase Agreement with Dimensi Cita to acquire the Enigma Sale Shares at the Enigma Purchase Consideration of S\$2,000,000.

The Enigma Purchase Consideration shall be satisfied in full by the allotment and issue of the Enigma Consideration Shares, being 200,000,000 Consideration Shares, to Dimensi Cita.

The Enigma Sale Shares represent the entire issued and paid-up share capital of Enigma. Enigma is a wholly-owned subsidiary of Dimensi Cita which in turn is a wholly-owned subsidiary of IPCO.

Following completion of the Enigma Acquisition, Enigma will become a wholly-owned subsidiary of the Company.

Enigma is an investment holding company and holds 2,600,000 ordinary shares, representing 40% of the issued and paid-up share capital of CNA. The balance 60% interest in CNA is held by MDSB.

2.2 The Enigma Purchase Consideration

The Enigma Purchase Consideration of S\$2,000,000 was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and after taking into consideration the net asset value of CNA of MYR12.5 million (equivalent to approximately S\$5.2 million) as at 31 December 2010, its income and its prospects. Accordingly, the Company is of the view that the Enigma Purchase Consideration is fair based on Enigma's 40% interest in CNA's net asset value which is MYR5.0 million (equivalent to approximately S\$2.1 million).

The Enigma Purchase Consideration shall be satisfied in full by the allotment and issue of the Enigma Consideration Shares, being 200,000,000 Consideration Shares, to Dimensi Cita. To the best of the Company's knowledge and belief, the Enigma Consideration Shares, upon allotment and issue, will be held by Dimensi Cita for its own interest and benefit and not as nominee or agent for any other person.

The Enigma Consideration Shares will be issued at the Issue Price of S\$0.01 and will rank, *pari passu*, in all respects with the existing Shares save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the allotment and issue of the Enigma Consideration Shares.

The Issue Price of S\$0.01 for each Enigma Consideration Share represents a discount of approximately 26.47% to the weighted average price of S\$0.0136 per Share transacted on the Main Board of the SGX-ST on 14 February 2011, being the last Market Day prior to the date of the Enigma Sale and Purchase Agreement in which trades were done for the Shares. No trades were done on the Shares on 15 February 2011, being the Market Day immediately preceding the date of the Enigma Sale and Purchase Agreement. The Issue Price, which was set at a discount of approximately 26.47% to the weighted average price of S\$0.0136, was agreed by the Company and Dimensi Cita following arms length negotiations.

The Issue Price of S\$0.01 for each Enigma Consideration Share is equivalent to the last traded price of the Shares as at the Latest Practicable Date.

The Enigma Consideration Shares represent (i) approximately 14.27% of the issued share capital of the Company as at the Latest Practicable Date, (ii) approximately 12.49% of the enlarged issued share capital of the Company upon completion of the Enigma Acquisition and (iii) approximately 8.02% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

The listing and quotation of the Enigma Consideration Shares on the Main Board of the SGX-ST is subject to and conditional upon, *inter alia*, (i) the in-principle approval of the SGX-ST for the listing and quotation of the Enigma Consideration Shares on the Main Board of the SGX-ST and (ii) the Enigma Acquisition and the allotment and issue of the Enigma Consideration Shares to Dimensi Cita being approved by Shareholders at the EGM.

On 13 May 2011, the SGX-ST granted in-principle approval to the Company for the listing and quotation of, *inter alia*, the Enigma Consideration Shares on the Main Board of the SGX-ST subject to, amongst others, Shareholders' approval being obtained for the Enigma Acquisition and the allotment and issue of the Enigma Consideration Shares to Dimensi Cita. The in-principle approval granted by the SGX-ST to the Company for the admission of, *inter alia*, the Enigma Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the Enigma Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions, the Consideration Shares, the Company and/or its subsidiaries.

2.3 Conditions Precedent

The completion of the Enigma Acquisition is conditional upon, *inter alia*, the following:

- (a) the Company being satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on the Enigma Group including without limitation the title to and the status and condition of the properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations, records, financial position, accounts, results, legal and corporate structure of each of the companies of the Enigma Group and any other information disclosed to the Company;
- (b) the Company receiving the following approvals from its Shareholders at the EGM:
 - (i) the purchase of the Enigma Sale Shares; and
 - (ii) the allotment and issue of the Enigma Consideration Shares to Dimensi Cita;
- (c) approval in-principle being obtained from the SGX-ST for the admission and dealing and quotation of the Enigma Consideration Shares on the Main Board of the SGX-ST;
- (d) the offer information statement, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005, being lodged by the Company and accepted by the Monetary Authority of Singapore;
- (e) there being no change in the issued and paid-up share capital of Enigma and the Enigma Sale Shares represent 100% of the issued and paid-up share capital of Enigma on completion;
- (f) there being no change in the issued and paid-up share capital of CNA and Enigma's shareholdings in CNA remains at 40% of its issued and paid-up share capital on completion; and
- (g) MDSB agreeing to enter into the CNA Shareholders' Agreement with Enigma.

If any of the aforesaid conditions precedent is not fulfilled or waived by mutual consent by the Company and Dimensi Cita by 31 May 2011 (or such other date as the said parties may agree in writing), the Enigma Sale and Purchase Agreement shall, *ipso facto*, cease and determine and save for any antecedent breach, neither of the said party shall have any claim whatsoever against the other party for costs, damages, compensation or anything whatsoever. The said long stop date has been extended by the Company and Dimensi Cita to 31 August 2011.

As at the Latest Practicable Date, the conditions precedent (a) and (c) have been fulfilled.

2.4 Guarantee provided by IPCO

Dimensi Cita is a wholly-owned subsidiary of Ipco Sdn. Bhd. which in turn is a wholly-owned subsidiary of IPCO. IPCO is a public company whose shares are listed and quoted on the Main Board of the SGX-ST.

Under the Enigma Sale and Purchase Agreement, IPCO irrevocably and unconditionally guarantees as a primary obligor to the Company the due and punctual performance by Dimensi Cita of the undertakings, agreements and other obligations on the part of Dimensi Cita to be performed under the Enigma Sale and Purchase Agreement, including without limitation, the full and prompt discharge by it of all obligations and liabilities now or in future due, owing or incurred, or expressed or intended to be due, owing or incurred, to the Company by Dimensi Cita under the Enigma Sale and Purchase Agreement (the "**Enigma Guaranteed Obligations**"). IPCO had further undertaken to the Company that if and whenever Dimensi Cita shall make any default in any of the Enigma Guaranteed Obligations, it will as a separate and independent obligation, perform and comply with such Enigma Guaranteed Obligations, as if it were Dimensi Cita.

Please refer to Appendix I of this Circular for details of the Enigma Guaranteed Obligations.

2.5 Shareholders' Arrangement

Under the terms and conditions of the Enigma Sale and Purchase Agreement, completion of the Enigma Acquisition is conditional upon, *inter alia*, Enigma entering into the CNA Shareholders' Agreement with MDSB to, *inter alia*, record the financial, managerial, administrative and other arrangements as agreed between Enigma and MDSB in relation to their participation in CNA and the manner in which the affairs of CNA will be regulated.

The salient terms of the Shareholders' Agreement shall be as follows:

(a) *Shareholdings*

CNA will not issue any new shares without first offering to each of Enigma and MDSB, which is for the time being a shareholder of CNA, the new shares to be issued in proportion (as nearly as circumstances permit) to their respective shareholdings in CNA so as to prevent any dilution of interest.

(b) *Board of Directors of CNA*

Enigma will be entitled to appoint one (1) person to the board of directors of CNA. MDSB will be entitled to appoint three (3) persons to the board of directors of CNA.

(c) *Fundamental Board Resolutions*

None of the following matters may be carried out by the board of directors of CNA unless approved by the director appointed by Enigma and at least one (1) director appointed by MDSB or, as the case may be, their alternates:

- a proposal to (i) create assume or incur, or become liable in respect of any indebtedness other than trade indebtedness in the ordinary course of business or (ii) make loans or provide guarantees, or otherwise extend or pledge credit to others, except endorsements and extensions of credit in the ordinary course of operations of CNA;
- a proposal to enter into any contract or commitment (other than contracts made in the ordinary course of business) involving expenditures reasonably estimated to be in excess of MYR1,000,000 (approximately S\$419,586);
- proposal to recommend payment of dividends;
- increase in authorised or the issued and paid-up share capital of CNA; or
- proposal to diversify the core business of CNA.

(d) *Fundamental Shareholders' Resolutions*

None of the following matters may be carried out by a resolution of the shareholders of CNA at a general meeting unless approved by both Enigma and MDSB:

- the merger sale lease transfer or disposition of the whole or substantially the whole of the undertaking or assets of CNA;
- proposal to recommend payment of dividends;
- any change in CNA's business activities;
- the dissolution liquidation or winding up of the business of CNA or any of its subsidiaries;
- any alteration of or amendment to the Memorandum and Articles of Association of CNA;
- the creation or issue of any new shares or loan capital or any option in respect of such shares or loan capital of CNA; or
- the amalgamation or merger of CNA with any other company or companies.

(e) *Dividend Policy*

Enigma and MDSB may exercise their powers for the time being as shareholders of CNA to procure CNA to declare and pay as dividends to the shareholders such amount of its profits earned by CNA as may be agreed by Enigma and MDSB.

(f) *Sale of Shares of CNA*

Neither Enigma nor MDSB may sell its shares in the capital of CNA without first offering the same to the other by way of a right of first refusal. In addition, any party to the CNA Shareholders' Agreement may sell its shares to a third party and the selling shareholder is also obliged to procure such third party to purchase the remaining shares held by the other shareholder.

2.6 Representation on the Board of the Company

No person will be nominated or appointed by Dimensi Cita or IPCO to the Board of the Company as a result of the Enigma Acquisition.

2.7 Introducer of the Enigma Acquisition

The Enigma Acquisition was identified and introduced to the Company by its chief executive officer, Wong Chin Yong. No commission is payable by the Company to Mr Wong in connection with the Enigma Acquisition.

2.8 Information on Enigma, CNA, Dimensi Cita and IPCO

2.8.1 General Information on Enigma

Enigma is a private limited company incorporated in Malaysia on 10 September 2004.

The registered office of Enigma is at 2nd Floor No. 17 & 19 Jalan Brunei Barat Pudu 55100 Kuala Lumpur Malaysia.

As at the date of the Enigma Sale and Purchase Agreement, Enigma has an authorised capital of MYR100,000 comprising 100,000 ordinary shares of MYR1.00 each of which MYR2.00 comprising two (2) ordinary shares of MYR1.00 each have been issued and are fully paid-up.

Dimensi Cita is the registered and beneficial owner of the entire issued and paid-up share capital of Enigma.

Following completion of the Enigma Acquisition, Enigma will become a wholly-owned subsidiary of the Company.

Enigma is an investment holding company and its only investment is the 2,600,000 ordinary shares held by it in the issued and paid-up share capital of CNA. The said shares represent 40% of the issued and paid-up share capital of CNA and the balance 60% interest is held by MDSB.

2.8.2 General Information on CNA

CNA (www.cna.com.my) is a private limited company incorporated in Malaysia on 31 October 2001.

The registered office of CNA is at A11/4/4 3rd Floor Jalan Ampang Utama 2/2 One Ampang Avenue 68000 Selangor Malaysia.

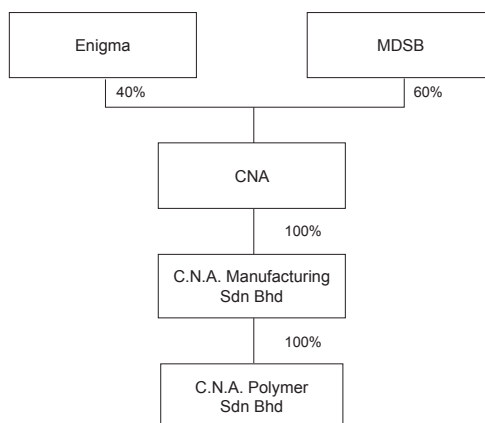
As at the date of the Enigma Sale and Purchase Agreement, CNA has an authorised capital of MYR10,000,000 comprising 10,000,000 ordinary shares of MYR1.00 each of which MYR6,500,000 comprising 6,500,000 ordinary shares of MYR1.00 each have been issued and are fully paid-up.

Enigma and MDSB are the registered and beneficial owners of 2,600,000 and 3,900,000 ordinary shares in the capital of CNA, representing 40% and 60% respectively, of the issued and paid-up share capital of CNA.

CNA is an investment holding company. The subsidiaries of CNA are principally engaged in the business of manufacturing of car seats and automotive components.

2.8.3 Corporate Structure of Enigma and CNA

As at the Latest Practicable Date, the corporate structure of Enigma and CNA is as follows:



Details of each of the subsidiaries of CNA as at the Latest Practicable Date are as follows:

C.N.A. Manufacturing Sdn Bhd is a private limited company incorporated in Malaysia. Its factory is at Lot 60, Kawasan Perindustrian Gurun, Mukim Gurun, 08300 Gurun, Kedah Darul Aman, Malaysia. It has an issued and paid-up share capital of MYR5,000,000 comprising 5,000,000 ordinary shares of MYR1.00 each. It is principally engaged in the business of design, manufacture, assembly and supply of automotive seating systems.

C.N.A. Polymer Sdn Bhd is a private limited company incorporated in Malaysia. Its factory is at Lot 60, Kawasan Perindustrian Gurun, Mukim Gurun, 08300 Gurun, Kedah Darul Aman, Malaysia. It has an issued and paid-up share capital of MYR1,000,000 comprising 1,000,000 ordinary shares of MYR1.00 each. It is principally engaged in the business of manufacturing of polyurethane (PU) padding for car seats.

2.8.4 Financial Information of the Enigma Group

Based on the unaudited consolidated financial statements of the Enigma Group for its seven month period ended 30 November 2010, the NTA of the Enigma Group was MYR4,803,857 (equivalent to approximately S\$2,015,633) and it recorded a net profit after tax of MYR692,490 (equivalent to approximately S\$290,559) for this period.

Based on the unaudited consolidated financial statements of the Enigma Group for its financial year ended 30 April 2010, the NTA of the Enigma Group was MYR4,111,367 (equivalent to approximately S\$1,725,073) and it recorded a net loss after tax of MYR1,997,598 (equivalent to approximately S\$836,165) for this financial year.

The unaudited financial information of the Enigma Group for each of its financial years ended 30 April 2009 and 30 April 2010 and the unaudited financial information of the Enigma Group for its seven month period ended 30 November 2010 are as follows:

(a) Balance Sheet

	Unaudited As at 30 April 2009 (MYR'000)	Unaudited As at 30 April 2010 (MYR'000)	Unaudited As at 30 November 2010 (MYR'000)
NON-CURRENT ASSETS			
Investment in associated company	6,109	4,114	4,810
	6,109	4,114	4,810
TOTAL ASSETS	6,109	4,114	4,810
CURRENT LIABILITIES			
Other payables and accruals	-	2	6
	-	2	6
EQUITY			
Share capital	-	-	-
Retained earnings	5,371	3,374	4,066
Revaluation reserve	738	738	738
	6,109	4,112	4,804
TOTAL LIABILITIES AND EQUITY	6,109	4,114	4,810

(b) Income Statement

	Unaudited for financial year ended 30 April 2009 (MYR'000)	Unaudited for financial year ended 30 April 2010 (MYR'000)	Unaudited for seven month period ended 30 November 2010 (MYR'000)
Administrative expenses	(4)	(3)	(3)
Profit before taxation	(4)	(3)	(3)
Share of (loss)/profit of associated company	(2,256)	(1,995)	695
Profit after taxation	(2,260)	(1,998)	692

2.8.5 Financial Information of CNA

The current auditor of CNA is Ernst & Young who has been their auditor since its financial year ended 31 December 2006.

Based on the unaudited consolidated financial statements of CNA for its financial year ended 31 December 2010, the NTA of CNA was MYR12,550,534 (equivalent to approximately S\$5,266,032) and it recorded a net loss of MYR1,043,382 (equivalent to approximately S\$437,789) for this financial year.

Based on the audited consolidated financial statements of CNA for its financial year ended 31 December 2009, the NTA of CNA was MYR13,593,916 (equivalent to approximately S\$5,703,821) and it recorded a net loss after tax of MYR2,452,307 (equivalent to approximately S\$1,028,954) for this financial year.

The audited consolidated financial statements of CNA for each of its financial years ended 31 December 2008 and 31 December 2009 and the unaudited consolidated financial statements of CNA for its financial year ended 31 December 2010 are as follows:

(a) Balance Sheet

	Audited As at 31 December 2008 (MYR'000)	Audited As at 31 December 2009 (MYR'000)	Unaudited As at 31 December 2010 (MYR'000)
NON-CURRENT ASSETS			
Property, plant and equipment	28,202	23,732	20,581
	28,202	23,732	20,581
CURRENT ASSETS			
Inventories	6,428	4,168	4,292
Trade receivables	1,064	2,978	1,835
Other receivables and deposits	6,275	8,341	10,161
Cash and cash equivalents	13,573	11,769	11,621
	27,340	27,256	27,908
TOTAL ASSETS	55,542	50,988	48,490
CURRENT LIABILITIES			
Trade payables	1,677	2,575	11
Other payables and accruals	716	467	1,396
Finance lease liabilities	202	84	164
Bank loans and borrowings	24,753	24,522	24,850
Income tax payable	107	16	-
	27,455	27,664	26,421
NON-CURRENT LIABILITIES			
Bank loans and borrowings	9,049	7,257	7,228
Finance lease liabilities	318	183	-
Deferred income tax	2,674	2,290	2,290
	12,041	9,730	9,518
EQUITY			
Share capital	6,500	6,500	6,500
Retained earnings	7,701	5,249	4,206
Revaluation reserve	1,845	1,845	1,845
	16,046	13,594	12,551
TOTAL LIABILITIES AND EQUITY	55,542	50,988	48,490

(b) Income Statement

	Audited for financial year ended 31 December 2008 (MYR'000)	Audited for financial year ended 31 December 2009 (MYR'000)	Unaudited for financial year ended 31 December 2010 (MYR'000)
Revenue	33,303	35,839	64,130
Cost of sales	(29,247)	(33,110)	(60,891)
Gross Profit	4,056	2,729	3,239
Other income	462	454	399
Distribution costs	(56)	(72)	(50)
Administrative expenses	(6,410)	(3,983)	(2,965)
Finance costs	(1,998)	(1,739)	(1,666)
Loss before taxation	(3,947)	(2,611)	(1,043)
Taxation	23	159	-
Loss after taxation	(3,924)	(2,452)	(1,043)

2.8.6 Financial Review of the Enigma Group

Financial year ended 30 April 2010 vs financial year ended 30 April 2009

Share of loss of associated company

Share of loss of associated company was MYR2.0 million for the financial year ended 30 April 2010 compared to share of loss of associated company of MYR2.3 million for the financial year ended 30 April 2009.

Loss after tax

Loss after tax was MYR2.0 million for the financial year ended 30 April 2010 compared to loss after tax of MYR2.3 million for the financial year ended 30 April 2009.

Investment in associated company

Investment in associated company decreased to MYR4.1 million as at 30 April 2010 from MYR6.1 million as at 30 April 2009, due to its share of losses incurred by the associated company during the financial year ended 30 April 2010.

Shareholders' equity

Shareholders' equity decreased to MYR4.1 million as at 30 April 2010 from MYR6.1 million as at 30 April 2009, mainly due to share of loss of associated company for the financial year ended 30 April 2010.

2.8.7 Financial Review of CNA

Financial year ended 31 December 2010 vs financial year ended 31 December 2009

Revenue

Revenue increased by MYR28.3 million to MYR64.1 million in the financial year ended 31 December 2010 from MYR35.8 million in the financial year ended 31 December 2009. The increase was due to stronger domestic and regional demand arising from the higher number of vehicles sold in Malaysia and the region in 2010.

Gross margin

Gross margin slightly decreased to 5.05% in the financial year ended 31 December 2010 from 7.61% in the financial year ended 31 December 2009, mainly due to higher production cost.

2.8.8 Risk Factors involved in investing in CNA

Enigma's only investment is in CNA, and the risks involved in this investment lie in CNA. Some of the risks involved in investing in CNA are discussed below. Additional risks and uncertainties not presently known to the Company or which may currently be deemed to be immaterial by the Company may also affect its investment. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects, the Company's investment in the Enigma Group could be impaired or even have to be totally written off.

CNA is dependent on a major customer

CNA derives 90% of its revenue from a major customer, Naza Automotive Manufacturing Sdn Bhd, an unrelated party of CNA. Should this customer decide to source for similar products and services from other suppliers or reduce their orders to CNA, and CNA is unable to secure sufficient orders to replace the lost orders, its revenue and financial performance will be adversely affected.

CNA is dependent upon the relationship with a major South Korean company for its product design and development

CNA depends on a major South Korean company for its product design and development. If the existing relationship with this company is not maintained and on acceptable commercial terms, the effect on CNA's business, results of operations and financial condition will be adversely affected.

The sales for car seats is dependent on the demand of new automobiles in Malaysia which will be affected by governmental policies, the price of fuel, interest rates and financing accessibility

CNA derives 90% of its revenue from the sales of car seats to a major customer, Naza Automotive Manufacturing Sdn Bhd, an automobile manufacturing and assembly company in Malaysia which is not related to CNA. The demand and orders from this customer will depend on the number of new automobiles they produce and sell. Although the demand for new automobiles is expected to grow in Malaysia, there is no certainty that this trend will continue. The introduction of governmental policies to discourage car ownership, the price of fuel remaining high or on the rise, rising interest rates and financing accessibility will all have a negative impact on the demand and sales of new automobiles. This will have an adverse impact on the demand for car seats that CNA can sell and CNA's business, results of operations and financial condition will be adversely affected.

CNA is dependent on a few key personnel

CNA is dependent on a few key personnel with extensive knowledge and experiences in the automotive industry and business. The loss of any of these key personnel, without suitable and/or timely replacements, will have a material adverse effect on its business, results of operations and financial condition.

2.8.9 Prospects of the Enigma Group

Enigma is an investment holding company and its prospects lie with its investment in CNA.

During 2008-2009 global financial crisis, CNA implemented strategic and cost cutting measures such as a reduction in its workforce and diversification in its customers and markets. These actions, coupled with the record sales of automobiles in Malaysia, contributed to a doubling of the revenue in 2010. Industry sources and market research are forecasting that manufacturing volume of automobile in Malaysia for 2011 to reach an all time high of 623,000 units. Barring any unforeseen adverse economic development, this growth trend is expected to continue. CNA's new Vietnam market is at its infancy and has significant growth potential. Based on this outlook, CNA expects to see greater growth from its domestic and regional markets in the years ahead.

2.8.10 Information on Dimensi Cita and IPCO

Dimensi Cita is a private limited company incorporated in Malaysia on 10 November 2003.

The registered office of Dimensi Cita is 177-3, Floor 3, Jalan Sarjana, Taman Connaught, Cheras, 56000 Kuala Lumpur, Malaysia.

Dimensi Cita is a wholly-owned subsidiary of Ipco Sdn. Bhd. which in turn is a wholly-owned subsidiary of IPCO.

The directors of Dimensi Cita are Quah Su Ling, Peter Chen Hing Woon and Goh Hin Calm.

IPCO is a public limited company incorporated in Singapore on 28 May 1992 and its shares are listed and quoted on the Main Board of the SGX-ST.

The registered office of IPCO is 24 Pandan Road Singapore 609275.

The directors of IPCO are Quah Su-Ling, Carlson Clark Smith, Lim Meng Check, Chwee Han Sin and Lim Huan Kim.

To the best of the Company's knowledge and belief, none of Dimensi Cita, IPCO, the controlling shareholders of IPCO and the directors of the said companies is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

2.8.11 Information on MDSB

MDSB is the other shareholder of CNA holding 60% of the issued and paid-up share capital of CNA.

The directors of MDSB are Park Ki Chool, Goh Swee Keong and Kim Bong Jun.

The shareholders of MDSB are Park Ki Chool and Song Jong Hee.

To the best of the Company's knowledge and belief, none of MDSB, its shareholders and its directors is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

2.9 Rationale for the Enigma Acquisition

In the opinion of the Directors, the 2008 to 2009 global financial crisis marks a watershed and the investment landscape in the years ahead to be volatile and difficult. The Directors recognise that several global macro trends will have strong influence on investments and asset class selections. Some of the global macro trends are the exponential global population growth and demographic changes, the growing emerging economies and their increasing demand for food and natural resources, and the eventual consequences of easy monetary policy implemented globally in recent years.

The Directors are of the opinion that the Enigma Acquisition is an opportunity to ride with the one of the macro trend of increasing urban population (in Malaysia) and higher economic aspirations such as automobile ownership. The Enigma Acquisition is an opportunity for the Company to participate in and benefit from Malaysia's growing automotive components manufacturing and trading industry. The Company is of the view that the Malaysian automotive industry and the supporting automotive components industry will grow in tandem with the Malaysian economy which has benefited from the economic and stimulative fiscal policy measures taken by the Malaysian government in recent years.

Although CNA has not been profitable in the past few years, it is however turning around. CNA's losses were MYR3.9 million, MYR2.5 million and MYR1.1 million in FY2008, FY2009 and FY2010, respectively. Revenues were MYR33.3 million, MYR35.8 million and MYR64.1 million in FY2008, FY2009 and FY2010, respectively.

In 2005, the Company, through its wholly-owned subsidiary, Awana Rentak Sdn Bhd, acquired a 30% interest in Mega Highlight Sdn Bhd ("**Mega**") in Malaysia. At the time of the said acquisition, Mega was to develop an automobile hub in Tanjong Malim, Perak and to assemble commercial vehicles such as buses and coaches. However, this plan failed to materialise as Mega defaulted on loans repayment to the Group in 2007. These loans were guaranteed by the other 70% shareholder and secured by a pledge of his 70% shareholdings in Mega. The Group enforced its rights under the guarantee and subsequently, Mega became a wholly-owned subsidiary of the Group. As at the Latest Practicable Date, Mega holds a piece of land which was intended initially for the purpose of developing the automobile hub. The Company has put the automobile hub project on hold and is reviewing alternative plans.

The Company believes that CNA is well positioned in Malaysia's automotive components manufacturing and trading industry and is likely to contribute positively to the Group in the years ahead.

2.10 Requirement under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Where any of the relative figures computed exceeds 5% but does not exceed 20%, the transaction is classified as a disclosable transaction. If any of the relative figures computed exceeds 20%, the transaction is classified as a major transaction and shareholders' approval is required for a major transaction, under Rule 1014 of the Listing Manual.

The relative figures of the Enigma Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Enigma Acquisition and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Enigma Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net profits ⁽¹⁾ attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	S\$290,559 ⁽²⁾	S\$7,746,000	3.57

	The Enigma Acquisition	The Group	%
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 14 February 2011	S\$6,500,646 ⁽³⁾	S\$19,056,936 ⁽⁴⁾	34.11
(d) The number of equity securities to be issued by the Company as consideration for the Enigma Acquisition, compared with the number of equity securities previously in issue	200,000,000	1,401,245,285	14.27

Notes:

- (1) Net profits is defined as profit before income tax, minority interests and share of associated company's results.
- (2) The profit of Enigma is based on its unaudited consolidated financial statements for its seven month period ended 30 November 2010 of MYR692,490 (equivalent to approximately S\$290,559).
- (3) The value of the consideration is based on 200,000,000 Enigma Consideration Shares multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010, after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (4) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 14 February 2011 of S\$0.0136 per Share as no trades were done on the Shares on 15 February 2011 (being the Market Day immediately preceding the date of the Enigma Sale and Purchase Agreement).

As the relative figure under Rule 1006(c) exceeds 20%, the Enigma Acquisition is considered as a major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders.

2.11 Financial Effects of the Enigma Acquisition

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010, the unaudited consolidated financial statements of Enigma for its seven month period ended 30 November 2010 and the Enigma Purchase Consideration, the financial effects of the Enigma Acquisition on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Enigma Acquisition is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,285	56,818,137
Number of Enigma Consideration Shares to be allotted and issued pursuant to the Enigma Acquisition	200,000,000	2,000,000
Issued and paid-up share capital of the Company immediately after completion of the Enigma Acquisition	1,601,245,285	58,818,137

(b) NTA per Share

Assuming that the Enigma Acquisition had been completed on 31 December 2010, the Enigma Acquisition would have the following impact on the NTA per Share of the Group:

	Before allotment of the Enigma Consideration Shares	After allotment of the Enigma Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,601,245,285
NTA per Share before the Enigma Acquisition (cents)	3.25	2.84
NTA per Share after the Enigma Acquisition (cents)	3.39	2.97

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that the Enigma Acquisition had been completed on 1 January 2010, the Enigma Acquisition would have the following impact on the EPS of the Group:

	Before allotment of the Enigma Consideration Shares	After allotment of the Enigma Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,601,245,285
EPS before the Enigma Acquisition (cents)	0.46 ⁽²⁾	0.41 ⁽²⁾
EPS after the Enigma Acquisition (cents)	0.48 ⁽²⁾⁽³⁾	0.42 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 Shares and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) Based on the unaudited consolidated financial statements of Enigma for the seven month period ended 30 November 2010, the net profit attributable to the Enigma Acquisition was S\$290,559.

(d) Gearing

The Enigma Acquisition would not have any impact on the gearing of the Company as Enigma has no borrowing and the Enigma Purchase Consideration shall be satisfied in full by the allotment and issue of the Enigma Consideration Shares to Dimensi Cita.

3. THE PROPOSED GRAND PROSPER ACQUISITION

3.1 Background

On 16 February 2011, the Company announced that it had on the same day entered into the Grand Prosper Sale and Purchase Agreement with Dragon Seed to acquire the Grand Prosper Sale Shares at the Grand Prosper Purchase Consideration of S\$2,000,000.

The Grand Prosper Purchase Consideration shall be satisfied in full by the allotment and issue of the Grand Prosper Consideration Shares, being 200,000,000 Consideration Shares, to Dragon Seed.

The Grand Prosper Sale Shares represent 25% of the issued and paid-up share capital of Grand Prosper. The balance 75% interest in Grand Prosper is held by Excellent Empire, a wholly-owned subsidiary of IPCO. Grand Prosper is therefore a subsidiary of IPCO through Excellent Empire.

Following completion of the Grand Prosper Acquisition, Grand Prosper will become an associated company of the Company.

Grand Prosper is an investment holding company and owns a 90% equity interest in Deshi, a sino-foreign joint venture company in the PRC. The balance 10% equity interest in Deshi is owned by Su Cheng Lu, a PRC national.

3.2 The Grand Prosper Purchase Consideration

The Grand Prosper Purchase Consideration of S\$2,000,000 was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and taking into consideration the last transacted price of the shares of Grand Prosper and the prospects of Grand Prosper (including Deshi). In June 2010, IPCO had acquired a 20% interest in Grand Prosper for a consideration of S\$3,000,000. Accordingly, the Company is of the view that the Grand Prosper Purchase Consideration is fair based on the last transacted price of the shares of Grand Prosper and its internal analysis of the prospects of Grand Prosper (including Deshi).

The Grand Prosper Purchase Consideration shall be satisfied in full by the allotment and issue of the Grand Prosper Consideration Shares, being 200,000,000 Consideration Shares, to Dragon Seed. To the best of the Company's knowledge and belief, the Grand Prosper Consideration Shares, upon allotment and issue, will be held by Dragon Seed for its own interest and benefit and not as nominee or agent for any other person.

The Grand Prosper Consideration Shares will be issued at the Issue Price of S\$0.01 and will rank, *pari passu*, in all respects with the existing Shares save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the allotment and issue of the Grand Prosper Consideration Shares.

The Issue Price of S\$0.01 for each Grand Prosper Consideration Share represents a discount of approximately 26.47% to the weighted average price of S\$0.0136 per Share transacted on the Main Board of the SGX-ST on 14 February 2011, being the last Market Day prior to the date of the Grand Prosper Sale and Purchase Agreement in which trades were done for the Shares. No trades were done on the Shares on 15 February 2011, being the Market Day immediately preceding the date of the Grand Prosper Sale and Purchase Agreement. The Issue Price, which was set at a discount of approximately 26.47% to the weighted average price of S\$0.0136, was agreed by the Company and Dragon Seed following arms length negotiations. In agreeing to issue the Grand Prosper Consideration Shares at the Issue Price, the Board had considered, *inter alia*, that the Grand Prosper Purchase Consideration is fully satisfied by the issue of the Grand Prosper Consideration Shares to Dragon Seed.

The Issue Price of S\$0.01 for each Grand Prosper Consideration Share is equivalent to the last traded price of the Shares as at the Latest Practicable Date.

The Grand Prosper Consideration Shares represent (i) approximately 14.27% of the issued share capital of the Company as at the Latest Practicable Date, (ii) approximately 12.49% of the enlarged issued share capital of the Company upon completion of the Grand Prosper Acquisition and (iii) approximately 8.02% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

The listing and quotation of the Grand Prosper Consideration Shares on the Main Board of the SGX-ST is subject to and conditional upon, *inter alia*, (i) the in-principle approval of the SGX-ST for the listing and quotation of the Grand Prosper Consideration Shares on the Main Board of the SGX-ST and (ii) the Grand Prosper Acquisition and the allotment and issue of the Grand Prosper Consideration Shares to Dragon Seed being approved by Shareholders at the EGM.

On 13 May 2011, the SGX-ST granted in-principle approval to the Company for the listing and quotation of, *inter alia*, the Grand Prosper Consideration Shares on the Main Board of the SGX-ST subject to, amongst others, Shareholders' approval being obtained for the Grand Prosper Acquisition and the allotment and issue of the Grand Prosper Consideration Shares to Dragon Seed. The in-principle approval granted by the SGX-ST to the Company for the admission of, *inter alia*, the Grand Prosper Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the Grand Prosper Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions, the Consideration Shares, the Company and/or its subsidiaries.

3.3 Conditions Precedent

The completion of the Grand Prosper Acquisition is conditional upon, *inter alia*, the following:

- (a) the Company being satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on the Grand Prosper Group including without limitation the title to and the status and condition of the properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations, records, financial position, accounts, results, legal and corporate structure of each of the companies of the Grand Prosper Group and any other information disclosed to the Company;

- (b) the Company receiving the following approvals from its Shareholders at the EGM:
 - (i) the purchase of the Grand Prosper Sale Shares; and
 - (ii) the allotment and issue of the Grand Prosper Consideration Shares to Dragon Seed;
- (c) approval in-principle being obtained from the SGX-ST for the admission and dealing and quotation of the Grand Prosper Consideration Shares on the Main Board of the SGX-ST;
- (d) the offer information statement, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005, being lodged by the Company and accepted by the Monetary Authority of Singapore;
- (e) there being no change in the issued and paid-up share capital of Grand Prosper and the Grand Prosper Sale Shares represent 25% of the issued and paid-up share capital of Grand Prosper on completion; and
- (f) Excellent Empire waiving its right of pre-emption to acquire the Grand Prosper Sale Shares.

If any of the aforesaid conditions precedent is not fulfilled or waived by mutual consent by the Company and Dragon Seed by 31 May 2011 (or such other date as the said parties may agree in writing), the Grand Prosper Sale and Purchase Agreement shall, *ipso facto*, cease and determine and save for any antecedent breach, neither of the said party shall have any claim whatsoever against the other party for costs, damages, compensation or anything whatsoever. The said long stop date has been extended by the Company and Dragon Seed to 31 August 2011.

As at the Latest Practicable Date, the conditions precedent (a), (c) and (f) have been fulfilled.

3.4 Representation on the Board of the Company

No person will be nominated or appointed by Dragon Seed to the Board of the Company as a result of the Grand Prosper Acquisition.

3.5 Introducer of the Grand Prosper Acquisition

The Grand Prosper Acquisition was identified and introduced to the Company by its chief executive officer, Wong Chin Yong. No commission is payable by the Company to Mr Wong in connection with the Grand Prosper Acquisition.

3.6 Information on Grand Prosper, Deshi and Dragon Seed

3.6.1 General Information on Grand Prosper

Grand Prosper is a private limited company incorporated in Hong Kong on 28 June 2002.

The registered office of Grand Prosper is at Suite 4304 43/F China Resources Building 26 Harbour Road Wanchai Hong Kong.

As at the date of the Grand Prosper Sale and Purchase Agreement, Grand Prosper has an authorised capital of HKD10,000 comprising 10,000 ordinary shares of HKD1.00 each of which HKD100 comprising 100 ordinary shares of HKD1.00 each have been issued and are fully paid-up.

Dragon Seed is the registered and beneficial owner of the Grand Prosper Sale Shares which represent 25% of the issued and paid-up share capital of Grand Prosper. The balance 75% interest in Grand Prosper is held by Excellent Empire.

Following completion of the Grand Prosper Acquisition, Grand Prosper will become an associated company of the Company.

Grand Prosper is an investment holding company and its only investment is a 90% equity interest in Deshi. The balance 10% equity interest in Deshi is held by Su Cheng Lu, a PRC national.

3.6.2 General Information on Deshi

Deshi is a private limited company incorporated in the PRC on 2 May 1995 and was converted into a sino-foreign joint venture company on 30 May 2007.

The registered office of Deshi is at Level 3, Yao Ye Building, Zi Bo Road, Dong Ying City, Shangdong Province, Postal Code 257000, PRC.

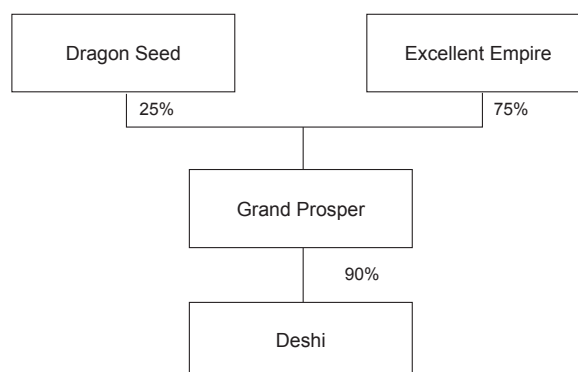
As at the date of the Grand Prosper Sale and Purchase Agreement, Deshi has a registered capital of RMB18,000,000 of which the entire registered capital has been fully subscribed.

Grand Prosper owns a 90% equity interest in Deshi and the balance 10% is held by Su Cheng Lu.

Deshi is principally engaged in the business of exploration, development and exploitation of oil and natural gas in the Ciyaobao and Dongdaolianzi area of the Ningxia Autonomous Region, PRC. Deshi is also pursuing other downstream activities and is entering into the compressed natural gas ("CNG") fuel stations business and has obtained the permits to build and operate two CNG fuel stations in Dezhou city, Shandong Province, PRC.

3.6.3 Corporate Structure of Grand Prosper and Deshi

As at the Latest Practicable Date, the corporate structure of Grand Prosper and Deshi is as follows:



3.6.4 Financial Information of Grand Prosper

Based on the unaudited consolidated financial statements of Grand Prosper for its eight month period ended 31 December 2010, the net liabilities of Grand Prosper was HK\$21,365,830 (equivalent to approximately S\$3,511,864) and it recorded a net loss of HK\$2,156,375 (equivalent to approximately S\$354,440) for this period.

Based on the unaudited consolidated financial statements of Grand Prosper for its financial year ended 30 April 2010, the net liabilities of Grand Prosper was HK\$19,156,350 (equivalent to approximately S\$3,148,696) and it recorded a net loss of HK\$2,170,593 (equivalent to approximately S\$356,777) for this financial year.

The unaudited consolidated financial statements of Grand Prosper for each of its financial years ended 30 April 2009 and 30 April 2010 and the unaudited consolidated financial statements of Grand Prosper for its eight month period ended 31 December 2010 are as follows:

(a) Balance Sheet

	Unaudited As at 30 April 2009 (HK\$'000)	Unaudited As at 30 April 2010 (HK\$'000)	Unaudited As at 31 December 2010 (HK\$'000)
NON-CURRENT ASSETS			
Property, plant and equipment	700	631	591
Goodwill	-	373	373
	<u>700</u>	<u>1,004</u>	<u>964</u>
CURRENT ASSETS			
Trade Receivables	52	52	53
Other receivables and deposits	2,328	8,136	10,726
Cash and cash equivalents	3,486	93	2,461
	<u>5,866</u>	<u>8,281</u>	<u>13,240</u>
TOTAL ASSETS	<u>6,566</u>	<u>9,285</u>	<u>14,204</u>
CURRENT LIABILITIES			
Other payables and accruals	23,721	28,442	35,570
	<u>23,721</u>	<u>28,442</u>	<u>35,570</u>

	Unaudited As at 30 April 2009 (HK\$'000)	Unaudited As at 30 April 2010 (HK\$'000)	Unaudited As at 31 December 2010 (HK\$'000)
EQUITY			
Share capital	-	-	-
Accumulated loss	(17,964)	(20,135)	(22,291)
Foreign currency translation reserves	424	392	499
Minority interest	385	587	426
	(17,155)	(19,156)	(21,366)
TOTAL LIABILITIES AND EQUITY	6,566	9,286	14,204

(b) Income Statement

	Unaudited for financial year ended 30 April 2009 (HK\$'000)	Unaudited for financial year ended 30 April 2010 (HK\$'000)	Unaudited for financial period ended 31 December 2010 (HK\$'000)
Revenue	8	2	123
Cost of sales	-	-	-
Gross Profit	8	2	123
Administrative expenses	(15,341)	(1,828)	(1,875)
Exchange loss	364	(512)	(577)
Loss before taxation	(14,969)	(2,338)	(2,329)
Minority interest	706	168	173
Loss after taxation	(14,263)	(2,170)	(2,156)

3.6.5 Financial Information of Deshi

Based on the unaudited financial statements of Deshi for its eight month period ended 31 December 2010, Deshi's NTA was approximately RMB3,662,757 (approximately S\$710,415) and it recorded a net loss of approximately RMB1,486,799 (approximately S\$288,374) for this period.

Based on the unaudited financial statements of Deshi for its financial year ended 30 April 2010, Deshi's NTA was approximately RMB5,149,555 (approximately S\$998,789) and it recorded a net loss of approximately RMB1,473,648 (approximately S\$285,823) for this financial year.

The unaudited financial statements of Deshi for each of its financial years ended 30 April 2009 and 30 April 2010 and the unaudited financial statements of Deshi for its eight month period ended 31 December 2010 are as follows:

(a) Balance Sheet

	Unaudited As at 30 April 2009 (RMB'000)	Unaudited As at 30 April 2010 (RMB'000)	Unaudited As at 31 December 2010 (RMB'000)
NON-CURRENT ASSETS			
Property, plant and equipment	614	554	508
	614	554	508
CURRENT ASSETS			
Trade receivables	46	46	46
Other receivables and deposits	2,043	7,140	9,090
Cash and cash equivalents	3,054	23	2,058
	5,143	7,209	11,194
TOTAL ASSETS	5,757	7,763	11,702

	Unaudited As at 30 April 2009 (RMB'000)	Unaudited As at 30 April 2010 (RMB'000)	Unaudited As at 31 December 2010 (RMB'000)
CURRENT LIABILITIES			
Other payables and accruals	2,376	2,613	8,039
	<u>2,376</u>	<u>2,613</u>	<u>8,039</u>
EQUITY			
Share capital	14,758	18,000	18,000
Retained earnings	(11,377)	(12,850)	(14,337)
	<u>3,381</u>	<u>5,150</u>	<u>3,663</u>
TOTAL LIABILITIES AND EQUITY	<u>5,757</u>	<u>7,763</u>	<u>11,702</u>

(b) Income Statement

	Unaudited for financial year ended 30 April 2009 (RMB'000)	Unaudited for financial year ended 30 April 2010 (RMB'000)	Unaudited for financial period ended 31 December 2010 (RMB'000)
Revenue	7	2	107
Cost of sales	-	-	-
Gross Profit	7	2	107
Administrative expenses	(6,205)	(1,475)	(1,593)
Profit before taxation	(6,198)	(1,473)	(1,486)
Taxation	-	-	-
Loss after taxation	<u>(6,198)</u>	<u>(1,473)</u>	<u>(1,486)</u>

3.6.6 Financial Review of Grand Prosper

Financial year ended 30 April 2010 vs financial year ended 30 April 2009

Administrative expenses

Administrative expenses decreased to HK\$1.8 million in the financial year ended 30 April 2010 from HK\$15.3 million in the financial year ended 30 April 2009, mainly due to provision for impairment loss in relation to exploration and extraction right (HK\$8.3 million) and an one-time write off of oil exploration costs (HK\$4.8 million) in the financial year ended 30 April 2009.

Loss after tax

Loss after tax was HK\$2.2 million for the financial year ended 30 April 2010. Loss after tax was HK\$14.3 million for the financial year ended 30 April 2009.

Goodwill

Goodwill of HK\$0.4 million arose from additional investment in Deshi in the financial year ended 30 April 2010.

Other receivables and deposits

Other receivables and deposits increased to HK\$8.1 million as at 30 April 2010 from HK\$2.3 million as at 30 April 2009, mainly due to an amount of HK\$5.8 million advance to a contractor for the construction of a CNG fuel station in Dezhou city, PRC.

Other payables and accruals

Other payables and accruals increased to HK\$28.4 million as at 30 April 2010 from HK\$23.7 million as at 30 April 2009, mainly due to increased amount due to its holding company.

Working Capital

Current assets and current liabilities stood at HK\$8.3 million and HK\$28.4 million respectively as at 30 April 2010. Current assets and current liabilities were HK\$5.9 million and HK\$23.7 million respectively as at 30 April 2009.

3.6.7 Financial Review of Deshi

Financial year ended 30 April 2010 vs financial year ended 30 April 2009

Administrative expenses

Administrative expenses decreased to RMB1.5 million for the financial year ended 30 April 2010 from RMB6.2 million in the financial year ended 30 April 2009, as there was an one-time write off of oil exploration costs (RMB4 million) during the financial year ended 30 April 2009.

Loss after tax

Loss after tax was RMB1.5 million for the financial year ended 30 April 2010. Loss after tax was RMB6.2 million for the financial year ended 30 April 2009.

Other receivables and deposits

Other receivables and deposits increased to RMB7.1 million as at 30 April 2010 from RMB2.0 million as at 30 April 2009, mainly due to an amount of RMB5.1 million advance to a contractor for the construction of a CNG fuel station in Dezhou city, PRC.

Other payables and accrual

Other payables and accrual was RMB2.6 million as at 30 April 2010, as compared to RMB2.4 million as at 30 April 2009.

Working Capital

Current assets and current liabilities stood at RMB7.2 million and RMB2.6 million respectively as at 30 April 2010. Current assets and current liabilities stood at RMB5.1 million and RMB2.4 million respectively as at 30 April 2009.

3.6.8 Risk Factors involved in investing in Deshi

Grand Prosper's only investment and subsidiary is Deshi, and the risks involved in investing in Grand Prosper primarily lie in Deshi. Some of the risks involved in investing in Grand Prosper and Deshi are discussed below. Additional risks and uncertainties not presently known to the Company or which may currently be deemed to be immaterial by the Company may also affect its investment. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects, the Company's investment in the Grand Prosper Group could be impaired or even be totally written off.

Grand Prosper is in net liability position

Grand Prosper is in a net liability position and will depend on its major shareholder, Excellent Empire, for continuing support and funding to remain as a going concern. In the event that Excellent Empire ceases to support and fund Grand Prosper, it will have to seek alternative financing or ultimately dispose of its interest in Deshi. Alternative financing may be obtained by way of issue of new equity in Grand Prosper and the Company's investment in Grand Prosper will be diluted accordingly, if it does not participate in such new issue of equity.

Deshi has limited operating history and have not been successful in its exploration, development and production of natural gas

Deshi's business in the exploration, development and production of natural gas in the Ningxia Autonomous Region concessions in the PRC has failed to produce commercial quantities of oil and natural gas. Although the concessions are within a proven natural gas basin, the Ordos Basin, there is no certainty that Deshi will be successful in discovering and producing commercial quantities of oil and natural gas.

Deshi had suspended its exploration, development and production of natural gas activities on its Ningxia concessions since 2009 and the contract with Sheng Li Oilfield Da Ming Oil & Gas Exploration and Exploitation Technology Co. Ltd., ("Da Ming") may be terminated

Deshi had suspended its work program on its Ningxia concessions in 2009 due to the uncertain global economic outlook and the volatility in oil and natural gas prices after the 2008 financial crisis. Deshi has not conducted any drilling activity for the past 2 years and Da Ming may terminate the contract with Deshi. In such an event, Deshi's exploration expenses of RMB8.6 million will not be recoverable. No penalty or claim for damages will arise from the termination of the contract as it is not provided for in the contract.

Deshi's diversification into the CNG fuel station and natural gas distribution businesses has not commenced and may not be successful

Deshi is in the preliminary planning stage of its first CNG fuel station construction in Dezhou city, PRC. Fuel service station standards have to meet the requirements of the Ministry of Construction, the General Administration of Quality Supervision Inspection and Quarantine of the PRC, and the local authorities. Deshi's CNG fuel stations will have to meet these standards and requirements before a service certificate will be issued to operate the CNG fuel station. Deshi may not be able to meet the required standards or there may be delays in obtaining the necessary approvals and service certificate. In such an event, Deshi's CNG fuel station business will not be able to commence or be delayed and will have a material adverse impact on its business and financial condition.

Deshi's CNG fuel station and natural gas distribution businesses may be adversely affected by the general conditions of the PRC's economy

Deshi's business and operations will be located within the PRC, and depends on the domestic demand and sales of CNG and natural gas. The general conditions of the Chinese economy will impact such demands. Whilst the Chinese economy has been growing significantly in the past two decades, there is no assurance that it will continue to grow and at a comparable pace of recent years. Any slowdown in the PRC's economy may have a material adverse impact on Deshi's business, operations, financial conditions and performance.

Natural gas supply and sale prices in the PRC are set by government authorities

Deshi will purchase its natural gas supply and sell at prices set by the National Development And Reform Commission ("NDRC"), other supervisory departments of the PRC central government and the local state price bureau that have the discretion to set natural gas (selling) prices. At present, the price differential between the purchase price and the selling price is about RMB1.00/m³. There is no assurance that the government authorities will continue to set natural gas purchase and sale prices at levels that will allow Deshi to achieve a favourable margin. Should the NDRC or the other price regulatory authorities allow an increase in purchase cost but not the selling price of natural gas, it will adversely impact the margins of Deshi. Furthermore, higher natural gas prices may adversely impact the demand for CNG and it will have a material and adverse effect on Deshi's business and results of operations.

Deshi will depend on only one supplier of natural gas

Deshi will obtain its supply of natural gas from a sole supplier, Kunlun Energy Co. Ltd., an unrelated party to Deshi. Any disruption of supply from this supplier will have a material adverse effect on the business, operations and performance of Deshi.

Deshi may need to raise capital to fund its operations and failure to obtain funding when needed may lead to delays or cancellation of its business development plans

Deshi has sufficient cash resources to construct one CNG fuel station in Dezhou city, PRC. It may require additional funding in order to carry out its business plans, including the construction of additional CNG fuel stations. If Deshi cannot generate sufficient cash resources from its first CNG fuel station, it will need to seek other sources of funding. There is no assurance that Deshi will be able to obtain other funding or without dilution to Grand Prosper's shareholding in Deshi.

3.6.9 Prospects and Future Plans of Grand Prosper and Deshi

Deshi had entered into a contract dated 9 April 2007 with Da Ming for the exploration, development and exploitation of oil and natural gas in the Ciyabao and Dongdaolianzi areas in Ningxia Autonomous Region, PRC. The two contract areas cover approximately 254 square kilometers. The contract is for period of 20 years, with the first 5 years for exploration and the remaining 15 years for exploitation and production. The contract may be extended by a further 5 years. During the 5 year exploration period, Deshi is expected to carry out certain minimum exploration work, which has not been fulfilled. Deshi and Da Ming are in discussion on the outstanding exploration work obligations and the future of the contract.

Deshi is also pursuing other downstream activities and is entering into CNG fuel station business and has obtained the permits to build and operate two CNG fuel stations in Dezhou city, Shandong Province, PRC. Deshi expects to commence construction of one of the CNG fuel stations in the second half of 2011 and it is expected to take up to three months to complete. Commercial operations of the CNG fuel station is expected to commence within six months of completion of the construction, subject to Deshi obtaining all the necessary approvals and service certificate from the relevant authorities in Dezhou city, such as the Ministry of Construction, the General Administration of Quality Supervision Inspection and Quarantine. Each CNG fuel station shall have a capacity to supply up to 12,000 cubic meters of CNG per day. The demand for CNG is strong and growing as there are about 5,000 CNG powered vehicles, including 2,000 CNG taxis in Dezhou city and are currently served by 5 CNG fuel stations only. Deshi is negotiating to build a main receiving station for the supply of natural gas to industrial users in Dezhou city.

Currently, Deshi has sufficient cash resources to construct one CNG fuel stations in Dezhou city. Deshi will seek for additional funding such as bank borrowings and/or after it has generated sufficient cash resources from its first CNG fuel station to carry out its business plans, including the construction of the additional CNG fuel station and the main receiving station for the supply of natural gas to industrial users in Dezhou city.

The Company believes that the CNG fuel stations and natural gas supply and distribution business in the PRC will grow under the supportive government policy to increase the use of natural gas and its robust economic growth, and consequently will contribute positively to the Group.

3.6.10 Information on Dragon Seed

Dragon Seed is a limited liability company incorporated in the British Virgin Islands on 13 October 2006.

The registered office of Dragon Seed is at P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

The sole shareholder and sole director of Dragon Seed is Teoh Hooi Leong, a Malaysian practicing lawyer with extensive business interest in the PRC.

To the best of the Company's knowledge and belief, none of Dragon Seed, its shareholder or director is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

3.7 Rationale for the Grand Prosper Acquisition

In the opinion of the Directors, the 2008 to 2009 global financial crisis marks a watershed and the investment landscape in the years ahead to be volatile and difficult. The Directors recognise that several global macro trends will have strong influence on investments and asset class selections. Some of the global macro trends are the exponential global population growth and demographic changes, the growing emerging economies and their increasing demand for food and natural resources, and the eventual consequences of easy monetary policy implemented globally in recent years

One macro trend is the PRC's insatiable need and demand for energy as a result of demographic changes and strong economic growth. Market research is forecasting the energy needs of the PRC to continue growing at a fast rate. The Chinese central government have also introduced policies aimed at getting greater and wider usage of natural gas as an energy and fuel source, such as setting a favourable gas to oil price ratio. Oil prices have risen 250% since February 2009 and are expected to stay high with occasional fluctuations. As long as oil prices continue to remain high, natural gas usage will gain favour. The Directors are of the opinion that the Grand Prosper Acquisition is an opportunity for the Company to invest in the fast growing and attractive natural gas industry in the PRC. This is also the Company's maiden investment in the oil and gas industry in the PRC.

Deshi may also resume exploration activities on the Ningxia concessions in view of the economic recovery. The exploration work on the said concessions was suspended by Deshi in 2009 due to the economic crisis. In addition, the two concessions are in the Ordos Basin, a proven oil and gas basin, and the geological data collected by Da Ming indicates that the Ciyaobao concession contains about 7.8 billion m³ of natural gas. Exploration wells drilled on the Ciyaobao concession before 2007 have all encountered and showed presence of oil and natural gas. The Company believes that the concessions have economic merits. Nevertheless, the Company is also interested in Deshi's operation of CNG fuel stations in Dezhou city.

The Company's internal analysis and evaluation indicated that an investment in a CNG fuel station in Dezhou city has a payback period of about one year from the time of the operation of the CNG fuel station which is expected to commence in the first quarter of 2012, subject to Deshi obtaining all the necessary approvals and service certificate from the relevant authorities in Dezhou city, such as the Ministry of Construction, the General Administration of Quality Supervision Inspection and Quarantine. Therefore, even though Grand Prosper has not been profitable and is in a net liability position, the Company believes that Grand Prosper's investment in Deshi will eventually contribute positively in the years ahead. With that, the Directors are of the opinion that Grand Prosper Acquisition is an investment that has the potential to contribute to the Company's income and growth in the years ahead.

3.8 Requirement under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Where any of the relative figures computed exceeds 5% but does not exceed 20%, the transaction is classified as a disclosable transaction. If any of the relative figures computed exceeds 20%, the transaction is classified as a major transaction and shareholders' approval is required for a major transaction, under Rule 1014 of the Listing Manual.

The relative figures of the Grand Prosper Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Grand Prosper Acquisition and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Grand Prosper Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net (loss)/profits ⁽¹⁾ attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	(\$88,610) ⁽²⁾	\$7,746,000	NM
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 14 February 2011	\$6,500,646 ⁽³⁾	\$19,056,936 ⁽⁴⁾	34.11
(d) The number of equity securities to be issued by the Company as consideration for the Grand Prosper Acquisition, compared with the number of equity securities previously in issue	200,000,000	1,401,245,285	14.27

Notes:

- (1) Net (loss)/profit is defined as (loss)/profit before income tax, minority interests and extraordinary items.
- (2) The net loss of Grand Prosper is based on 25% of its unaudited consolidated net loss for its eight month period ended 31 December 2010. Grand Prosper recorded an unaudited net loss of HK\$2,156,375 (equivalent to approximately S\$354,440) for this period.
- (3) The value of the consideration is based on 200,000,000 Grand Prosper Consideration Shares multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010, after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (4) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 14 February 2011 of S\$0.0136 per Share as no trades were done on the Shares on 15 February 2011 (being the Market Day immediately preceding the date of the Grand Prosper Sale and Purchase Agreement).

As the relative figure under Rule 1006(c) exceeds 20%, the Grand Prosper Acquisition is considered as a major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders.

3.9 Financial Effects of the Grand Prosper Acquisition

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010, the unaudited financial statements of Grand Prosper for its eight month period ended 31 December 2010 and the Grand Prosper Purchase Consideration, the financial effects of the Grand Prosper Acquisition on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Grand Prosper Acquisition is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,85	56,818,137
Number of Grand Prosper Consideration Shares to be allotted and issued pursuant to the Grand Prosper Acquisition	200,000,000	2,000,000
Issued and paid-up share capital of the Company immediately after completion of the Grand Prosper Acquisition	1,601,245,285	58,818,137

(b) NTA per Share

Assuming that the Grand Prosper Acquisition had been completed on 31 December 2010, the Grand Prosper Acquisition would have the following impact on the NTA per Share of the Group:

	Before allotment of the Grand Prosper Consideration Shares	After allotment of the Grand Prosper Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,601,245,285
NTA per Share before the Grand Prosper Acquisition (cents)	3.25	2.84
NTA per Share after the Grand Prosper Acquisition (cents)	3.39	2.97

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that the Grand Prosper Acquisition had been completed on 1 January 2010, the Grand Prosper Acquisition would have the following impact on the EPS of the Group:

	Before allotment of the Grand Prosper Consideration Shares	After allotment of the Grand Prosper Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,601,245,285
EPS before the Grand Prosper Acquisition (cents)	0.46 ⁽²⁾	0.41 ⁽²⁾
EPS after the Grand Prosper Acquisition (cents)	0.46 ⁽²⁾⁽³⁾	0.40 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) Based on the unaudited consolidated financial statements of Grand Prosper for the eight month period ended 31 December 2010, the net loss attributable to the Grand Prosper Acquisition was approximately S\$88,610.

(d) Gearing

The Grand Prosper Acquisition would not have any impact on the gearing of the Company as the Grand Prosper Purchase Consideration shall be satisfied in full by the allotment and issue of the Grand Prosper Consideration Shares to Dragon Seed.

4. THE PROPOSED TRACKPLUS ACQUISITION

4.1 Background

On 17 February 2011, the Company announced that it had on the same day entered into the Trackplus Sale and Purchase Agreement with Tria Holdings to acquire the Trackplus Sale Shares at the Trackplus Purchase Consideration of MYR5,250,000 (equivalent to approximately S\$2,202,828).

The Trackplus Purchase Consideration shall be satisfied in full by the allotment and issue of the Trackplus Consideration Shares, being 220,282,800 Consideration Shares, to Tria Holdings.

The Trackplus Sale Shares represent 35% of the issued and paid-up share capital of Trackplus. The balance 65% interest in Trackplus is held by Tria Holdings, a wholly-owned subsidiary of Blumont.

Following completion of the Trackplus Acquisition, Trackplus will become an associated company of the Company.

4.2 The Trackplus Purchase Consideration

The Trackplus Purchase Consideration of MYR5,250,000 (equivalent to approximately S\$2,202,828) was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and taking into consideration the net asset value of Trackplus of MYR4,321,210 (equivalent to approximately S\$1,813,120) as at 31 December 2010 and the market value of the Trackplus Land of MYR15,000,000¹ (equivalent to approximately S\$6,293,794). Accordingly, the Company is of the view that the Trackplus Purchase Consideration is fair based on the percentage of the Sale Shares as represented in the net asset value of Trackplus of MYR5,187,116 (equivalent to approximately S\$2,176,443).

Please refer to paragraph 4.8.2 for further information on the Trackplus Land.

The Trackplus Purchase Consideration shall be satisfied in full by the allotment and issue of the Trackplus Consideration Shares, being 220,282,800 Consideration Shares, to Tria Holdings. To the best of the Company's knowledge and belief, the Trackplus Consideration Shares, upon allotment and issue, will be held by Tria Holdings for its own interest and benefit and not as nominee or agent for any other person.

The Trackplus Consideration Shares will be issued at the Issue Price of S\$0.01 and will rank, *pari passu*, in all respects with the existing Shares save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the allotment and issue of the Trackplus Consideration Shares.

The Issue Price of S\$0.01 for each Trackplus Consideration Share is equivalent to the weighted average price of the Shares transacted on the Main Board of the SGX-ST on 16 February 2011, being the Market Day immediately preceding the date of the Trackplus Sale and Purchase Agreement. The Issue Price of S\$0.01 was agreed by the Company and Tria Holdings following arms length negotiations. In agreeing to issue the Trackplus Consideration Shares at the Issue Price, the Board had considered, *inter alia*, that the Trackplus Purchase Consideration is fully satisfied by the issue of the Trackplus Consideration Shares to Tria Holdings thereby aligning Tria Holdings's interests together with that of the Company after the Trackplus Acquisition.

The Issue Price of S\$0.01 for each Trackplus Consideration Share is also equivalent to the last traded price of the Shares as at the Latest Practicable Date.

The Trackplus Consideration Shares represent (i) approximately 15.72% of the issued share capital of the Company as at the Latest Practicable Date, (ii) approximately 13.58% of the enlarged issued share capital of the Company upon completion of the Trackplus Acquisition and (iii) approximately 8.84% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

The listing and quotation of the Trackplus Consideration Shares on the Main Board of the SGX-ST is subject to and conditional upon, *inter alia*, (i) the in-principle approval of the SGX-ST for the listing and quotation of the Trackplus Consideration Shares on the Main Board of the SGX-ST and (ii) the Trackplus Acquisition and the allotment and issue of the Trackplus Consideration Shares to Tria Holdings being approved by Shareholders at the EGM.

On 13 May 2011, the SGX-ST granted in-principle approval to the Company for the listing and quotation of, *inter alia*, the Trackplus Consideration Shares on the Main Board of the SGX-ST subject to, amongst others, Shareholders' approval being obtained for the Trackplus Acquisition and the allotment and issue of the Trackplus Consideration Shares to Tria Holdings. The in-principle approval granted by the SGX-ST to the Company for the admission of, *inter alia*, the Trackplus Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the Trackplus Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions, the Consideration Shares, the Company and/or its subsidiaries.

4.3 Conditions Precedent

The completion of the Trackplus Acquisition is conditional upon, *inter alia*, the following:

- (a) the Company being satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on Trackplus including without limitation the title to and the status and condition of the properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations, records, financial position, accounts, results, legal and corporate structure of Trackplus and any other information disclosed to the Company;

¹ When the Company entered into the Trackplus Sale and Purchase Agreement on 17 February 2011, the market valuation of the Trackplus Land was MYR15,150,000 as valued by a valuer on 11 January 2011. A second valuation was carried out because the first valuer did not consent to its valuation report and information relating thereto to be disclosed in the Circular. The second valuer valued the Trackplus Land at MYR15,000,000 as at 4 April 2011.

- (b) the Company receiving the following approvals from its Shareholders at the EGM:
 - (i) the purchase of the Trackplus Sale Shares; and
 - (ii) the allotment and issue of the Trackplus Consideration Shares to Tria Holdings;
- (c) approval in-principle being obtained from the SGX-ST for the admission and dealing and quotation of the Trackplus Consideration Shares on the Main Board of the SGX-ST;
- (d) the offer information statement, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005, being lodged by the Company and accepted by the Monetary Authority of Singapore;
- (e) there being no change in the issued and paid-up share capital of Trackplus and the Trackplus Sale Shares represent 35% of the issued and paid-up share capital of Trackplus on completion; and
- (f) Tria Holdings agreeing to enter into the Trackplus Shareholders' Agreement with the Company.

If any of the aforesaid conditions precedent is not fulfilled or waived by mutual consent by the Company and Tria Holdings by 31 May 2011 (or such other date as the said parties may agree in writing), the Trackplus Sale and Purchase Agreement shall, *ipso facto*, cease and determine and save for any antecedent breach, neither of the said party shall have any claim whatsoever against the other party for costs, damages, compensation or anything whatsoever. The said long stop date has been extended by the Company and Tria Holdings to 31 August 2011.

As at the Latest Practicable Date, the conditions precedent (a) and (c) have been fulfilled.

4.4 Guarantee provided by Blumont

Tria Holdings is a wholly-owned subsidiary of Blumont. Blumont is a public company whose shares are listed and quoted on the Main Board of the SGX-ST.

Under the Trackplus Sale and Purchase Agreement, Blumont irrevocably and unconditionally guarantees as a primary obligor to the Company the due and punctual performance by Tria Holdings of the undertakings, agreements and other obligations on the part of Tria Holdings to be performed under the Trackplus Sale and Purchase Agreement, including without limitation, the full and prompt discharge by it of all obligations and liabilities now or in future due, owing or incurred, or expressed or intended to be due, owing or incurred, to the Company by Tria Holdings under the Trackplus Sale and Purchase Agreement (the "**Trackplus Guaranteed Obligations**"). Blumont had further undertaken to the Company that if and whenever Tria Holdings shall make any default in any of the Trackplus Guaranteed Obligations, it will as a separate and independent obligation, perform and comply with such Trackplus Guaranteed Obligations, as if it were Tria Holdings.

Please refer to Appendix I of this Circular for details of the Trackplus Guaranteed Obligations.

4.5 Shareholders' Arrangement

Under the terms and conditions of the Trackplus Sale and Purchase Agreement, completion of the Trackplus Acquisition is conditional upon, *inter alia*, the Company entering into the Trackplus Shareholders' Agreement with Tria Holdings to, *inter alia*, record the financial, managerial, administrative and other arrangements as agreed between the Company and Tria Holdings in relation to their participation in Trackplus and the manner in which the affairs of Trackplus will be regulated.

The salient terms of the Shareholders' Agreement shall be as follows:

(a) *Shareholdings*

Trackplus will not issue any new shares without first offering to each of the Company and Tria Holdings, which is for the time being a shareholder of Trackplus, the new shares to be issued in proportion (as nearly as circumstances permit) to their respective shareholdings in Trackplus so as to prevent any dilution of interest.

(b) *Board of Directors of Trackplus*

The Company will be entitled to appoint one (1) person to the board of directors of Trackplus. Tria Holdings will be entitled to appoint three (3) persons to the board of directors of Trackplus.

(c) *Fundamental Board Resolutions*

None of the following matters may be carried out by the board of directors of Trackplus unless approved by the director appointed by the Company and at least one (1) director appointed by Tria Holdings, or as the case may be, their alternates:

- a proposal to (i) create assume or incur, or become liable in respect of any indebtedness in excess of MYR5,000,000 (equivalent to approximately S\$2,097,931) or its equivalent in foreign currency, other than trade indebtedness in the ordinary course of business or (ii) make loans or provide guarantees, or otherwise extend or pledge credit to others, except endorsements and extensions of credit in the ordinary course of operations of Trackplus;
- a proposal to enter into any contract or commitment (other than contracts made in the ordinary course of business) involving expenditures reasonably estimated to be in excess of MYR5,000,000 (equivalent to approximately S\$2,097,931) or its equivalent in foreign currency;
- proposal to recommend payment of dividends;
- proposal to increase the authorised or the issued and paid-up share capital of Trackplus or allotment to subscribe for new shares in the capital of Trackplus;
- employment of any senior executive of Trackplus; or
- proposal to diversify the business of Trackplus.

(d) *Fundamental Shareholders' Resolutions*

None of the following matters may be carried out by a resolution of the shareholders of Trackplus at a general meeting unless approved by both the Company and Tria Holdings:

- merger sale lease transfer or disposition of the whole or substantially the whole of the undertaking or assets of Trackplus;
- proposal to recommend payment of dividends;
- any change in Trackplus' business activities;
- dissolution liquidation or winding up of the business of Trackplus;
- any alteration of or amendment to the Memorandum and Articles of Association of Trackplus;
- creation or issue of any new shares or loan capital or any option in respect of such shares or loan capital of Trackplus; or
- amalgamation or merger of Trackplus with any other company or companies.

(e) *Dividend Policy*

The Company and Tria Holdings may exercise their powers for the time being as shareholders of Trackplus to procure Trackplus to declare and pay as dividends to the shareholders such amount of its profits earned by Trackplus as may be agreed by the Company and Tria Holdings.

(f) *Sale of Shares of Trackplus*

Neither the Company nor Tria Holdings may sell its shares in the capital of Trackplus without first offering the same to the other by way of a right of first refusal. In addition, any party to the Trackplus Shareholders' Agreement may sell its shares to a third party and the selling shareholder is also obliged to procure such third party to purchase the remaining shares held by the other shareholder.

4.6 Representation on the Board of the Company

No person will be nominated or appointed by Tria Holdings or Blumont to the Board of the Company as a result of the Trackplus Acquisition.

4.7 Introducer of the Trackplus Acquisition

The Trackplus Acquisition was identified and introduced to the Company by its chief executive officer, Wong Chin Yong. No commission is payable by the Company to Mr Wong in connection with the Trackplus Acquisition.

4.8 Information on Trackplus, Tria Holdings and Blumont

4.8.1 General Information on Trackplus

Trackplus is a private limited company incorporated in Malaysia on 28 October 1999.

The registered office of Trackplus is at No. 177-3, Floor 3, Jalan Sarjana, Taman Connaught, Cheras, 56000 Kuala Lumpur, Malaysia.

As at the date of the Trackplus Sale and Purchase Agreement, Trackplus has an authorised capital of MYR5,000,000 comprising 5,000,000 ordinary shares of MYR1.00 each of which MYR4,600,000 comprising 4,600,000 ordinary shares of MYR1.00 each have been issued and are fully paid-up.

Tria Holdings is the registered and beneficial owner of the entire issued and paid-up share capital of Trackplus.

Following completion of the Trackplus Acquisition, Trackplus will become an associated company of the Company and the Company will hold 35% of the issued and paid-up share capital of Trackplus. The balance 65% interest in Trackplus will be held by Tria Holdings.

The principal activity of Trackplus is property development in Malaysia.

4.8.2 Information on Trackplus Land

The Trackplus Land refers to a parcel of land with an area of approximately 7,863 square metres at Section 13, Town of Shan Alam, Selangor, Malaysia which is owned by Trackplus.

Trackplus intends to construct a service apartment of approximately 194 units, with common facilities and services including car parking lots, lobby, security, swimming pool, gymnasium, surau, changing rooms, barbeque area, meeting rooms and management office on the Trackplus Land. This will be the only property development project of Trackplus and its track record is linked to its holding company, Blumont, who has successfully developed properties for several years in Malaysia.

Trackplus is waiting for the planning approvals from the relevant authorities in Malaysia for its proposed development on the Trackplus Land. The commencement date of the construction of the development cannot be determined until such approvals are obtained and it is expected to take at least one (1) year to complete.

Trackplus' proposed development on the Trackplus Land is estimated to cost about MYR82.5 million and it intends to fund the said development through its own internal resources and/or bank borrowings.

According to a valuation report dated 7 April 2011, issued by Suleiman, which was commissioned by the Company (the "Trackplus Valuation Report"), the market value of the Trackplus Land was MYR15,000,000 as at 4 April 2011.

In determining the market value of the Trackplus Land, Suleiman had primarily adopted the comparison method of valuation. As a check, Suleiman had also adopted the residual method of valuation.

Please refer to Appendix II of this Circular for a valuation certificate issued by Suleiman in connection with the valuation conducted by it on the Trackplus Land.

The Trackplus Valuation Report is available for inspection by Shareholders at the registered office of the Company at 190 Middle Road #19-07 Fortune Centre Singapore 188979 during normal business hours for a period of three (3) months commencing from the date of this Circular.

4.8.3 Financial Information of Trackplus

Based on the unaudited financial statements of Trackplus for its financial year ended 31 December 2010, the NTA of Trackplus was MYR4,321,210 (equivalent to approximately S\$1,813,120) and it recorded a net loss after tax of MYR67,141 (equivalent to approximately S\$28,171) for this financial year.

Based on the audited financial statements of Trackplus for its financial year ended 31 December 2009, the NTA of Trackplus was MYR4,388,351 (equivalent to approximately S\$1,841,292) and it recorded a net loss after tax of MYR81,253 (equivalent to approximately S\$34,093) for this financial year.

The audited financial statements of Trackplus for each of its financial years ended 31 December 2008 and 31 December 2009 and the unaudited financial statements of Trackplus for its financial year ended 31 December 2010 are as follows:

(a) Balance Sheet

	Audited As at 31 December 2008 (MYR'000)	Audited As at 31 December 2009 (MYR'000)	Unaudited As at 31 December 2010 (MYR'000)
NON-CURRENT ASSETS			
Land held for property development	4,501	4,501	4,501
	<u>4,501</u>	<u>4,501</u>	<u>4,501</u>
CURRENT ASSETS			
Other receivables and deposits	86	32	20
Cash and cash equivalents	2	2	2
	<u>88</u>	<u>34</u>	<u>22</u>
TOTAL ASSETS	<u><u>4,589</u></u>	<u><u>4,535</u></u>	<u><u>4,523</u></u>
CURRENT LIABILITIES			
Other payables and accruals	120	147	202
	<u>120</u>	<u>146</u>	<u>202</u>
EQUITY			
Share capital	4,600	4,600	4,600
Retained earnings	(131)	(212)	(279)
	<u>4,469</u>	<u>4,388</u>	<u>4,321</u>
TOTAL LIABILITIES AND EQUITY	<u><u>4,589</u></u>	<u><u>4,535</u></u>	<u><u>4,523</u></u>

(b) Income Statement

	Audited for financial year ended 31 December 2008 (MYR'000)	Audited for financial year ended 31 December 2009 (MYR'000)	Unaudited for financial year ended 31 December 2010 (MYR'000)
Administrative expenses	(112)	(81)	(67)
Profit before taxation	(112)	(81)	(67)
Taxation	-	-	-
Loss after taxation	<u>(112)</u>	<u>(81)</u>	<u>(67)</u>

4.8.4 Financial Review of Trackplus

Financial year ended 31 December 2010 vs financial year ended 31 December 2009

Loss after tax

Loss after tax was MYR0.07 million for the financial year ended 31 December 2010. Loss after tax was MYR0.08 million for the financial year ended 31 December 2009.

Land held for property development

Land held for property development represents the Trackplus Land which is carried at historical cost.

Working Capital

Current assets and current liabilities stood at MYR0.02 million and MYR0.20 million respectively as at 31 December 2010. Current assets and current liabilities were MYR0.03 million and MYR0.15 million respectively as at 31 December 2009.

4.8.5 Risk Factors involved in investing in Trackplus

The investment in Trackplus is predicated on its proposed development on the Trackplus Land. Some of the risks involved in investing in Trackplus are discussed below. Additional risks and uncertainties not presently known to the Company or which may currently be deemed to be immaterial by the Company may also affect its investment. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects, the Company's investment in Trackplus could be impaired or even be totally written off.

Trackplus' business and profitability is significantly dependent on the performance of the real estate market in Malaysia, and particularly the Shah Alam area. Fluctuations in market conditions may affect its ability to sell its project at expected prices

Trackplus' business depends significantly on the performance of the real estate market in Malaysia, and particularly in the Shah Alam area, where the Trackplus Land is situated. The real estate business is significantly affected by changes in government policies, economic and other conditions, such as economic slowdowns, demographic trends, employment levels, availability of financing, rising interest rates or declining demand for real estate, or the perception that any of these events may occur. These factors can adversely affect the demand for, and pricing of, Trackplus' development project, as well as demand for and pricing and timing of the development and, as a result, may materially and adversely affect its financial condition, results of operations and cash flows.

Trackplus may fail or be unable to obtain the requisite planning approvals for its proposed development

As at the Latest Practicable Date, Trackplus has not obtained the planning approvals from the relevant authorities in Malaysia for its proposed development on the Trackplus Land. There is no assurance that Trackplus will be able to obtain the requisite planning approvals. In the event that Trackplus is unable to obtain the approvals, it will affect its ability to carry on its property development business and its financial position and prospects will be materially and adversely affected.

Trackplus' proposed development on the Trackplus Land requires significant amount of financing

Trackplus' proposed development on the Trackplus Land is estimated to cost about MYR82.5 million and requires financing. The ability to obtain financing will depend on the prevailing market conditions, development project feasibility, and Trackplus' relationship with lenders and on acceptable financing terms. There is no assurance that Trackplus will be successful in securing financing at acceptable terms, or in an amount sufficient to fund the proposed development. In such an event, Trackplus will not be able to carry out its property development plan on the Trackplus Land and its financial position and prospects will be materially and adversely affected.

There is no certainty that the proposed development of the Trackplus Land will result in revenues or profits for the Group

There is no assurance that Trackplus will be able to sell or rent the properties it construct and develop on the Trackplus Land at the prices or rents that are profitable. If the management of Trackplus do not derive sufficient revenue from or do not manage the costs of the property development business effectively, Trackplus' business and results of operations will be adversely affected.

4.8.6 Prospects and Future Plans of Trackplus

Trackplus intends to construct on the Trackplus Land a service apartment of appropriately 194 units, with common facilities and services including car parking lots, lobby, security, swimming pool, gymnasium, surau, changing rooms, barbeque area, meeting rooms and management office. Trackplus is waiting for planning approvals from the relevant authorities of Malaysia. The project is expected to yield a return of up to 33% based on a total cost of approximately MYR96.5 million (comprising land cost and construction cost) against the current market prices of properties in the vicinity of the development.

4.8.7 Information on Tria Holdings and Blumont

Tria Holdings is a private limited company incorporated in Singapore on 25 January 2007.

The registered office of Tria Holdings is 3 Phillip Street #09-03 Commerce Point Singapore 048693.

Tria Holdings is a wholly-owned subsidiary of Blumont.

The directors of Tria Holdings are Neo Kim Hock and James Hong Gee Ho. Chan Sing En is an alternate director of Neo Kim Hock and James Hong Gee Ho.

Blumont is a public limited company incorporated in Singapore on 26 April 1993 and its shares are listed and quoted on the Main Board of the SGX-ST.

The registered office of Blumont is 3 Phillip Street #09-03 Commerce Point Singapore 048693.

The directors of Blumont are Neo Kim Hock, James Hong Gee Ho, Chan Sing En, Goh Boon Kok and Lim Huan Kim.

To the best of the Company's knowledge and belief, none of Tria Holdings, Blumont, the controlling shareholders of Blumont and the directors of the said companies is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

4.9 Rationale for the Trackplus Acquisition

In the opinion of the Directors, the 2008 to 2009 global financial crisis marks a watershed and the investment landscape in the years ahead to be volatile and difficult. The Directors recognise that several global macro trends will have strong influence on investments and asset class selections. Some of the global macro trends are the exponential global population growth and demographic changes, the growing emerging economies and their increasing demand for food and natural resources, and the eventual consequences of easy monetary policy implemented globally in recent years.

The Trackplus Acquisition is the Company's maiden investment in the Malaysian property development industry.

The Directors are of the opinion that the macro trends of population growth and demographic changes in Malaysia will lead to demand for land and properties. Accordingly, the Company has decided that land and properties is an asset class that will perform well in such an environment.

Blumont, the holding company of Trackplus, has been successfully developing properties for many years. The Company is also of the view that the proposed investment in Trackplus is an opportunity to participate in the growing Malaysian real estate market, alongside an experienced and successful property developer.

Based on and taking into account the valuation of the Trackplus Land, Trackplus' fair value was MYR15 million as at 4 April 2011. The Trackplus Purchase Consideration of MYR5.25 million for a 35% interest in Trackplus approximates the fair value.

The Company also believes that the proposed investment in Trackplus will result in positive returns to the Group in view of Trackplus' proposed development on the Trackplus Land in the years ahead.

4.10 Requirement under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Where any of the relative figures computed exceeds 5% but does not exceed 20%, the transaction is classified as a disclosable transaction. If any of the relative figures computed exceeds 20%, the transaction is classified as a major transaction and shareholders' approval is required for a major transaction, under Rule 1014 of the Listing Manual.

The relative figures of the Trackplus Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Trackplus Acquisition and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Trackplus Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net (loss)/profits ⁽¹⁾ attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	(\$9,860) ⁽²⁾	\$7,746,000	NM
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 16 February 2011	\$7,159,903 ⁽³⁾	\$14,012,453 ⁽⁴⁾	51.10
(d) The number of equity securities to be issued by the Company as consideration for the Trackplus Acquisition, compared with the number of equity securities previously in issue	220,282,800	1,401,245,285	15.72

Notes:

- (1) Net (loss)/profits is defined as (loss)/profit before income tax, minority interests and extraordinary items.
- (2) The net loss of Trackplus is based on 35% of its unaudited net loss for its financial year ended 31 December 2010. Trackplus recorded an unaudited net loss of MYR67,141 (equivalent to approximately S\$28,171) for its financial year ended 31 December 2010.
- (3) The value of the consideration is based on 220,282,800 Trackplus Consideration Shares multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010, after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (4) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 16 February 2011 of S\$0.01 per Share (being the Market Day immediately preceding the date of the Trackplus Sale and Purchase Agreement).

As the relative figure under Rule 1006(c) exceeds 20%, the Trackplus Acquisition is considered as a major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders.

4.11 Financial Effects of the Trackplus Acquisition

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010, the unaudited financial statements of Trackplus for its financial year ended 31 December 2010 and the Trackplus Purchase Consideration, the financial effects of the Trackplus Acquisition on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Trackplus Acquisition is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,285	56,818,137
Number of Trackplus Consideration Shares to be allotted and issued pursuant to the Trackplus Acquisition	220,282,800	2,202,828
Issued and paid-up share capital of the Company immediately after completion of the Trackplus Acquisition	1,621,528,085	59,020,965

(b) NTA per Share

Assuming that the Trackplus Acquisition had been completed on 31 December 2010, the Trackplus Acquisition would have the following impact on the NTA per Share of the Group:

	Before allotment of the Trackplus Consideration Shares	After allotment of the Trackplus Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,621,528,085
NTA per Share before the Trackplus Acquisition (cents)	3.25	2.81
NTA per Share after the Trackplus Acquisition (cents)	3.41	2.94

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that the Trackplus Acquisition had been completed on 1 January 2010, the Trackplus Acquisition would have the following impact on the EPS of the Group:

	Before allotment of the Trackplus Consideration Shares	After allotment of the Trackplus Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,621,528,085
EPS before the Trackplus Acquisition (cents)	0.46 ⁽²⁾	0.40 ⁽²⁾
EPS after the Trackplus Acquisition (cents)	0.46 ⁽²⁾⁽³⁾	0.40 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) Based on the unaudited financial statements of Trackplus for its financial year ended 31 December 2010, the net loss attributable to the Trackplus Acquisition was S\$9,860.

(d) Gearing

The Trackplus Acquisition would not have any impact on the gearing of the Company as the Trackplus Purchase Consideration shall be satisfied in full by the allotment and issue of the Trackplus Consideration Shares to Tria Holdings.

5. THE PROPOSED CLEAR WATER PROPERTIES ACQUISITION

5.1 Background

On 16 February 2011, the Company announced that its wholly-owned subsidiary, IPR, had on the same day entered into the Clear Water Master Purchase Agreement with Clear Water to acquire the Residential Properties at the Clear Water Purchase Consideration of MYR6,398,872 (equivalent to approximately S\$2,684,878).

The Residential Properties are acquired by IPR directly from the developer, Clear Water, at the prices which have been advertised by Clear Water.

The Clear Water Purchase Consideration shall be satisfied in full by the allotment and issue of the Clear Water Consideration Shares, being 268,487,800 Consideration Shares, to Clear Water.

5.2 Information on the Residential Properties

The Residential Properties are units in a condominium development in Kuala Lumpur Malaysia known as Clear Water Residence (“CWR”). The residential units which are being acquired by IPR comprise of the following:

- (i) a 2 bedroom loft located at level 12 with an area of 1,677 square feet (“Unit 12-6”);
- (ii) a 2 bedroom loft located at level 12 with an area of 1,794 square feet (“Unit 12-11”); and
- (iii) a penthouse located at level 18 with an area of 3,283 square feet (“Penthouse”).

CWR (www.clearwater.com.my) comprises of an 18-storey residential building complex which spread over 45,000 square feet of land. CWR has a total of 108 units of exclusive residences with poetic concept, offering the services of a boutique hotel such as concierge, a three-storey wellness club (known as Clearwater Wellness Club), cafe and dining restaurant, a business center and function room, resident’s lounge, car park bays and optional housekeeping and laundry services.

CWR is part of a development project by Clear Water which comprises the development of the Work@Clearwater, a 9-storey office building with a total rentable area over 80,000 square feet. CWR is located on Changkat Semantan, Damansara Height north-west of Kuala Lumpur city. It is about 12 minutes and 5 minutes drive from Kuala Lumpur city and Kuala Lumpur Sentral Station respectively and is accessible via Jalan Duta, Damansara Link, Jalan Semantan and then onto Jalan Changkat Semantan.

The land on which CWR is located and described under Geran 49604 Lot No. 52981 Mukim Kuala Lumpur Daerah Kuala Lumpur Wilayah Persekutuan has an area measuring approximately 4,177 square metres (the “Clear Water Land”) and is registered and beneficially owned by AHB International Berhad (“AHB”). AHB has granted the absolute right to Clear Water to develop part of the Clear Water Land as a condominium development and to sell that part of the Clear Water Land.

IPR will be appointing a professional firm to manage the Residential Properties upon completion. The appointment of the professional firm by IPR will be based on the prevailing standard terms and conditions in Malaysia and a professional firm will be appointed so long as the Residential Properties remain to be the assets of IPR.

IPR did not conduct a valuation on the Residential Properties as such residential units were acquired directly from the developer, Clear Water, based on the advertised rates of each of the units as published by Clear Water.

5.3 The Clear Water Purchase Consideration

The Clear Water Purchase Consideration of MYR6,398,872 (equivalent to approximately S\$2,684,878) was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and taking into consideration the prospects of the property market in Malaysia.

The purchase price for each of the Residential Properties is as follows:

- (a) MYR1,414,219 (equivalent to approximately S\$593,387) in respect of Unit 12-6;
- (b) MYR1,521,088 (equivalent to approximately S\$638,228) in respect of Unit 12-11; and
- (c) MYR3,463,565 (equivalent to approximately S\$1,453,264) in respect of the Penthouse.

The above purchase price for each of the Residential Properties is based on the advertised rates of Clear Water, being the developer of CWR.

The Clear Water Purchase Consideration shall be satisfied in full by the allotment and issue of the Clear Water Consideration Shares, being 268,487,800 Consideration Shares, to Clear Water. To the best of the Company's knowledge and belief, the Clear Water Consideration Shares, upon allotment and issue, will be held by Clear Water for its own interest and benefit and not as nominee or agent for any other person.

The Clear Water Consideration Shares will be issued at the Issue Price of S\$0.01 and will rank, *pari passu*, in all respects with the existing Shares save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the allotment and issue of the Clear Water Consideration Shares.

The Issue Price of S\$0.01 for each Clear Water Consideration Share represents a discount of approximately 26.47% to the weighted average price of S\$0.0136 per Share transacted on the Main Board of the SGX-ST on 14 February 2011, being the last Market Day prior to the date of the Clear Water Master Purchase Agreement in which trades were done for the Shares. No trades were done for the Shares on 15 February 2011, being the Market Day immediately preceding the date of the Clear Water Master Purchase Agreement. The Issue Price, which was set at a discount of approximately 26.47% to the weighted average price of S\$0.0136, was agreed by the Company and Clear Water following arms length negotiations.

The Issue Price of S\$0.01 for each Clear Water Consideration Share is equivalent to the last traded price of the Shares as at the Latest Practicable Date.

The Clear Water Consideration Shares represent (i) approximately 19.16% of the issued share capital of the Company as at the Latest Practicable Date, (ii) approximately 16.08% of the enlarged issued share capital of the Company upon completion of the Clear Water Properties Acquisition and (iii) approximately 10.77% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

The listing and quotation of the Clear Water Consideration Shares on the Main Board of the SGX-ST is subject to and conditional upon, *inter alia*, (i) the in-principle approval of the SGX-ST for the listing and quotation of the Clear Water Consideration Shares on the Main Board of the SGX-ST and (ii) the Clear Water Properties Acquisition and the allotment and issue of the Clear Water Consideration Shares to Clear Water being approved by Shareholders at the EGM.

On 13 May 2011, the SGX-ST granted in-principle approval to the Company for the listing and quotation of, *inter alia*, the Clear Water Consideration Shares on the Main Board of the SGX-ST subject to, amongst others, Shareholders' approval being obtained for the Clear Water Properties Acquisition and the allotment and issue of the Clear Water Consideration Shares to Clear Water. The in-principle approval granted by the SGX-ST to the Company for the admission of, *inter alia*, the Clear Water Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the Clear Water Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions, the Consideration Shares, the Company and/or its subsidiaries.

5.4 Conditions Precedent

Completion of the Clear Water Properties Acquisition is conditional upon, *inter alia*, the following:

- (a) execution, dating and stamping of each of the Residential Properties Agreements in respect of each of the Residential Properties simultaneously upon execution of the Clear Water Master Purchase Agreement;
- (b) approval of the Pihak Negeri under Jadual 18 (being the State Authority) to the transfer of the Residential Properties in favour of IPR, such approval to be procured by IPR upon dating and stamping of the three individual sale and purchase agreements referred to in condition (a) above;
- (c) resolutions and/or approval by the board of directors of Clear Water being granted for the proposed sale of the Residential Properties by Clear Water, such approval to be procured by Clear Water;
- (d) resolutions and/or approval of the board of directors and shareholders of IPR and the Company being granted for the proposed purchase of the Residential Properties and issuance of the Clear Water Consideration Shares by the Company, such approval to be procured by IPR; and
- (e) if required the approval and/or due compliance of all regulations of the SGX-ST or any relevant government authority having jurisdiction over the Company and/or IPR, being approved and/or granted and/or complied with, for the proposed acquisition of the Residential Properties and the issuance of the Clear Water Consideration Shares, such approval to be procured by IPR.

In respect of condition (a), IPR and Clear Water had on 16 February 2011 entered into the Residential Properties Agreements for each of the Residential Properties. In addition, in connection with the Clear Water Properties Acquisition, IPR had also, on 16 February 2011, entered into three individual deeds of mutual covenants for each of the Residential Properties with Clear Water.

If any of the aforesaid conditions precedent is not fulfilled within three months from the date of the Clear Water Master Purchase Agreement, being 16 May 2011, which can be extended for a further one month (free from interest or penalty), the Clear Water Master Purchase Agreement shall automatically lapse and cease to have any effect. The said long stop date has been extended by IPR and Clear Water to 31 August 2011 (free from interest or penalty).

As at the Latest Practicable Date, the conditions precedent (a) and (e) have been fulfilled.

5.5 Representation on the Board of the Company

No person will be nominated or appointed by Clear Water to the Board of the Company as a result of the Clear Water Properties Acquisition.

5.6 Introducer of the Clear Water Properties Acquisition

The Clear Water Properties Acquisition was introduced to the Company by James Hong Gee Ho, an executive director of Blumont. No commission is payable by the Company to Mr Hong in connection with the Clear Water Properties Acquisition.

5.7 Rationale for the Clear Water Properties Acquisition

In the opinion of the Directors, the 2008 to 2009 global financial crisis marks a watershed and the investment landscape in the years ahead to be volatile and difficult. The Directors recognise that several global macro trends will have strong influence on investments and asset class selections. Some of the global macro trends are the exponential global population growth and demographic changes, the growing emerging economies and their increasing demand for food and natural resources, and the eventual consequences of easy monetary policy implemented globally in recent years.

The Directors are of the opinion that the macro trends of population growth and demographic changes in Malaysia will lead to demand for land and properties. Accordingly, the Company has decided that land and properties is an asset class that will perform well in such an environment.

The Clear Water Properties Acquisition is an opportunity for the Company to invest in the Malaysian real estate market. The Company intends to hold the Residential Properties for rental income and potential capital gain in the next few years.

Based on the current market rental of the properties in the vicinity of the Residential Properties, the Company believes that the investment in the Residential Properties would generate a rental yield of at least 5% and potential capital gain in the next few years.

5.8 Information on Clear Water

Clear Water is the developer of CWR.

Clear Water is a company incorporated in Malaysia on 22 April 2005 with its registered office address at 8-3-1A Jalan 3150, Diamond Square, off Jalan Gombak, 53000 Kuala Lumpur Malaysia. The principal activity of Clear Water is that of property development.

The shareholders of Clear Water are Trident Aim Sdn. Bhd. ("**Trident**"), Datin Teng Siew Kean, Lee Cheng Ling and Sim Boon Yang. The directors of Clear Water are Lee Cheng Ling and Lim See Tow.

The shareholders of Trident are Ooi Poh Khum, Lim Chih Li @ Lin Zhili, Ng Teck Wah and Au Hien Kean. The directors of Trident are Lim Chih Li @ Lin Zhili and Ng Teck Wah.

To the best of the Company's knowledge and belief, none of Clear Water, its shareholders and directors is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

5.9 Information on AHB

AHB, the registered proprietor of the Clear Water Land, is a company incorporated in Malaysia on 10 May 1976 with its registered office address at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia. The principal activity of AHB is that of investment holding and provision of management services.

The shareholder of AHB is Vital Meridian Sdn Bhd. The directors of AHB are Izzaddin Bin Abd Rahim and Haminah Binti Pon.

The shareholders of Vital Meridian Sdn Bhd are Izzaddin Bin Abd Rahim and Haminah Binti Pon.

To the best of the Company's knowledge and belief, AHB does not have any interest in the Clear Water Properties Acquisition and none of AHB, its shareholders and directors and the shareholders of Vital Meridian Sdn Bhd is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

5.10 Requirement under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Where any of the relative figures computed exceeds 5% but does not exceed 20%, the transaction is classified as a disclosable transaction. If any of the relative figures computed exceeds 20%, the transaction is classified as a major transaction and shareholders' approval is required for a major transaction, under Rule 1014 of the Listing Manual.

The relative figures of the Clear Water Properties Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Clear Water Properties Acquisition and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Clear Water Properties Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net profits attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	NA ⁽¹⁾	S\$7,746,000	NA
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 14 February 2011	S\$8,726,721 ⁽²⁾	S\$19,056,936 ⁽³⁾	45.79
(d) The number of equity securities to be issued by the Company as consideration for the Clear Water Properties Acquisition, compared with the number of equity securities previously in issue	268,487,800	1,401,245,285	19.16

Notes:

- (1) There is no net profit attributable to the Residential Properties at the time of the Clear Water Properties Acquisition.
- (2) The value of the consideration is based on 268,487,800 Clear Water Consideration Shares multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010, after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (3) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 14 February 2011 of S\$0.0136 per Share as no trades were done on the Shares on 15 February 2011 (being the Market Day immediately preceding the date of the Clear Water Master Purchase Agreement).

As the relative figure under Rule 1006(c) exceeds 20%, the Clear Water Properties Acquisition is considered as a major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders.

5.11 Financial Effects of the Clear Water Properties Acquisition

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010 and the Clear Water Purchase Consideration, the financial effects of the Clear Water Properties Acquisition on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Clear Water Properties Acquisition is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,285	56,818,137
Number of Clear Water Consideration Shares to be allotted and issued pursuant to the Clear Water Properties Acquisition	268,487,800	2,684,878
Issued and paid-up share capital of the Company immediately after completion of the Clear Water Properties Acquisition	1,669,733,085	59,503,015

(b) NTA per Share

Assuming that the Clear Water Properties Acquisition had been completed on 31 December 2010, the Clear Water Properties Acquisition would have the following impact on the NTA per Share of the Group:

	Before allotment of the Clear Water Consideration Shares	After allotment of the Clear Water Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,669,733,085
NTA per Share before the Clear Water Properties Acquisition (cents)	3.25	2.73
NTA per Share after the Clear Water Properties Acquisition (cents)	3.44	2.89

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that the Clear Water Properties Acquisition had been completed on 1 January 2010, the Clear Water Properties Acquisition would have the following impact on the EPS of the Group:

	Before allotment of the Clear Water Consideration Shares	After allotment of the Clear Water Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,669,733,085
EPS before the Clear Water Properties Acquisition (cents)	0.46 ⁽²⁾	0.39 ⁽²⁾
EPS after the Clear Water Properties Acquisition (cents)	0.46 ⁽²⁾⁽³⁾	0.39 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) There is no profit attributable to the Clear Water Acquisition.

(d) Gearing

The Clear Water Properties Acquisition would not have any impact on the gearing of the Company as the Clear Water Purchase Consideration shall be satisfied in full by the allotment and issue of the Clear Water Consideration Shares to Clear Water.

6. THE PROPOSED SHOPHOUSES ACQUISITION

6.1 Background

On 16 February 2011, the Company announced that its wholly-owned subsidiary, IPR, had on the same day entered into the LKY Sale and Purchase Agreements with LKY to acquire the Shophouses at a total purchase consideration of MYR1,230,030 (equivalent to approximately S\$516,169). The said purchase consideration comprises of the Shophouses Earnest Monies and the Shophouses Purchase Consideration.

The Shophouses Earnest Monies of MYR30 has been satisfied by IPR in cash upon the execution of the LKY Sale and Purchase Agreements.

The Shophouses Purchase Consideration of MYR1,230,000 (equivalent to approximately S\$516,156.10) shall be satisfied in full by the allotment and issue of the Shophouses Consideration Shares, being 51,615,610 Consideration Shares, to LKY.

6.2 Information on the Shophouses

The Shophouses which are being acquired by IPR comprise of the following:

- (i) Shophouse A-1 - a shophouse which is at the ground floor corner shoplot measuring 1,265 square feet in area and described as under Lot No. A-1 Ground Floor Block A Taman Sungai Mas, Menggatal;
- (ii) Shophouse A-2 - a shophouse which is at the ground floor intermediate shoplot measuring 1,070 square feet in area and described as under Lot No. A-2 Ground Floor Block A Taman Sungai Mas Menggatal; and
- (iii) Shophouse A-3A - a shophouse which is at the ground floor intermediate shoplot measuring 1,070 square feet in area and described as under Lot No. A-3A Ground Floor Block A Taman Sungai Mas Menggatal.

All the Shophouses are located within 4 and 5 storey walk-up service apartments cum shoplots of Block A Taman Sungai Mas at Menggatal Town Kota Kinabalu Sabah which was erected pursuant to the development project known as "Taman Sungai Mas". The said development is erected on the land held under Country Lease No. 015400987 in the District of Tuaran, Sabah (the "Shophouses Land"). The developer of Taman Sungai Mas is Gemisuria Corporation Sdn Bhd ("Gemisuria") who is also the registered proprietor of the Shophouses Land.

None of the Shophouses has been leased to a third party and will be sold with vacant possession by LKY to IPR.

IPR will be appointing a professional firm to manage the Shophouses upon completion. The appointment of the professional firm by IPR will be based on the prevailing standard terms and conditions in Malaysia and a professional firm will be appointed so long as the Shophouses remain to be the assets of IPR.

6.3 The Purchase Consideration

The total purchase consideration for the Shophouses comprises of the Shophouses Earnest Monies of MYR30 and the Shophouses Purchase Consideration of MYR1,230,000.

The purchase consideration for Shophouse A-1 comprises of MYR10, being the earnest monies, and MYR460,000 (equivalent to approximately S\$193,034), being the balance purchase consideration.

The purchase consideration for Shophouse A-2 comprises of MYR10, being the earnest monies, and MYR385,000 (equivalent to approximately S\$161,561.05), being the balance purchase consideration.

The purchase consideration for Shophouse A-3A comprises of MYR10, being the earnest monies, and MYR385,000 (equivalent to approximately S\$161,561.05), being the balance purchase consideration.

The purchase consideration for each of the Shophouses was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and after taking into consideration the last sale prices of similar properties of the development in which the Shophouses are located and the prospects of the real estate market in Kota Kinabalu, Sabah.

The Shophouses Earnest Monies of MYR30 has been satisfied by IPR in cash upon the execution of the LKY Sale and Purchase Agreements.

The Shophouses Purchase Consideration of MYR1,230,000 (equivalent to approximately S\$516,156.10) shall be satisfied in full by the allotment and issue of the LKY Consideration Shares, being 51,615,610 Consideration Shares, to LKY. To the best of the Company's knowledge and belief, the LKY Consideration Shares, upon allotment and issue, will be held by LKY for his own interest and benefit and not as nominee or agent for any other person.

The LKY Consideration Shares will be issued at the Issue Price of S\$0.01 and will rank, *pari passu*, in all respects with the existing Shares save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the allotment and issue of the LKY Consideration Shares.

The Issue Price of S\$0.01 for each LKY Consideration Share represents a discount of approximately 26.47% to the weighted average price of S\$0.0136 per Share transacted on the Main Board of the SGX-ST on 14 February 2011, being the last Market Day prior to the date of the LKY Sale and Purchase Agreements in which trades were done for the Shares. No trades were done for the Shares on 15 February 2011, being the Market Day immediately preceding the date of the LKY Sale and Purchase Agreements. The Issue Price, which was set at a discount of approximately 26.47% to the weighted average price of S\$0.0136, was agreed by the Company and LKY following arms length negotiations.

The Issue Price of S\$0.01 for each LKY Consideration Share is equivalent to the last traded price of the Shares as at the Latest Practicable Date.

The LKY Consideration Shares represent (i) approximately 3.68% of the issued share capital of the Company as at the Latest Practicable Date, (ii) approximately 3.55% of the enlarged issued share capital of the Company upon completion of the Shophouses Acquisition and (iii) approximately 2.07% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

The listing and quotation of the LKY Consideration Shares on the Main Board of the SGX-ST is subject to and conditional upon, *inter alia*, (i) the in-principle approval of the SGX-ST for the listing and quotation of the LKY Consideration Shares on the Main Board of the SGX-ST and (ii) the Shophouses Acquisition and the allotment and issue of the LKY Consideration Shares to LKY being approved by Shareholders at the EGM.

On 13 May 2011, the SGX-ST granted in-principle approval to the Company for the listing and quotation of, *inter alia*, the LKY Consideration Shares on the Main Board of the SGX-ST subject to, amongst others, Shareholders' approval being obtained for the Shophouses Acquisition and the allotment and issue of the LKY Consideration Shares to LKY. The in-principle approval granted by the SGX-ST to the Company for the admission of, *inter alia*, the LKY Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the LKY Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions, the Consideration Shares, the Company and/or its subsidiaries.

6.4 Valuation on the Shophouses

According to a valuation report dated 4 March 2011, issued by JS Valuers, which was commissioned by the Company (the "**Shophouses Valuation Report**"), the aggregate open market value of the Shophouses as at 4 March 2011 was MYR1,220,000 (equivalent to approximately S\$511,960).

Based on the Shophouses Valuation Report, the open market value for each of the Shophouses as at 4 March 2011 was as follows:

- (a) in respect of Shophouse A-1, the open market value was MYR460,000 (equivalent to approximately S\$193,034);
- (b) in respect of Shophouse A-2, the open market value was MYR380,000 (equivalent to approximately S\$159,463); and
- (c) in respect of Shophouse A-3A, the open market value was MYR380,000 (equivalent to approximately S\$159,463).

In determining the open market value of the Shophouses, JS Valuers had primarily adopted the comparative method of valuation.

Please refer to Appendix III of this Circular for a valuation certificate issued by JS Valuers in connection with the valuation conducted by it on the Shophouses.

The Shophouses Valuation Report is available for inspection by Shareholders at the registered office of the Company at 190 Middle Road #19-07 Fortune Centre Singapore 188979 during normal business hours for a period of three (3) months commencing from the date of this Circular.

6.5 Conditions Precedent

The completion of the Shophouses Acquisition is conditional upon, *inter alia*, the following:

- (a) if required, the approval of the SGX-ST or any other relevant government authority having jurisdiction over the Company, being granted for the acquisition of the Shophouses in consideration of the LKY Consideration Shares, such approval to be procured by IPR;

- (b) approval of the board and the shareholder of IPR, and where required, the approval of the Board and Shareholders of the Company, being granted for the proposed acquisition of the Shophouses and the issuance of the LKY Consideration Shares as consideration for such acquisition, such approval to be procured by IPR;
- (c) an offer information statement, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 being lodged by the Company and accepted by the Monetary Authority of Singapore, such lodgement to be procured by IPR;
- (d) the approval of the relevant state authority for the acquisition of the Shophouses being granted and obtained, such approval to be procured by IPR;
- (e) IPR being satisfied with the results of a complete land search on the Shophouses' titles as well as the Master title applicable to the Shophouses, at the relevant land office, including but not limited to confirmation that LKY is the legal and beneficial owner of the Shophouses and Gemisuria, the developer, is the registered proprietor of the Shophouses Land, free from encumbrances other than the charge in favour of the chargee;
- (f) IPR having received documentary evidence that LKY is not an undischarged bankrupt;
- (g) LKY obtaining the consent of Gemisuria, the developer, to the sale and assignment to IPR of all rights title interests benefits and obligations vested on LKY in the Shophouses and under the separate principal sale and purchase agreements which were entered into between LKY and Gemisuria, within a period of 60 days from the date of the LKY Sale and Purchase Agreements;
- (h) LKY providing documentary evidence to the satisfaction of IPR that LKY has paid the required amount to the Director General of Inland Revenue of Malaysia for the real property gain taxes which is in accordance with the requirements of the Real Property Gains Tax Act 1976 of Malaysia;
- (i) LKY having settled the redemption sum for each of the Shophouses and redeemed the Shophouses from the chargee in order to obtain the deed of receipt and reassignment and discharge of charge;
- (j) LKY providing evidence to the satisfaction of IPR that LKY has in his possession all the documents required for completion;
- (k) IPR being satisfied that there has been no breach of any of the representations and warranties given by LKY to IPR; and
- (l) nothing having occurred which would render any of the transactions contemplated under the LKY Sale and Purchase Agreements to be illegal, impossible or impracticable.

If any of the aforesaid conditions precedent is not fulfilled or waived by IPR by 16 May 2011, being three (3) months from the date of the LKY Sale and Purchase Agreements (or such other extended period as the parties may agree to), each of the LKY Sale and Purchase Agreements shall lapse and be of no further effect. The said long stop date has been extended by IPR and LKY to 31 August 2011.

As at the Latest Practicable Date, the conditions precedent (a), (e) and (g) have been fulfilled.

6.6 Representation on the Board of the Company

Neither LKY nor his nominees will be appointed to the Board of the Company as a result of the Shophouses Acquisition.

6.7 Introducer of the Shophouses Acquisition

The Shophouses Acquisition was introduced to the Company by James Hong Gee Ho, an executive director of Blumont. No commission is payable by the Company to Mr Hong in connection with the Shophouses Acquisition.

6.8 Rationale for the Shophouses Acquisition

In the opinion of the Directors, the 2008 to 2009 global financial crisis marks a watershed and the investment landscape in the years ahead to be volatile and difficult. The Directors recognise that several global macro trends will have strong influence on investments and asset class selections. Some of the global macro trends are the exponential global population growth and demographic changes, the growing emerging economies and their increasing demand for food and natural resources, and the eventual consequences of easy monetary policy implemented globally in recent years.

The Directors are of the opinion that the macro trends of population growth and demographic changes in Malaysia will lead to demand for land and properties. Accordingly, the Company has decided that land and properties is an asset class that will perform well in such an environment.

The Shophouses Acquisition is an opportunity for the Group to invest in the real estate market in Kota Kinabalu, Sabah, Malaysia. The Company intends to hold the Shophouses for rental income and potential capital gains.

Based on the current market rental of the properties in the vicinity of the Shophouses, the Company is of the view that the Shophouses can generate a rental yield of more than 5% and potential capital gains in the next few years.

6.9 Information on LKY

LKY is a Malaysian businessman. He had held senior positions in general management and strategic planning in both private and public listed companies in Malaysia. He currently sits on the board of several Malaysian and overseas companies and is the Managing Director of Magnus Energy Group Ltd, a company whose shares are listed and quoted on the Catalist of the SGX-ST.

LKY is also one of the Megan Midas Vendors. Following completion of both the Shophouses Acquisition and the Megan Midas Acquisition, the Company will allot and issue an aggregate of 127,141,110 Consideration Shares to LKY, representing approximately 5.10% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

To the best of the Company's knowledge and belief, LKY is not related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

6.10 Information on Gemisuria

Gemisuria, the registered proprietor of the Shophouses Land, is a company incorporated in Malaysia with its registered office address at 1st Floor, Lot 13, KK Chinese Chamber of Commerce, Kg. Air, 88000 Kota Kinabalu, Sabah, Malaysia. The principal activity of Gemisuria is that of property development.

The directors of Gemisuria are Neo Kim Hock, James Hong Gee Ho, Ooi Cheu Kok and Lim Fong Chung.

Gemisuria is a wholly-owned subsidiary of Blumont whose shares are listed and quoted on the Main Board of the SGX-ST.

It is a condition precedent under the LKY Sale and Purchase Agreements for LKY to obtain the consent of Gemisuria for the sale and assignment by LKY to IPR of all his rights, title, interests, benefits and obligations in the Shophouses.

To the best of the Company's knowledge and belief, save as disclosed above, Gemisuria does not have any interest in the Shophouses Acquisition and none of Gemisuria, Blumont, the controlling shareholders of Blumont or the directors of the said companies is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

6.11 Requirement under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Where any of the relative figures computed exceeds 5% but does not exceed 20%, the transaction is classified as a disclosable transaction. If any of the relative figures computed exceeds 20%, the transaction is classified as a major transaction and shareholders' approval is required for a major transaction, under Rule 1014 of the Listing Manual.

The relative figures of the Shophouses Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Shophouses Acquisition and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Shophouses Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net profits attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	NA ⁽¹⁾	S\$7,746,000	NA
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 14 February 2011	S\$1,677,674 ⁽²⁾	S\$19,056,936 ⁽³⁾	8.80
(d) The number of equity securities to be issued by the Company as consideration for the Shophouses Acquisition, compared with the number of equity securities previously in issue	51,615,610	1,401,245,285	3.68

Notes:

- (1) There is no net profit attributable to the Shophouses at the time of the Shophouses Acquisition.
- (2) The value of the consideration is based on 51,615,610 LKY Consideration Shares multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010, after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (3) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 14 February 2011 of S\$0.0136 per Share as no trades were done on the Shares on 15 February 2011 (being the Market Day immediately preceding the date of the LKY Sale and Purchase Agreements).

As none of the relative figures under Rule 1006 exceeds 20%, the Shophouses Acquisition is not considered to be a major transaction under Chapter 10 of the Listing Manual. Accordingly, Shareholders' approval is not required for the Shophouses Acquisition.

Nevertheless, the Company wishes to seek Shareholders' approval for the Shophouses Acquisition and the allotment and issue of the LKY Consideration Shares to LKY.

6.12 Financial Effects of the Shophouses Acquisition

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010 and the total purchase consideration of the Shophouses comprising of the Shophouses Earnest Monies and the Shophouses Purchase Consideration, the financial effects of the Shophouses Acquisition on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Shophouses Acquisition is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,285	56,818,137
Number of LKY Consideration Shares to be allotted and issued pursuant to the Shophouses Acquisition	51,615,610	516,156
Issued and paid-up share capital of the Company immediately after completion of the Shophouses Acquisition	1,452,860,895	57,334,293

(b) NTA per Share

Assuming that the Shophouses Acquisition had been completed on 31 December 2010, the Shophouses Acquisition would have the following impact on the NTA per Share of the Group:

	Before allotment of the LKY Consideration Shares	After allotment of the LKY Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,452,860,895
NTA per Share before the Shophouses Acquisition (cents)	3.25	3.13
NTA per Share after the Shophouses Acquisition (cents)	3.29	3.17

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that the Shophouses Acquisition had been completed on 1 January 2010, the Shophouses Acquisition would have the following impact on the EPS of the Group:

	Before allotment of the LKY Consideration Shares	After allotment of the LKY Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,452,860,895
EPS before the Shophouses Acquisition (cents)	0.46 ⁽²⁾	0.45 ⁽²⁾
EPS after the Shophouses Acquisition (cents)	0.46 ⁽²⁾⁽³⁾	0.45 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) There is no profit attributable to the Shophouses Acquisition.

(d) Gearing

The Shophouses Acquisition would not have any impact on the gearing of the Company as the major part of the purchase consideration for the Shophouses shall be satisfied in full by the allotment and issue of the LKY Consideration Shares to LKY.

7. THE PROPOSED MEGAN MIDAS ACQUISITION

7.1 Background

On 24 February 2011, the Company announced that its wholly-owned subsidiary, IPR, had on the same day entered into the Megan Midas Sale and Purchase Agreement with the Megan Midas Vendors to acquire the Megan Midas Sale Shares at the Megan Midas Purchase Consideration of MYR3,600,000 (equivalent to approximately S\$1,510,510).

The Megan Midas Purchase Consideration shall be satisfied in full by the allotment and issue of the Megan Midas Consideration Shares, being an aggregate of 151,051,000 Consideration Shares, in equal proportion to each of the Megan Midas Vendors.

The Megan Midas Sale Shares represent the entire issued and paid-up share capital of Megan Midas.

Following completion of the Megan Midas Acquisition, Megan Midas will become a wholly-owned subsidiary of IPR.

IPR is acquiring the Megan Midas Property through the proposed acquisition of the Megan Midas Sale Shares. Under the terms of the Megan Midas Sale and Purchase Agreement, it is a condition precedent that (i) Megan Midas has no liabilities whatsoever on completion and (ii) the Megan Midas Property is the sole asset of Megan Midas and shall remain free from all or any mortgage, charge, debenture, pledge, assignment, caveat or other form of encumbrance.

7.2 The Megan Midas Purchase Consideration

The Megan Midas Purchase Consideration of MYR3,600,000 (equivalent to approximately S\$1,510,510) was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and taking into consideration the net asset value of Megan Midas and the Megan Midas Property.

It was provided under the Megan Midas Sale and Purchase Agreement that the Megan Midas Purchase Consideration may be adjusted based on the market value of the Megan Midas Property. In the event that the market value of the Megan Midas Property is less than MYR3,600,000, the Megan Midas Purchase Consideration shall be reduced to the market value of the Megan Midas Property which is based on the valuation to be commissioned by IPR. No adjustment shall be made to the Megan Midas Purchase Consideration in the event that the market value of the Megan Midas Property is higher than MYR3,600,000. It is also a condition precedent of the Megan Midas Acquisition that IPR shall commission a formal independent valuation on the Megan Midas Property and that the said property is valued at not less than MYR3,600,000.

IPR had commissioned an independent valuation on the Megan Midas Property and the market value of the said property was MYR3,700,000 as at 25 February 2011. As stated above, no adjustment shall be made to the Megan Midas Purchase Consideration of MYR3,600,000 even though the market value of the Megan Midas Property is higher. Please refer to paragraph 7.6.2 for further information on the Megan Midas Property and the valuation conducted on it.

The Megan Midas Purchase Consideration shall be satisfied in full by the allotment and issue of the Megan Midas Consideration Shares, being an aggregate of 151,051,000 Consideration Shares, in equal proportion to each of the Megan Midas Vendors. To the best of the Company's knowledge and belief, the Megan Midas Consideration Shares, upon allotment and issue, will be held by each of the Megan Midas Vendors for his own interest and benefit and not as nominee or agent for any other person.

The Megan Midas Consideration Shares will be issued at the Issue Price of S\$0.01 and will rank, *pari passu*, in all respects with the existing Shares save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the allotment and issue of the Megan Midas Consideration Shares.

The Issue Price of S\$0.01 for each Megan Midas Consideration Share is equivalent to the weighted average price of the Shares transacted on the SGX-ST on 22 February 2011, being the last Market Day prior to the date of the Megan Midas Sale and Purchase Agreement in which trades were done for the Shares. No trades were done for the Shares on 23 February 2011, being the Market Day immediately preceding the date of the Megan Midas Sale and Purchase Agreement. The Issue Price was agreed by the Company and each of the Megan Midas Vendors following arms length negotiations. In agreeing to issue the Megan Midas Consideration Shares at the Issue Price, the Board had considered, *inter alia*, that the Megan Midas Purchase Consideration is fully satisfied by the issue of the Megan Midas Consideration Shares to the Megan Midas Vendors.

The Issue Price of S\$0.01 for each Megan Midas Consideration Share is also equivalent to the last traded price of the Shares as at the Latest Practicable Date.

The Megan Midas Consideration Shares represent (i) approximately 10.78% of the issued share capital of the Company as at the Latest Practicable Date, (ii) approximately 9.73% of the enlarged issued share capital of the Company upon completion of the Megan Midas Acquisition and (iii) approximately 6.06% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

The listing and quotation of the Megan Midas Consideration Shares on the Main Board of the SGX-ST is subject to and conditional upon, *inter alia*, (i) the in-principle approval of the SGX-ST for the listing and quotation of the Megan Midas Consideration Shares on the Main Board of the SGX-ST and (ii) the Megan Midas Acquisition and the allotment and issue of the Megan Midas Consideration Shares to the Megan Midas Vendors being approved by Shareholders at the EGM.

On 13 May 2011, the SGX-ST granted in-principle approval to the Company for the listing and quotation of, *inter alia*, the Megan Midas Consideration Shares on the Main Board of the SGX-ST subject to, amongst others, Shareholders' approval being obtained for the Megan Midas Acquisition and the allotment and issue of the Megan Midas Consideration Shares to the Megan Midas Vendors. The in-principle approval granted by the SGX-ST to the Company for the admission of, *inter alia*, the Megan Midas Consideration Shares to the Official List of the SGX-ST and the listing and quotation of the Megan Midas Consideration Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the proposed Acquisitions, the Consideration Shares, the Company and/or its subsidiaries.

7.3 Conditions Precedent

The completion of the Megan Midas Acquisition is conditional upon, *inter alia*, the following:

- (a) where necessary, approval of the SGX-ST or any other relevant government authority having jurisdiction over the Company, being granted for the proposed acquisition of the Megan Midas Sale Shares by IPR and the listing and quotation of the Megan Midas Consideration Shares on the Main Board of the SGX-ST, such approval to be procured by the Company and/or IPR;
- (b) an offer information statement, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investment)(Shares and Debentures) Regulations 2005, being lodged by the Company and accepted by the Monetary Authority of Singapore;
- (c) approval of the board and approval by the shareholders of the Company and IPR, being granted for the proposed acquisition of the Megan Midas Sale Shares, and for the issuance of the Megan Midas Consideration Shares to the Megan Midas Vendors, such approval to be procured by IPR;
- (d) each of the Megan Midas Vendors delivering evidence to the satisfaction of IPR that he is the legal and beneficial owner of the Megan Midas Sale Share;
- (e) the Megan Midas Vendors delivering evidence to the satisfaction of IPR that the entire issued and paid-up share capital of Megan Midas is MYR2.00 divided into two (2) ordinary shares of MYR1.00 each and represents 100% of the issued and paid-up share capital of Megan Midas on completion;
- (f) the Megan Midas Vendors delivering to IPR, evidence to the satisfaction of IPR, confirming that Megan Midas has no liabilities and the Megan Midas Property and all other real property asset(s) of Megan Midas was properly acquired by Megan Midas with good title and that Megan Midas is the lawful sole registered proprietor of the Megan Midas Property free from all encumbrances;
- (g) where necessary, approval of the relevant land authorities of Malaysia (pursuant to Part 33A of the National Land Code 1965 (by way of Jadual 18)) and such other relevant government authority having jurisdiction over Megan Midas, the Megan Midas Property and any other matter related to the Megan Midas Sale and Purchase Agreement, being granted for the proposed acquisition of the Megan Midas Sale Shares by IPR, such approval to be procured by the Megan Midas Vendors. Where there are conditions imposed on the Megan Midas Vendors, IPR and/or Megan Midas under such approvals, that such conditions have been duly satisfied;
- (h) IPR being satisfied with the results of a legal and financial due diligence exercise on Megan Midas and the Megan Midas Property, including but not limited to a full valuation report on the Megan Midas Property, such exercise to be conducted by IPR or its servants, agents, representatives, accountants and solicitors and the Megan Midas Vendors shall ensure that IPR or its servants, agents, representatives, accountants and solicitors are given promptly on request all such facilities and information regarding the business, assets, liabilities, contracts and affairs of Megan Midas;
- (i) IPR being satisfied that there has been no breach of any of the representations and warranties given by the Megan Midas Vendors to IPR;
- (j) nothing having occurred which would render any of the transactions contemplated in the Megan Midas Sale and Purchase Agreement to be illegal, impossible or impracticable;
- (k) there having been no material adverse change in the legal financial business or trading position of Megan Midas prior to completion;
- (l) at all material times and on or before the date of completion, Megan Midas shall record no liabilities and have incurred no liabilities;
- (m) at all material times and on or before the date of completion, the Megan Midas Property is the sole asset of Megan Midas and shall remain free from all or any mortgage, charge, debenture, pledge, assignment, caveat or any other form of encumbrance whether specifically mentioned in the Megan Midas Sale and Purchase Agreement or not;
- (n) IPR shall commission a formal independent valuation on the Megan Midas Property that the said property is valued at no less than MYR3,600,000; and
- (o) such other conditions precedent as may be required by IPR provided always that such conditions precedent must relate to legal and/or regulatory requirements affecting IPR, the Megan Midas Vendors or Megan Midas.

In respect of condition precedent (n), IPR had commissioned an independent valuation on the Megan Midas Property and the market value of the said property was MYR3,700,000 as at 25 February 2011. Please refer to paragraph 7.6.2 for further information on the valuation conducted on the Megan Midas Property.

If any of the aforesaid conditions precedent is not fulfilled by the parties or waived by IPR by 23 August 2011, being six (6) months from the date of the Megan Midas Sale and Purchase Agreement (or such other date as the parties may agree in writing), the Megan Midas Sale and Purchase Agreement shall, *ipso facto*, cease and determine and save for any antecedent breach, neither party shall have any claim whatsoever against the other party for costs, damages, compensation or anything whatsoever.

As at the Latest Practicable Date, the conditions precedent (a), (h) and (n) have been fulfilled.

7.4 Representation on the Board of the Company

Neither Megan Midas Vendors nor their nominees will be appointed to the Board of the Company as a result of the Megan Midas Acquisition.

7.5 Introducer of the Megan Midas Acquisition

The Megan Midas Acquisition was introduced to the Company by James Hong Gee Ho, an executive director of Blumont. No commission is payable by the Company to Mr Hong in connection with the Megan Midas Acquisition.

7.6 Information on Megan Midas, Megan Midas Property and the Megan Midas Vendors

7.6.1 General Information on Megan Midas

Megan Midas is a private limited company incorporated in Malaysia on 11 April 2007.

The registered office of Megan Midas is at No. 177-3, Floor 3, Jalan Sarjana, Taman Connaught, Cheras, 56000 Kuala Lumpur, Malaysia.

As at the date of the Megan Midas Sale and Purchase Agreement, Megan Midas has an authorised capital of MYR100,000 comprising 100,000 ordinary shares of MYR1.00 each of which MYR2.00 comprising two (2) ordinary shares of MYR1.00 each have been issued and are fully paid-up.

The Megan Midas Vendors are the registered and beneficial owner of the entire issued and paid-up share capital of Megan Midas and each of them holds one (1) ordinary share of MYR1.00 each in the capital of Megan Midas.

Following completion of the Megan Midas Acquisition, Megan Midas will become a wholly-owned subsidiary of IPR.

Megan Midas is principally engaged in the business of investment properties holding.

7.6.2 Information on the Megan Midas Property

The Megan Midas Property is a residential unit of the Cendana Condominium which is located at level 33 with an area of 4,488 square feet.

Cendana Condominium is a freehold high-end residential condominium with its own facilities complemented by the services offered by a 5-star hotel. Developed by Tan and Tan Developments Berhad, a wholly-owned subsidiary of IGB Corporation Berhad, which is listed on the main board of Bursa Malaysia, it is situated behind the Renaissance Hotel at the junction of Jalan Sultan Ismail and Jalan Ampang, Kuala Lumpur. The 44-storey Cendana Condominium comprises of 144 units with 3 units to a level. Completed in 2008, its strategic location is enhanced by its proximity to the KL Monorail Station and the Rapid KL LRT Station, which is a walking distance away. KLCC Twin Towers is about 5 minutes walking distance away. A skybridge links Cendana Condominium to Renaissance Hotel enabling residents' easy access to all facilities of a hotel. With this, residents have the option to enjoy cleaning services, housekeeping, laundry, concierge as well as food and beverage catering services of a 5-star hotel.

According to a valuation report dated 1 March 2011, issued by Suleiman, which was commissioned by IPR (the "**Megan Midas Property Valuation Report**"), the market value of the Megan Midas Property as at 25 February 2011 was MYR3,700,000 (equivalent to approximately S\$1,552,469).

In determining the market value of the Megan Midas Property, Suleiman had primarily adopted the comparison method of valuation.

Please refer to Appendix IV of this Circular for a valuation certificate issued by Suleiman in connection with the valuation conducted by it on the Megan Midas Property.

The Megan Midas Property Valuation Report is available for inspection by Shareholders at the registered office of the Company at 190 Middle Road #19-07 Fortune Centre Singapore 188979 during normal business hours for a period of three (3) months commencing from the date of this Circular.

The Megan Midas Property is not leased to a third party and will be sold with vacant possession.

IPR will be appointing a professional firm to manage the Megan Midas Property upon completion. The appointment of the professional firm by IPR will be based on the prevailing standard terms and conditions in Malaysia and a professional firm will be appointed so long as the Megan Midas Property remains to be an asset of IPR.

7.6.3 Information on the Megan Midas Vendors

LKY is a Malaysian businessman. He had held senior positions in general management and strategic planning in both private and public listed companies in Malaysia. He currently sits on the board of several Malaysian and overseas companies and is the Managing Director of Magnus Energy Group Ltd, a company whose shares are listed and quoted on the Catalist of SGX-ST.

LKY is also the vendor of the Shophouses Acquisition. Following completion of both the Shophouses Acquisition and the Megan Midas Acquisition, the Company will allot and issue an aggregate of 127,141,110 Consideration Shares to LKY, representing approximately 5.10% of the enlarged issued share capital of the Company upon completion of all the Acquisitions.

Chiew Kim Lee is a Malaysian businessman. His business includes construction, food and beverages. He currently sits on the board of a few private Malaysian companies.

To the best of the Company's knowledge and belief, none of the Megan Midas Vendors is related to the Company and/or any of the Directors and/or the substantial Shareholders of the Company.

7.7 Rationale for the Megan Midas Acquisition

In the opinion of the Directors, the 2008 to 2009 global financial crisis marks a watershed and the investment landscape in the years ahead to be volatile and difficult. The Directors recognise that several global macro trends will have strong influence on investments and asset class selections. Some of the global macro trends are the exponential global population growth and demographic changes, the growing emerging economies and their increasing demand for food and natural resources, and the eventual consequences of easy monetary policy implemented globally in recent years.

The Directors are of the opinion that the macro trends of population growth and demographic changes in Malaysia will lead to demand for land and properties. Accordingly, the Company has decided that land and properties is an asset class that will perform well in such an environment.

The Megan Midas Acquisition is an opportunity for the Group to invest in the central Kuala Lumpur real estate. The Company intends to hold the Megan Midas Property for rental income and potential capital gains.

Based on current market rental of the properties in the vicinity of the Megan Midas Property, the Company is of the view that the Megan Midas Property can generate a rental yield of more than 6% and potential capital gains in the next few years.

7.8 Requirement under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Where any of the relative figures computed exceeds 5% but does not exceed 20%, the transaction is classified as a disclosable transaction. If any of the relative figures computed exceeds 20%, the transaction is classified as a major transaction and shareholders' approval is required for a major transaction, under Rule 1014 of the Listing Manual.

The relative figures of the Megan Midas Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Megan Midas Acquisition and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Megan Midas Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net profits attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	NA ⁽¹⁾	S\$7,746,000	NA
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 22 February 2011	S\$4,909,646 ⁽²⁾	S\$14,012,453 ⁽³⁾	35.04
(d) The number of equity securities to be issued by the Company as consideration for the Megan Midas Acquisition, compared with the number of equity securities previously in issue	151,051,000	1,401,245,285	10.78

Notes:

- (1) There is no net profit attributable to Megan Midas as IPR is acquiring the Megan Midas Property through the acquisition of the Megan Midas Sale Shares which will be the sole asset of Megan Midas upon completion. It is also a condition precedent that Megan Midas does not have any liabilities whatsoever on completion.
- (2) The value of the consideration is based on 151,051,000 Megan Midas Consideration Shares multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010, after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (3) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 22 February 2011 of S\$0.01 per Share as no trades were done on the Shares on 23 February 2011 (being the Market Day immediately preceding the date of the Megan Midas Sale and Purchase Agreement).

As the relative figure under Rule 1006(c) exceeds 20%, the Megan Midas Acquisition is considered as a major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders.

7.9 Financial Effects of the Megan Midas Acquisition

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010 and the Megan Midas Purchase Consideration, the financial effects of the Megan Midas Acquisition on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Megan Midas Acquisition is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,285	56,818,137
Number of Megan Midas Consideration Shares to be allotted and issued pursuant to the Megan Midas Acquisition	151,051,000	1,510,510
Issued and paid-up share capital of the Company immediately after completion of the Megan Midas Acquisition	1,552,296,285	58,328,647

(b) NTA per Share

Assuming that the Megan Midas Acquisition had been completed on 31 December 2010, the Megan Midas Acquisition would have the following impact on the NTA per Share of the Group:

	Before allotment of the Megan Midas Consideration Shares	After allotment of the Megan Midas Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,552,296,285
NTA per Share before the Megan Midas Acquisition (cents)	3.25	2.93
NTA per Share after the Megan Midas Acquisition (cents)	3.36	3.03

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that the Megan Midas Acquisition had been completed on 1 January 2010, the Megan Midas Acquisition would have the following impact on the EPS of the Group:

	Before allotment of the Megan Midas Consideration Shares	After allotment of the Megan Midas Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	1,552,296,285
EPS before the Megan Midas Acquisition (cents)	0.46 ⁽²⁾	0.42 ⁽²⁾
EPS after the Megan Midas Acquisition (cents)	0.46 ⁽²⁾⁽³⁾	0.42 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) There is no profit attributable to the Megan Midas Acquisition.

(d) Gearing

The Megan Midas Acquisition would not have any impact on the gearing of the Company as Megan Midas has no borrowing and the Megan Midas Purchase Consideration shall be satisfied in full by the allotment and issue of the Megan Midas Consideration Shares to the Megan Midas Vendors.

8. **RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RESPECT OF THE SHOPHOUSES ACQUISITION AND THE MEGAN MIDAS ACQUISITION**

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. Rule 1005 of the Listing Manual provides that the SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

To the best of the Company's knowledge and belief, none of the Vendors are related, directly or indirectly, to each other save for LKY who is the vendor in respect of the Shophouses Acquisition and one of the Megan Midas Vendors.

Assuming that the Shophouses Acquisition and the Megan Midas Acquisition are aggregated and treated as if they are one transaction, the relative figures of the Shophouses Acquisition and the Megan Midas Acquisition, computed according to Rule 1006(a) and (d) of the Listing Manual based on the said acquisitions and the Company's latest audited consolidated financial statements for its financial year ended 31 December 2010, are as follows:

	The Shophouses Acquisition and the Megan Midas Acquisition	The Group	%
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net profits attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	NA ⁽¹⁾	S\$7,746,000	NA
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 22 February 2011	S\$6,587,320 ⁽²⁾	S\$14,012,453 ⁽³⁾	47.01
(d) The number of equity securities to be issued by the Company as consideration for the Shophouses Acquisition and the Megan Midas Acquisition, compared with the number of equity securities previously in issue	202,666,610	1,401,245,285	14.46

Notes:

- (1) There is no net profit attributable to (i) the Shophouses at the time of the Shophouses Acquisition and (ii) Megan Midas as IPR is acquiring the Megan Midas Property through the acquisition of the Megan Midas Sale Shares which will be the sole asset of Megan Midas upon completion.
- (2) The value of the consideration is based on 202,666,610 Consideration Shares (comprising 51,615,610 LKY Consideration Shares and 151,051,000 Megan Midas Consideration Shares) multiplied by the net asset value of the Shares of S\$0.0325 per Share which is based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2010 after taking into consideration the 215,000,000 shares placement completed in January 2011. The net asset value of the Group for its financial year ended 31 December 2010 after taking into consideration the said placement was S\$45,545,000.
- (3) The market capitalisation of the Company was determined by multiplying the number of issued Shares, being 1,401,245,285 Shares, by the weighted average price of such Shares transacted on 22 February 2011 of S\$0.01 per Share as no trades were done on the Shares on 23 February 2011 (being the Market Day immediately preceding the date of the Megan Midas Sale and Purchase Agreement).

Based on the assumption that the market capitalisation of the Company is S\$19,056,936, which is based on the weighted average price of the Shares of the Company transacted on 14 February 2011 of S\$0.0136 per Share, the relative figure under Rule 1006(c) would have been 34.56%. No trades were done on the Shares on 15 February 2011 (being the Market Day immediately preceding the date of the LKY Sale and Purchase Agreements).

9. FINANCIAL EFFECTS OF THE ACQUISITIONS ON A COLLECTIVE BASIS

For illustration purposes only, based on the latest audited consolidated financial statements of the Company for FY2010, the relevant financial statements of the Enigma Group, the Grand Prosper Group and Trackplus and the purchase consideration for each of the Acquisitions, the financial effects of the Acquisitions on a collective basis on the Group will be as follows:

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Acquisitions on a collective basis is as follows:

	No. of Shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Placement undertaken by the Company in January 2011	215,000,000	1,920,000
Issued and paid-up share capital of the Company as at the Latest Practicable Date	1,401,245,285	56,818,137
Aggregate number of Consideration Shares to be allotted and issued pursuant to the Acquisitions	1,091,437,210	10,914,372
Issued and paid-up share capital of the Company immediately after completion of all the Acquisitions	2,492,682,495	67,732,509

(b) NTA per Share

Assuming that all the Acquisitions had been completed on 31 December 2010, the Acquisitions on a collective basis would have the following impact on the NTA per Share of the Group:

	Before allotment of the Consideration Shares	After allotment of the Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	2,492,682,495
NTA per Share before the Acquisitions (cents)	3.25	1.83
NTA per Share after the Acquisitions (cents)	4.03	2.27

Note:

- (1) The number of Shares includes 215,000,000 Shares which were placed out by the Company to various subscribers in January 2011.

(c) EPS

Assuming that all the Acquisitions had been completed on 1 January 2010, the Acquisitions on a collective basis would have the following impact on the EPS of the Group:

	Before allotment of the Consideration Shares	After allotment of the Consideration Shares
Number of Shares	1,401,245,285 ⁽¹⁾	2,492,682,495
EPS before the Acquisitions (cents)	0.46 ⁽²⁾	0.26 ⁽²⁾
EPS after the Acquisitions (cents)	0.48 ⁽²⁾⁽³⁾	0.27 ⁽²⁾⁽³⁾

Notes:

- (1) The number of Shares includes 100,000,000 and 215,000,000 Shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the Shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of these Shares have been taken into consideration.
- (3) The calculation of the EPS is based on the cumulative profit/loss attributable to all the Acquisitions.

(d) Gearing

The Acquisitions on a collective basis would not have any impact on the gearing of the Company as the purchase consideration for each of the Acquisitions shall be satisfied in full or partially by the allotment and issue of such number of Consideration Shares to each of the Vendors. In addition, neither Enigma nor Megan Midas has any borrowings.

10. INVESTMENT OBJECTIVE OF THE GROUP

Since the Company announced its exit from the Singapore telecommunication services business on 31 December 2010, it has been earnestly looking for new investments.

The opportunity to make these Acquisitions were identified, reviewed and negotiated since late 2010 and there is no particular rationale to make these Acquisitions at or about the same time. There is no change in the Group's investment objectives or strategy, that is, to invest in businesses that can generate income and capital gain for the Group.

11. CORPORATE STRUCTURE OF THE GROUP

The corporate structure of the Group before and after completion of all the Acquisitions is set out in Appendix V of this Circular.

12. INTERESTS OF EACH OF THE VENDORS IN THE COMPANY UPON COMPLETION OF ALL THE ACQUISITIONS

The interests of the Directors, substantial Shareholders and the Vendors in the issued share capital of the Company before and after completion of all the Acquisitions are set out below:

	Before completion of all the Acquisitions				After completion of all the Acquisitions			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Directors								
Dato' Moehamad Izat Emir	-	-	-	-	-	-	-	-
Wong Chin Yong	-	-	4,000,000	0.29	-	-	4,000,000	0.16
Ong Kah Hock	3,000	NM	-	-	3,000	NM	-	-
Koay Theam Hock	-	-	-	-	-	-	-	-
Substantial Shareholders/ Vendors								
Lim Siew Hooi	126,046,000	9.00	-	-	126,046,000	5.06	-	-
IPCO ⁽³⁾	-	-	38,550,000	2.75	-	-	238,550,000	9.57
Dimensi Cita	-	-	-	-	200,000,000	8.02	-	-
Dragon Seed	-	-	-	-	200,000,000	8.02	-	-
Blumont ⁽⁴⁾	-	-	32,000,000	2.28	-	-	252,282,800	10.12
Tria Holdings	-	-	-	-	220,282,800	8.84	-	-
Clear Water	-	-	-	-	268,487,800	10.77	-	-
LKY	-	-	-	-	127,141,110	5.10	-	-
Chiew Kim Lee	-	-	-	-	75,525,500	3.03	-	-

Notes:

- (1) Based on the issued share capital of 1,401,245,285 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged resultant issued share capital of 2,492,682,495 Shares upon completion of all the Acquisitions.
- (3) IPCO is or will be deemed interested in the Shares held by its wholly-owned subsidiaries, Friendship Bridge Holding Company Private Limited (38,550,000 Shares) and Dimensi Cita (200,000,000 Enigma Consideration Shares) by virtue of Section 7 of the Act.
- (4) Blumont is or will be deemed interested in the Shares held by its wholly-owned subsidiaries, G1 Investments Pte Ltd (32,000,000 Shares) and Tria Holdings (220,282,800 Trackplus Consideration Shares) by virtue of Section 7 of the Act.

13. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST

13.1 Interests in Shares

The Directors and substantial Shareholders of the Company and their respective interests in the issued share capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Dato' Moehamad Izat Emir	-	-	-	-
Wong Chin Yong	-	-	4,000,000	0.29
Ong Kah Hock	3,000	NM	-	-
Koay Theam Hock	-	-	-	-
Substantial Shareholder				
Lim Siew Hooi	126,046,000	9.00	-	-

Note:

- (1) Based on the issued share capital of 1,401,245,285 Shares as at the Latest Practicable Date.

13.2 Interests in the Acquisitions

None of the Directors, controlling or substantial Shareholders of the Company and their respective associates has any interest, direct or indirect, in any of the Acquisitions.

To the best of the Company's knowledge and belief, save as disclosed below, none of the Vendors, its beneficial owners and directors, has any interest, direct or indirect, in the Company:

- (i) Dimensi Cita is a wholly-owned subsidiary of Ipco Sdn. Bhd. which in turn is a wholly-owned subsidiary of IPCO. IPCO holds 38,550,000 Shares, representing approximately 2.75% of the issued share capital of the Company as at the Latest Practicable Date, through its wholly-owned subsidiary, Friendship Bridge Holding Company Private Limited;
- (ii) Tria Holdings is a wholly-owned subsidiary of Blumont. Chan Sing En is a director of Blumont. Mr Chan holds 35,000,000 Shares, representing approximately 2.50% of the issued share capital of the Company as at the Latest Practicable Date; and
- (iii) Tria Holdings is a wholly-owned subsidiary of Blumont. Blumont holds 32,000,000 Shares, representing approximately 2.28% of the issued share capital of the Company as at the Latest Practicable Date, through its wholly-owned subsidiary, G1 Investments Pte Ltd.

As disclosed under paragraph 6.10 of this Circular, Gemisuria is the registered proprietor of the Shophouses Land and its consent is required under the LKY Sale and Purchase Agreements for the sale and assignment by LKY to IPR of all his rights, title, interests, benefits and obligations in the Shophouses. Gemisuria is a wholly-owned subsidiary of Blumont.

There is also no business connection or relationship between the Group and any of the Vendors.

To the best of the Company's knowledge and belief, none of the Vendors, its beneficial owners and directors, are related, directly or indirectly, to each other save for LKY who is the vendor in respect of the Shophouses Acquisition and one of the Megan Midas Vendors.

To the best of the Company's knowledge and belief, IPCO, through Friendship Bridge Holding Company Private Limited and a director of IPCO, holds 8,500,000 and 50,093,830 shares, respectively, in Blumont.

13.3 Abstention from Voting

As IPCO is deemed interested in the Enigma Acquisition, IPCO and its associates shall abstain from voting in respect of the ordinary resolutions relating to the Enigma Acquisition and the proposed allotment and issue of the Enigma Consideration Shares to Dimensi Cita. They shall also decline to accept appointment as proxy for any Shareholder to vote in respect of the said ordinary resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such ordinary resolutions.

As Blumont and its director, Chan Sing En, are deemed interested in the Trackplus Acquisition, Blumont, Chan Sing En and their associates shall abstain from voting in respect of the ordinary resolutions relating to the Trackplus Acquisition and the proposed allotment and issue of the Trackplus Consideration Shares to Tria Holdings. They shall also decline to accept appointment as proxy for any Shareholder to vote in respect of the said ordinary resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such ordinary resolutions.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 70 to 73 of this Circular, will be held at Level 2 Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 June 2011 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions as set out in the Notice of EGM.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

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

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

16. DIRECTORS' RECOMMENDATION

The Directors, having considered and reviewed, amongst others, the terms of each of the agreements in respect of the Acquisitions, the rationale for and the financial effects of the Acquisitions, are of the opinion that the Acquisitions are in the interest of the Company.

The Directors are also of the opinion that the Acquisitions will have a positive financial impact for future earnings and will not have any financial impact in FY2011 the basis for which are more particularly disclosed under the rationale for each of the Acquisitions.

Accordingly, they recommend that Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM.

17. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about each of the Acquisitions and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information relating to the Vendors, the companies and the properties which the Company proposes to acquire, has been extracted from published or otherwise available sources or is otherwise based on information obtained from such persons, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

18. CONSENTS

- 18.1 Suleiman, the independent valuer who has issued its valuation report on the Trackplus Land, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of and/or references to its name, its valuation report and its valuation certificate, in the form and context in which it appears in this Circular.
- 18.2 JS Valuers, the independent valuer who has issued its valuation report on the Shophouses, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of and/or references to its name, its valuation report and its valuation certificate, in the form and context in which it appears in this Circular.
- 18.3 Suleiman, the independent valuer who has issued its valuation report on the Megan Midas Property, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of and/or references to its name, its valuation report and its valuation certificate, in the form and context in which it appears in this Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

- 19.1 The following documents may be inspected at the registered office of the Company at 190 Middle Road #19-07 Fortune Centre Singapore 188979 during normal business hours for a period of three (3) months commencing from the date of this Circular:
 - (a) the Enigma Sale and Purchase Agreement;
 - (b) the Grand Prosper Sale and Purchase Agreement;
 - (c) the Trackplus Sale and Purchase Agreement;
 - (d) the Clear Water Master Purchase Agreement;
 - (e) the Residential Properties Agreements;
 - (f) the LKY Sale and Purchase Agreements;
 - (g) the Megan Midas Sale and Purchase Agreement;
 - (h) the Trackplus Land Valuation Report together with its certificate;
 - (i) the Shophouses Valuation Report together with its certificate; and
 - (j) the Megan Midas Property Valuation Report together with its certificate.

19.2 The following documents may be inspected at the registered office of the Company at 190 Middle Road #19-07 Fortune Centre Singapore 188979 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the audited consolidated financial statements of the Company for FY2010;
- (b) the unaudited consolidated balance sheet and profit and loss statements of Enigma for each of its financial years ended 30 April 2009 and 30 April 2010;
- (c) the unaudited consolidated balance sheet and profit and loss statements of Enigma for its seven month period ended 30 November 2010;
- (d) the audited consolidated financial statements of CNA for each of its financial years ended 31 December 2008 and 31 December 2009;
- (e) the unaudited consolidated balance sheet and profit and loss statements of CNA for its financial year ended 31 December 2010;
- (f) the unaudited consolidated balance sheet and profit and loss statements of Grand Prosper for each of its financial years ended 30 April 2009 and 30 April 2010;
- (g) the unaudited consolidated balance sheet and profit and loss statements of Grand Prosper for its eight month period ended 31 December 2010;
- (h) the unaudited balance sheet and profit and loss statements of Deshi for each of its financial years ended 30 April 2009 and 30 April 2010;
- (i) the unaudited balance sheet and profit and loss statements of Deshi for its eight month period ended 31 December 2010;
- (j) the audited financial statements of Trackplus for each of its financial years ended 31 December 2008 and 31 December 2009;
- (k) the unaudited financial statements of Trackplus for its financial year ended 31 December 2010;
- (l) the letters of consent dated 25 April 2011 and 19 May 2011 from Suleiman; and
- (m) the letter of consent dated 19 May 2011 from JS Valuers.

Yours faithfully
for and on behalf of the Board of Directors
Inno-Pacific Holdings Ltd

Dato' Moehamad Izat Emir
Chairman

APPENDIX I

THE GUARANTEED OBLIGATIONS PROVIDED BY EACH OF IPCO AND BLUMONT UNDER THE RESPECTIVE ENIGMA SALE AND PURCHASE AGREEMENT AND THE TRACKPLUS SALE AND PURCHASE AGREEMENT

Under each of the Enigma Sale and Purchase Agreement and the Trackplus Sale and Purchase Agreement, each of IPCO and Blumont, being the holding company of each of Dimensi Cita and Tria Holdings, had irrevocably and unconditionally guaranteed as a primary obligor to the Company the due and punctual performance by each of Dimensi Cita and Tria Holdings of their obligations under the said agreements.

Clause 6 of each of the Engima Sale and Purchase Agreement and the Trackplus Sale and Purchase Agreement sets out the obligations guaranteed by each of IPCO and Blumont. For reference by Shareholders, an extract of Clause 6 is set out below and the term "Guarantor" refers to IPCO or Blumont, as the case may be, the term "Purchaser" refers to the Company and the term "Vendor" refers to each of Dimensi Cita and Tria Holdings, as the case may be:-

- "6.1 In consideration of the covenants made by the Purchaser herein contained, the Guarantor hereby irrevocably and unconditionally guarantees as a primary obligor to the Purchaser the due and punctual performance by the Vendor of the undertakings, agreements and other obligations on the part of the Vendor to be performed under this Agreement, including without limitation, the full and prompt discharge by it of all obligations and liabilities now or in future due, owing or incurred, or expressed or intended to be due, owing or incurred, to the Purchaser by the Vendor under this Agreement (the "**Guaranteed Obligations**"). The Guarantor hereby further undertakes to the Purchaser that if and whenever the Vendor shall make any default in any such Guaranteed Obligations, it will as a separate and independent obligation, perform and comply with such Guaranteed Obligations, as if it were the Vendor.
- 6.2 In addition to, but separate from Clause 6.1, the Guarantor hereby irrevocably and unconditionally undertakes, as continuing obligation, to indemnify the Purchaser from and against all loss and damages the Purchaser may suffer or incur arising from any failure by the Vendor to perform any of the Guaranteed Obligations.
- 6.3 The obligations of the Guarantor under this Clause 6 will not be released or diminished by:-
- 6.3.1 any legal limitation or other defect in the actions of the Vendor in relation to any of the Guaranteed Obligations; or
- 6.3.2 any invalidity or unenforceability of any obligation of the Vendor under, or any variation, waiver, release, time or other indulgence granted in respect of, any of the Guaranteed Obligations; or
- 6.3.3 the insolvency or liquidation of, or the making of a judicial management order against, the Vendor, or the termination of any of the rights, liabilities or obligations of the Vendor in respect of any of the Guaranteed Obligations, whether by operation of law, disclaimer or otherwise; or
- 6.3.4 any other thing, act, omission, fact or circumstance which might, but for this Clause 6.3, release or diminish the Guarantor's liability under this Clause 6.
- 6.4 The Guarantor agrees and acknowledges that the obligations and liabilities of the Guarantor hereunder shall be absolute and unconditional and in addition to the other provisions of this Guarantee, shall not be abrogated, prejudiced, affected or discharged:
- 6.4.1 by the Purchaser granting explicitly or by conduct or otherwise, whether directly or indirectly, to the Vendor, any of the guarantors or any other person of any time, forbearance, concession, credit compounding, compromise, arrangement, waiver, variation, renewal, release, discharge or other advantage or indulgence;
- 6.4.2 by any laches, acquiescence, delay, acts, omissions, mistakes on the part of the Purchaser or any other person;
- 6.4.3 by any moratorium or other period staying or suspending by statute or order of any court or other authority all or any of the Purchaser's rights, remedies or recourse against the Vendor or any other guarantor;
- 6.4.4 by reason of any other dealing, matter or thing which, but for the provisions of this Clause, could or might operate to affect or discharge all or any part of the obligations and liabilities of the Guarantor hereunder;
- 6.4.5 by the Purchaser asserting or failing to assert any right or remedy against the Vendor or doing or omitting to do any act in pursuance of any authority or permission contained in this Guarantee; and
- 6.4.6 by any irregularity unenforceability or invalidity of any obligations of the Vendor under any security or document to the intent that the Guarantor's obligations under this guarantee shall remain in full force and effect and this guarantee shall be construed accordingly as if there were no such irregularity unenforceability or invalidity.

- 6.5 This Guarantee shall not be considered as satisfied by any intermediate performance or satisfaction of the Guaranteed Obligations but shall be a continuing security and shall extend to cover all or any part of the Guaranteed Obligations which shall for the time being constitute the balance or outstanding performance due or owing from the Vendor.
- 6.6 The Guarantor shall be deemed to be liable for the Guaranteed Obligations as sole or principal debtor.
- 6.7 This Guarantee shall be in addition to and shall not be in any way prejudiced or affected by any collateral or other security now or hereafter held by the Purchaser for the Guaranteed Obligations nor shall such collateral or other security or any lien to which the Purchaser may be otherwise entitled or the liability of any person or persons not parties hereto for all or any part of the Guaranteed Obligations be in any way prejudiced or affected by this Guarantee. The Purchaser shall have full power at its discretion to give time for payment or to make any other arrangement with any such other person or persons without prejudice to this Guarantee or the Guarantor's liability hereunder.
- 6.8 No disposition, assurance, security or payment which may be avoided under any law relating to bankruptcy or under any provisions of the Companies Act (Cap. 50) or any statutory modification thereof or under any other applicable laws or is otherwise avoided in any manner and no release settlement or discharge which may have been given or made on the faith of any such disposition assurance security or payment shall prejudice or affect any of the Purchaser's right to the full extent of this Guarantee as if such disposition, assurance, security, payment, release, settlement or discharge had never been granted given or made.
- 6.9 The Purchaser may but is not bound to resort for its own benefit to any other means of enforcement at any time and in any order the Purchaser deems fit without thereby diminishing the Guarantor's liability hereunder and the Purchaser may exercise its rights under this Guarantee in force either for enforcement after resorting to other means notwithstanding that other means of enforcement have not been resorted to and in the latter case without entitling the Guarantor to any benefit from such other means of enforcement so long as the Guaranteed Obligations remains unperformed and in addition the Purchaser may require performance by the Guarantor of its liability and obligations under this Clause 6 without taking any proceedings first to enforce performance by the Vendor.
- 6.10 The Guarantor irrevocably and unconditionally undertakes to indemnify the Purchaser on a full indemnity basis against all loss, damage, liabilities, claims, costs and expenses whatsoever which the Purchaser may sustain or incur in consequence of or arising from non-performance by the Vendor of the Guaranteed Obligations together with all legal costs and other costs and disbursements incurred for or in connection with demanding and enforcing performance of the Guaranteed Obligations hereunder or otherwise howsoever in enforcing this Guarantee and/or the covenants agreements undertakings stipulations terms and conditions of this Guarantee.
- 6.11 This Guarantee shall continue to bind the Guarantor notwithstanding:
- (a) any winding-up (whether voluntary or compulsory), judicial management, amalgamation or reconstruction of or affecting the Vendor or any defect informality or insufficiency of the Vendor's powers; and
 - (b) any winding-up (whether voluntarily or compulsory) amalgamation or reconstruction of or affecting the Guarantor.
- 6.12 The Guarantor hereby represents and warrants that its obligations under this Clause 6 and the other obligations of the Guarantor contained in this Agreement are valid and binding on the Guarantor, and enforceable in accordance with their terms. The Guarantor acknowledges that in entering into and performing this Agreement and accepting the guarantee obligations of the Guarantor under this Clause 6, the Purchaser has relied on such representation and warranty by the Guarantor."

APPENDIX II

VALUATION CERTIFICATE ISSUED BY SULEIMAN & CO PROPERTY CONSULTANTS SDN. BHD. IN RESPECT OF THE TRACKPLUS LAND



SULEIMAN & CO VE(1)223/4

PROPERTY CONSULTANTS SDN BHD- (COMPANY NO 135788-X)
CHARTERED SURVEYORS, VALUERS, ESTATE AGENTS & PROPERTY MANAGERS
JURUNILAI BERTAULIAH, AGEN HARTANAH & PENGURUS HARTA
NO 6-1, 1ST FLOOR, JALAN PUJ 5/20B, THE STRAND, KOTA DAMANSARA, PJU 5, 47810 PETALING JAYA, SELANGOR DARUL EHSAN
TEL NO.: 603-6142731; FAX NO.: 603-61428731; Website: www.suleimanco.com.my; Email: ci@suleimanco.com.my



V768/E2078

Your Ref:
Our Ref: SCPK/KD/VAL/SEL/11/120

7th April 2011

M/s Inno-Pacific Realty Sdn Bhd
C/o 190, Middle Road
#19-07, Fortune Centre
Singapore 188979

Dear Sir/Madam,

RE: REPORT AND VALUATION OF LOT NO. 1719, SEKSYEN 13, TITLE NO. PN 12245, BANDAR SHAH ALAM, DAERAH PETALING, NEGERI SELANGOR DARUL EHSAN.

We refer to your instruction dated 25th March 2011 requesting us to value the above said property for purposes of internal management. We have inspected the said property and valued the same for the said purpose.

We are pleased to report that in our opinion, the Market Value of the said property as at the date of inspection with vacant possession and free from all encumbrances is RM15,000,000.00 (Ringgit Malaysia: Fifteen Million Only).

Please be informed that the valuation is subject to the Limiting Conditions as enclosed in the main Valuation Report. Enclosed please find two (2) copies of the Report and Valuation for your retention.

We also enclose our Bill No. 00000311 for your immediate payment.

Kindly acknowledge receipt of the enclosures by signing the duplicate copy of this letter and returning the same to us.

Regards,

Yours faithfully,
SULEIMAN & Co
Property Consultants Sdn. Bhd.

Azlan Harris Bin Suleiman
Registered Valuer (V-768)
DIRECTOR

I/We hereby acknowledge receipt of this letter
and the above said enclosures.

.....
Signature/Name/NRIC/Co Chop/Date

Encl.
AS/as

CHAIRMAN: SULEIMAN BIN HJ AHMAD, BSc Est. Man. (Reading), FRICS, FIS(M), LLB (Hons) Lond. CLP, Registered Valuer (V053), Registered Estate Agent (E20)
DIRECTOR: AZLAN HARRIS BIN SULEIMAN, BSc.(Hons) Land Man. (De' Montfort), Registered Valuer (V768), & Registered Estate Agent (E 2076)
HEAD OFFICE: Suite 4.22, 4th Floor, Pertama Complex, Jin Tuanku Abd Rahman, 50100 K. Lumpur, Tel: 603-26398667/5764, Fax: 603-26984181, Email: hg@suleimanco.com.my
BRANCHES: 12-1C Persiaran Greentown 8, Greentown Business Centre, 30450 Ipoh, Perak Tel: 605-2536724; 2410837; Fax: 605-2536699, Email: ipoh@suleimanco.com.my
12-01, Tingkat 1, Jalan Padi Emas 5/2, Bandar Baru UDA, 81200 Johor Bahru, Johor Darul Takzim, Tel: 607-2388311; 2389311; Fax: 607-2388611; Email: jb@suleimanco.com.my
8A, Tingkat 1, J1k Todak 3, Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang, Tel: 604-3987311; Fax: 604-39876311, Email: perai@suleimanco.com.my

APPENDIX III

**VALUATION CERTIFICATE ISSUED BY
JS VALUERS PROPERTY CONSULTANTS (E.M.) SDN. BHD.
IN RESPECT OF THE SHOPHOUSES**



JS VALUERS PROPERTY CONSULTANTS (E.M.) SDN. BHD.

Reg No: VE(1) 0088/1

Co. No: T.265178-T

Lot B1123, 11th Floor, Wisma Merdeka Phase II, Jalan Tun Razak, 88000 Kota Kinabalu.

P.O. Box 10353, 88803, Kota Kinabalu, Sabah, Malaysia

t : 088-254877 1216502 f : 088-256812 e : kotakinabalu@jsvaluers.com.my w : www.jsvaluers.com.my



Property Consultants*
Chartered Surveyors*
Registered Valuers*
Property Managers*
Estate Agents*
Researchers*
Auctioneers*

* Rayner Bamabas Longinus Molikun, MISM, IRRV, MRICS * Peter Yapp Fook Sin, MRICS, FISM, IRRV * Tan Ewe Leong, MISM * Lau Shu Chan, MISM * Chang Moon Keow, MISM * Tan Ah Keat, MISM * Victor Vincent Alvin Lim Jr., MISM * Tee Chin An, MISM * Lau Chuo Kong, MISM, MIEA, APEPS * Tee Ping Lim, MISM, MIEA * Yap Tian Sing, MRICS, MISM, MIEA, APEPS * Chan Wai Seen, MISM * Chen Yun Ngen, MISM, MRICS * Tang Soon Keat, MISM * Teng Hon Keong, MISM *

Our ref: JS.01/2/24576-2-ML

4 March 2011

The Directors
Inno-Pacific Holdings Ltd
190, Middle Road,
Fortune Centre #19-07
188979 SINGAPORE

(Attn: Mr. Wong Chin Yong)

Dear Sir

PROVISIONAL VALUATION CERTIFICATE FOR PROPERTIES IDENTIFIED AS

1. LOT NO A-1, GROUND **FLOOR**, BLOCK A
2. LOT NO A-2, GROUND **FLOOR**, BLOCK A
3. LOT NO A-3A, GROUND FLOOR, BLOCK A

ON A BLOCK OF 415-STOREY WALK-UP APARTMENTS KNOWN AS
TAMAN **SUNGAI MAS**, MENGGATAL
HELD UNDER PARENT TITLE: COUNTRY LEASE NO: 015400987
DISTRICT OF KOTA **KINABALU**

We thank you for your on instructions received to report the Market Value of the above-mentioned properties for the purpose of *corporate planning* and this certificate shall not be used for any other purposes.

We have investigated all relevant factors related to the above-mentioned properties and market conditions prevailing as at the material date of this valuation, *i.e.* 4 **March 2011**.

We are of the opinion that the Market Value of the above-mentioned properties, **SUBJECT TO THE ASSUMPTIONS AND PROVISOS AS STATED HEREIN**, free from all encumbrances and with the benefit of vacant possession as follows:

Lot No.	Type	Lot Area (M ²)	Market Value
A-1	Comer	11 7.52	RM460,000.00
A-2	Intermediate	99.41	RM380,000.00
A-3A	Intermediate	99.41	RM380,000.00
Total			RM1,220,000.00

The total Market Value of the subject properties is **RM1,220,000.00 (RINGGIT MALAYSIA ONE MILLION TWO HUNDRED AND TWENTY THOUSAND)**

In arriving at the market values of the above-mentioned properties, we have made the following assumptions and provisos:-

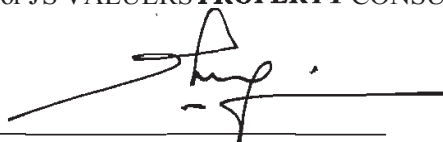
- (A) THAT A REGISTRABLE AND MARKETABLE SUBSIDIARY TITLE SHALL BE ISSUED TO EACH LOT OF THE SUBJECT PROPERTIES;
- (B) THAT THE SUBSIDIARY TITLES SHALL HAVE LOT AREAS AS SHOWN ABOVE AND ARE SUBJECT TO FINAL SURVEY;
- (C) THAT THE SUBSIDIARY TITLES SHALL BE HELD FOR A TENURE OF 99 YEARS;
- (D) THAT ALL PREMIUMS AND FEES DUE SHALL HAVE BEEN PAID FOR THE ISSUANCE OF SUBSIDIARY TITLES; AND
- (E) THAT THE SUBJECT PROPERTIES ARE SUBJECT TO THE PROVISIONS OF THE LAND (SUBSIDIARY TITLES) ENACTMENT 1972.

*This Provisional Valuation Certificate is to be **read strictly** in accordance to our **full Report and Valuation** which shall be submitted to you in due course. This **certificate** is invalid if used without reference to our full Report and Valuation and therefore we disclaim any **liability** whatsoever from any party arising from the use of this **certificate** only.*

We trust the above is sufficient for your purposes.

Yours faithfully

For JS VALUERS **PROPERTY CONSULTANTS (E.M.) SDN BHD**



Sr. VICTOR VINCENT ALVIN LIM JR
Bbus(VLE), MISM
Registered Valuer (V-0516)

JS.01/2/24576-2-ML
4 March 2011

APPENDIX IV

VALUATION CERTIFICATE ISSUED BY SULEIMAN & CO PROPERTY CONSULTANTS SDN. BHD. IN RESPECT OF THE MEGAN MIDAS PROPERTY



SULEIMAN & CO VE(1)223/4
PROPERTY CONSULTANTS SDN BHD- (COMPANY NO 135788-X)
CHARTERED SURVEYORS, VALUERS, ESTATE AGENTS & PROPERTY MANAGERS
JURUNILAI BERTAULIAH, AGEN HARTANAH & PENGURUS HARTA
NO.6-1, 1ST FLOOR, JALAN P.J.U 520B, THE STRAND, KOTA DAMANSARA, P.U.J.5, 47810 PETALING JAYA, SELANGOR DARUL EHSAN
TEL NO.: 603-61427731; FAX NO.: 603-61428731; Website: www.suleimanco.com.my; Email: pi@suleimanco.com.my



Our Ref: SCPC/KD/VAL/WP/11/088

1st March 2011

M/s Inno-Pacific Realty Sdn Bhd
C/o 190, Middle Road
#19-07, Fortune Centre
Singapore 188979

Dear Sir,

RE: REPORT AND VALUATION OF PARCEL NO.33-02, STOREY NO. 33, BUILDING NO. CENDANA HELD UNDER PARENT LOT NO. PT 29 SEKSYEN 44, MASTER TITLE NO. HSD 106667, BANDAR KUALA LUMPUR, DAERAH WILAYAH PERSEKUTUAN KL, NEGERI WILAYAH PERSEKUTUAN KL.

We refer to your instruction requesting us to value the above said property for purposes of internal management. We have inspected the said property and valued the same for the said purpose.

We are pleased to report that in our opinion, the Market Value of the said property as at the date of inspection with vacant possession and free from all encumbrances is RM3,700,000.00 (Ringgit Malaysia: Three Million, Seven Hundred Thousand Only).

Please be informed that the valuation is subject to the Limiting Conditions as enclosed in the main Valuation Report. Enclosed please find two (2) copies of the Report and Valuation for your retention.

We also enclose our Bill No. 00000241 for your immediate payment

Kindly acknowledge receipt of the enclosures by signing the duplicate copy of this letter and returning the same to us.

Regards,

Yours faithfully,
SULEIMAN & Co
Property Consultants Sdn. Bhd.

Azlan Harris Bin Sulieman
Registered Valuer (V-768)
DIRECTOR

I/We hereby acknowledge receipt of this letter
and the above said enclosures.

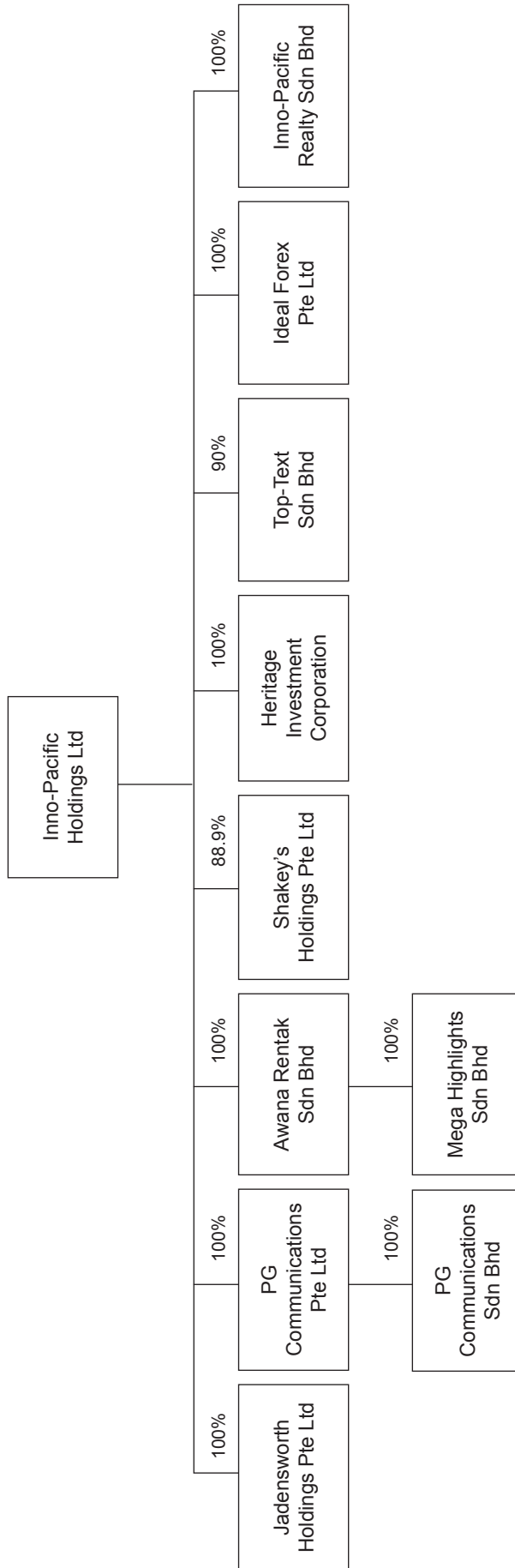
.....
Signature/Name/NRIC/Co Chop/Date

Encl.
AS/as

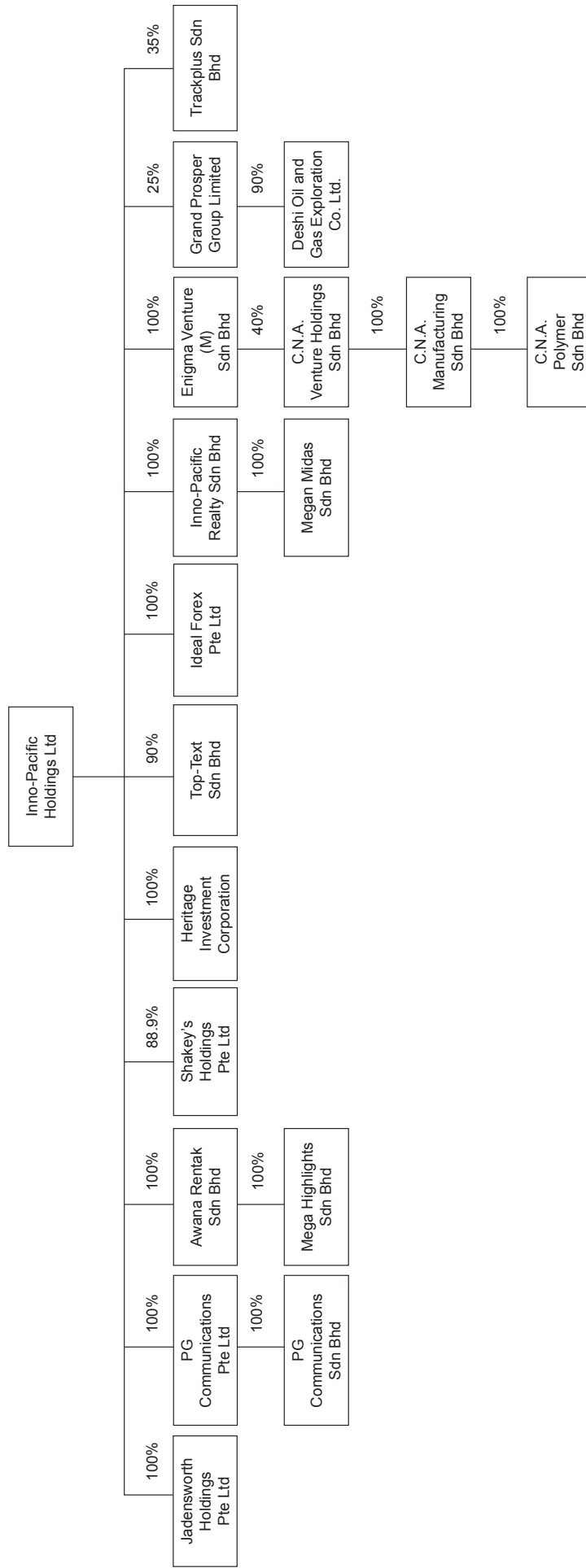
CHAIRMAN: SULEIMAN BIN HJ AHMAD, BSc. EsL Man. (Reading), FRICS, FIS(M), LLB (Hons) Lond. CLP, Registered Valuer (V053), Registered Estate Agent (E20)
DIRECTOR: AZLAN HARRIS BIN SULEIMAN, BSc.(Hons) Land Man. (De' Montfort), Registered Valuer (V768), & Registered Estate Agent (E 2076)
HEADOFFICE: Suite 4.22, 4th Floor, Pertama Complex, Jln Tuanku A M Rahman, 50100 K. Lumpur, Tel: 603-26986675/764, Fax: 603-26984181, Email: hq@suleimanco.com.my
BRANCHES: 12-IC Peniaran Greentown 8, Greentown Business Centre, 30450 Ipoh, Perak Tel: 605-2536724; 2410837; Fax: 605-2536699, Email: ipoh@suleimanco.com.my
1201, Tingkat 1, Jalan Padi Emas 5/2, Bandar Baru UDA, 81200 Johor Bahru, Johor Darul Takzim, Tel: 607-2388311; 2389311; Fax: 607-2389611; Email: jb@suleimanco.com.my
BA. Tingkat 1, Jalan Todak 3, Pusat Bandar Seberang Jaya, 13700 Perai, Pulau Pinang, Tel: 6043987311; Fax: 604-3976311, Email: perai@suleimanco.com.my

APPENDIX V CORPORATE STRUCTURE OF THE GROUP

The corporate structure of the Group as at the Latest Practicable Date is as follows:



The corporate structure of the Group after completion of all the Acquisitions is as follows:



INNO-PACIFIC HOLDINGS LTD
(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Inno-Pacific Holdings Ltd (the “Company”) will be held at Level 2 Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 June 2011 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

Resolution 1 : The proposed acquisition by the Company of the entire issued and paid-up share capital of Enigma Venture (M) Sdn Bhd

That:

- (a) approval be and is hereby given for the proposed acquisition by the Company of two (2) ordinary shares, representing the entire issued and paid-up share capital of Enigma Venture (M) Sdn Bhd, from Dimensi Cita Sdn Bhd (“**Dimensi Cita**”) for a purchase consideration of S\$2,000,000 (the “**Enigma Purchase Consideration**”). The Enigma Purchase Consideration will be satisfied in full by the allotment and issue of 200,000,000 new ordinary shares in the capital of the Company to Dimensi Cita, on the terms and subject to the conditions of the sale and purchase agreement dated 16 February 2011 (the “**Enigma Sale and Purchase Agreement**”) entered into between the Company and Dimensi Cita; and
- (b) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the aforesaid proposed acquisition and/or the transactions contemplated under the Enigma Sale and Purchase Agreement and this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document and affix the Common Seal of the Company to any such documents if required.

Resolution 2 : The proposed allotment and issue of an aggregate of 200,000,000 new ordinary shares in the capital of the Company (the “Enigma Consideration Shares”) at an issue price of S\$0.01 for each Enigma Consideration Share

That contingent upon passing of Resolution 1 above, the Directors of the Company be and are hereby authorised to allot and issue, credited as fully paid-up, the Enigma Consideration Shares, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the share capital of the Company, at an issue price of S\$0.01 for each Enigma Consideration Share, to Dimensi Cita on the terms and subject to the conditions of the Enigma Sale and Purchase Agreement.

Resolution 3 : The proposed acquisition by the Company of a 25% interest in the issued and paid-up share capital of Grand Prosper Group Limited

That:

- (a) approval be and is hereby given for the proposed acquisition by the Company of 25 ordinary shares, representing 25% of the issued and paid-up share capital of Grand Prosper Group Limited, from Dragon Seed Resources Limited (“**Dragon Seed**”) for a purchase consideration of S\$2,000,000 (the “**Grand Prosper Purchase Consideration**”). The Grand Prosper Purchase Consideration will be satisfied in full by the allotment and issue of 200,000,000 new ordinary shares in the capital of the Company to Dragon Seed, on the terms and subject to the conditions of the sale and purchase agreement dated 16 February 2011 (the “**Grand Prosper Sale and Purchase Agreement**”) entered into between the Company and Dragon Seed; and
- (b) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the aforesaid proposed acquisition and/or the transactions contemplated under the Grand Prosper Sale and Purchase Agreement and this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document and affix the Common Seal of the Company to any such documents if required.

Resolution 4 : The proposed allotment and issue of an aggregate of 200,000,000 new ordinary shares in the capital of the Company (the “Grand Prosper Consideration Shares”) at an issue price of S\$0.01 for each Grand Prosper Consideration Share

That contingent upon passing of Resolution 3 above, the Directors of the Company be and are hereby authorised to allot and issue, credited as fully paid-up, the Grand Prosper Consideration Shares, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the share capital of the Company, at an issue price of S\$0.01 for each Grand Prosper Consideration Share, to Dragon Seed on the terms and subject to the conditions of the Grand Prosper Sale and Purchase Agreement.

Resolution 5 : The proposed acquisition by the Company of a 35% interest in the issued and paid-up share capital of Trackplus Sdn Bhd

That:

- (a) approval be and is hereby given for the proposed acquisition by the Company of 1,610,000 ordinary shares, representing 35% of the issued and paid-up share capital of Trackplus Sdn Bhd, from Tria Holdings Pte Ltd (“**Tria Holdings**”) for a purchase consideration of MYR5,250,000 (equivalent to approximately S\$2,202,828) (the “**Trackplus Purchase Consideration**”). The Trackplus Purchase Consideration will be satisfied in full by the allotment and issue of 220,282,800 new ordinary shares in the capital of the Company to Tria Holdings, on the terms and subject to the conditions of the sale and purchase agreement dated 17 February 2011 (the “**Trackplus Sale and Purchase Agreement**”) entered into between the Company and Tria Holdings; and
- (b) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the aforesaid proposed acquisition and/or the transactions contemplated under the Trackplus Sale and Purchase Agreement and this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document and affix the Common Seal of the Company to any such documents if required.

Resolution 6 : The proposed allotment and issue of an aggregate of 220,282,800 new ordinary shares in the capital of the Company (the “Trackplus Consideration Shares”) at an issue price of S\$0.01 for each Trackplus Consideration Share

That contingent upon passing of Resolution 5 above, the Directors of the Company be and are hereby authorised to allot and issue, credited as fully paid-up, the Trackplus Consideration Shares, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the share capital of the Company, at an issue price of S\$0.01 for each Trackplus Consideration Share, to Tria Holdings on the terms and subject to the conditions of the Trackplus Sale and Purchase Agreement.

Resolution 7 : The proposed acquisition by the Company’s wholly-owned subsidiary, Inno-Pacific Realty Sdn Bhd (“IPR”), of three (3) residential units of a condominium known as Clear Water Residence located in Kuala Lumpur

That:

- (a) approval be and is hereby given for the proposed acquisition by IPR of three (3) residential units of a condominium within a development known as “Clear Water Residence” located in Kuala Lumpur, Malaysia (the “**Residential Properties**”) from Clear Water Developments Sdn Bhd (“**Clear Water**”), the developer, for an aggregate purchase consideration of MYR6,398,872 (equivalent to approximately S\$2,684,878) (the “**Clear Water Purchase Consideration**”). The Clear Water Purchase Consideration will be satisfied in full by the allotment and issue of 268,487,800 new ordinary shares in the capital of the Company to Clear Water, on the terms and subject to the conditions of the master purchase agreement dated 16 February 2011 (the “**Clear Water Master Purchase Agreement**”) entered into between the IPR and Clear Water; and
- (b) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the aforesaid proposed acquisition and/or the transactions contemplated under the Clear Water Master Purchase Agreement and this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document.

Resolution 8 : The proposed allotment and issue of an aggregate of 268,487,800 new ordinary shares in the capital of the Company (the “Clear Water Consideration Shares”) at an issue price of S\$0.01 for each Clear Water Consideration Share

That contingent upon passing of Resolution 7 above, the Directors of the Company be and are hereby authorised to allot and issue, credited as fully paid-up, the Clear Water Consideration Shares, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the share capital of the Company, at an issue price of S\$0.01 for each Clear Water Consideration Share, to Clear Water on the terms and subject to the conditions of the Clear Water Master Purchase Agreement.

Resolution 9 : The proposed acquisition by the Company’s wholly-owned subsidiary, Inno-Pacific Realty Sdn Bhd (“IPR”), of three (3) shophouses located in Kota Kinabalu, Sabah, Malaysia

That:

- (a) approval be and is hereby given for the proposed acquisition by IPR of three (3) shophouses within a development known as “Taman Sungai Mas” located in Kota Kinabalu, Sabah, Malaysia (the “**Shophouses**”) from Lim Kuan Yew (“**LKY**”) for an aggregate purchase consideration of MYR1,230,030 (equivalent to approximately S\$516,169) (the “**Shophouses Consideration**”). MYR30 of the Shophouses Consideration has been satisfied in cash by IPR and the balance MYR1,230,000 (equivalent to approximately S\$516,156.10) will be satisfied in full by the allotment and issue of 51,615,610 new ordinary shares in the capital of the Company to LKY on the terms and subject to the conditions of the three separate sale and purchase agreements all dated 16 February 2011 entered into between IPR and LKY (the “**LKY Sale and Purchase Agreements**”); and
- (b) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the aforesaid proposed acquisition and/or the transactions contemplated under the LKY Sale and Purchase Agreements and this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document.

Resolution 10 : The proposed allotment and issue of an aggregate of 51,615,610 new ordinary shares in the capital of the Company (the “LKY Consideration Shares”) at an issue price of S\$0.01 for each LKY Consideration Share

That contingent upon passing of Resolution 9 above, the Directors of the Company be and are hereby authorised to allot and issue, credited as fully paid-up, the LKY Consideration Shares, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the share capital of the Company, at an issue price of S\$0.01 for each LKY Consideration Share, to LKY on the terms and subject to the conditions of the LKY Sale and Purchase Agreements.

Resolution 11 : The proposed acquisition by the Company’s wholly-owned subsidiary, Inno-Pacific Realty Sdn Bhd (“IPR”), of the entire issued and paid-up share capital of Megan Midas Sdn Bhd

That:

- (a) approval be and is hereby given for the proposed acquisition by IPR of two (2) ordinary shares, representing the entire issued and paid-up share capital of Megan Midas Sdn Bhd, from Lim Kuan Yew and Chiew Kim Lee (the “**Megan Midas Vendors**”) for a total purchase consideration of MYR3,600,000 (equivalent to approximately S\$1,510,510) (the “**Megan Midas Purchase Consideration**”). The Megan Midas Purchase Consideration will be satisfied in full by the allotment and issue of 151,051,000 new ordinary shares in the capital of the Company in equal proportion to each of the Megan Midas Vendors on the terms and subject to the conditions of the sale and purchase agreement dated 24 February 2011 (the “**Megan Midas Sale and Purchase Agreement**”) entered into between IPR and the Megan Midas Vendors; and
- (b) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the aforesaid proposed acquisition and/or the transactions contemplated under the Megan Midas Sale and Purchase Agreement and this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document.

Resolution 12 : The proposed allotment and issue of an aggregate of 151,051,000 new ordinary shares in the capital of the Company (the “Megan Midas Consideration Shares”) at an issue price of S\$0.01 for each Megan Midas Consideration Share

That contingent upon passing of Resolution 11 above, the Directors of the Company be and are hereby authorised to allot and issue, credited as fully paid-up, the Megan Midas Consideration Shares, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing issued and paid-up ordinary shares in the share capital of the Company, at an issue price of S\$0.01 for each Megan Midas Consideration Share, in equal proportion to each of the Megan Midas Vendors on the terms and subject to the conditions of the Megan Midas Sale and Purchase Agreement.

By order of the Board

Stanley Chu Kam Po
Company Secretary

Singapore, 31 May 2011

Notes:

1. A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy (or in the case of a corporation, appoint its authorised representative or proxy) to attend and vote in his stead.
2. A proxy need not be a member of the Company.
3. The Proxy Form must be lodged at the Company's registered office at 190 Middle Road #19-07 Fortune Centre Singapore 188979 not less than 48 hours before the time fixed for holding the Meeting.

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INNO-PACIFIC HOLDINGS LTD
(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

PROXY FORM
FOR EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Inno-Pacific Holdings Ltd, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We, _____ (Name)
of _____ (Address)

being a member/members of INNO-PACIFIC HOLDINGS LTD (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or failing him/them, the Chairman of the Extraordinary General Meeting ("EGM") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the EGM of the Company to be held at Level 2 Nautica III, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 15 June 2011 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against each of the ordinary resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

Ordinary Resolutions:		For	Against
(1)	To approve the proposed acquisition of the entire issued and paid-up share capital of Enigma Venture (M) Sdn Bhd		
(2)	To approve the proposed allotment and issue of the Enigma Consideration Shares to Dimensi Cita Sdn Bhd		
(3)	To approve the proposed acquisition of a 25% interest in the issued and paid-up share capital of Grand Prosper Group Limited		
(4)	To approve the proposed allotment and issue of the Grand Prosper Consideration Shares to Dragon Seed Resources Limited		
(5)	To approve the proposed acquisition of a 35% interest in the issued and paid-up share capital of Trackplus Sdn Bhd		
(6)	To approve the proposed allotment and issue of the Trackplus Consideration Shares to Tria Holdings Pte Ltd		
(7)	To approve the proposed acquisition of three (3) residential units of a condominium known as Clear Water Residence located in Kuala Lumpur, Malaysia		
(8)	To approve the proposed allotment and issue of the Clear Water Consideration Shares to Clear Water Developments Sdn Bhd		
(9)	To approve the proposed acquisition of three (3) shophouses located in Kota Kinabalu, Sabah, Malaysia		
(10)	To approve the proposed allotment and issue of the LKY Consideration Shares to Lim Kuan Yew		
(11)	To approve the proposed acquisition of the entire issued and paid-up share capital of Megan Midas Sdn Bhd		
(12)	To approve the proposed allotment and issue of the Megan Midas Consideration Shares in equal proportion to each of Lim Kuan Yew and Chiew Kim Lee		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Ordinary Resolutions as set out in the Notice of Extraordinary General Meeting.)

Signed this _____ day of _____ 2011

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 190 Middle Road #19-07 Fortune Centre Singapore 188979 not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
5. 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 under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.