

CIRCULAR DATED 20 JANUARY 2017

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

This Circular is issued by Equation Summit Limited (“**Company**”).

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

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Ltd (“**CDP**”), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Your attention is drawn to page 33 of this Circular in respect of actions to be taken if you wish to attend and vote at the Extraordinary General Meeting.

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

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (“**Sponsor**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular. The contact person for the Sponsor is Mr Ong Hwee Li (Telephone: 65 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.



Summit Limited

(Company Registration Number: 197501110N)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **PROPOSED ISSUE OF REDEEMABLE CONVERTIBLE BONDS HAVING AN AGGREGATE PRINCIPAL VALUE OF S\$6,500,000 TO TANG WEE LOKE, LEE TEONG SANG AND TSAI YI-CHEN AND THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 590,909,091 CONVERSION SHARES AND 106,363,636 INTEREST SHARES TO TANG WEE LOKE, LEE TEONG SANG AND TSAI YI-CHEN PURSUANT TO THE CONVERSION OF THE REDEEMABLE CONVERTIBLE BONDS;**
- (2) **PROPOSED ISSUE OF A REDEEMABLE CONVERTIBLE BOND HAVING A PRINCIPAL VALUE OF S\$5,500,000 TO WANG YU HUEI AND THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 500,000,000 CONVERSION SHARES AND 90,000,000 INTEREST SHARES TO WANG YU HUEI PURSUANT TO THE CONVERSION OF THE REDEEMABLE CONVERTIBLE BOND, IN ACCORDANCE WITH RULE 812(2) OF THE RULES OF CATALIST;**
- (3) **PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO WANG YU HUEI PURSUANT TO THE PROPOSED BOND SUBSCRIPTION;**
- (4) **PROPOSED CAPITAL REDUCTION;**
- (5) **PROPOSED CONSOLIDATION OF EVERY FIFTY (50) EXISTING ISSUED ORDINARY SHARES IN THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY; AND**
- (6) **PROPOSED CHANGE OF NAME OF THE COMPANY TO DISA LIMITED.**

IMPORTANT DATES AND TIMES

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| Last date and time for lodgement of Proxy Form | : | 11 February 2017 at 10:30 a.m. |
| Date and time of Extraordinary General Meeting | : | 13 February 2017 at 10:30 a.m. |
| Place of Extraordinary General Meeting | : | 2 Bukit Merah Central Podium Block, Level 3, Room P301 Singapore 159835 |

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DEFINITIONS

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

- “Accumulated Losses”** : Has the meaning ascribed to it in section 3.1 of this Circular
- “ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore
- “Act”** : The Companies Act (Cap. 50) of Singapore as may be amended, varied or supplemented from time to time
- “Associates”** : (a) In relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of Directors of the Company from time to time
- “Bonds” or “RCB”** : The redeemable convertible bonds having an aggregate principal value of S\$12 million, to be subscribed for by the Investors and issued by the Company to the Investors on the RCB Closing Date pursuant to the terms and subject to the conditions of the RCB Agreement
- “Bondholders” or “Investors”** : Wang Yu Huei, Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen, and **“Bondholder”** or **“Investor”** means each or any of them as the context requires
- “Books Closure Date”** : The time and date, to be determined by the Directors, at and on which the register of members and share transfer books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
- “Capital Reduction Resolution”** : Special Resolution of the Company to undertake the Proposed Capital Reduction
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST

DEFINITIONS

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|----------------------------------|---|---|
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 20 January 2017 |
| “Company” | : | Equation Summit Limited |
| “Consolidated Shares” | : | Consolidated Shares in issue after completion of the Proposed Share Consolidation |
| “Constitution” | : | The constitution of the Company as may be amended, varied or supplemented from time to time |
| “Controlling Interest” | : | The interest of the Controlling Shareholder(s) |
| “Controlling Shareholder” | : | A person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (subject to the SGX-ST determining that such a person is not a Controlling Shareholder), or a person who in fact exercises control over the Company |
| “Conversion” | : | The conversion of the Bonds held by the Bondholders into Conversion Shares pursuant to the terms and subject to the conditions of the RCB Agreement and “Converted” shall be construed accordingly |
| “Conversion Period” | : | Has the meaning ascribed to it in section 2.2 of this Circular |
| “Conversion Price” | : | S\$0.011 per Conversion Share, subject to adjustments in accordance with the provisions of the RCB Agreement |
| “Conversion Shares” | : | The Shares to be allotted and issued by the Company to the Bondholders upon Conversion, determined by dividing each Investors’ respective proportion of the Subscription Amount over the Conversion Price |
| “Deed Poll” | : | The deed poll dated 26 June 2015 executed by the Company for purposes of constituting the warrants to be allotted and issued by the Company |
| “Director” | : | A director of the Company (whether executive or non-executive) as at the date of this Circular and the term “Directors” shall be construed accordingly |
| “Disa” | : | Disa Digital Safety Pte. Ltd. |
| “Effective Trading Date” | : | The date on which the Shares will trade on Catalist in board lots of 100 Consolidated Shares |

DEFINITIONS

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| “EGM” | : | The extraordinary general meeting of the Company to be held on 13 February 2017, at 10:30 a.m., notice of which is set out on pages N-1 to N-3 of this Circular |
| “ESOS” | : | The Equation Employee Share Option Scheme 2010 approved by Shareholders at an extraordinary general meeting held on 28 October 2010, as may be amended, varied or supplemented from time to time |
| “Group” | : | Collectively, the Company and its subsidiaries |
| “Interest” | : | Simple interest accruing non-compounded, at the rate of 9% per annum, on the outstanding principal value of the Bonds that have not been Converted or redeemed in accordance with the terms of the RCB Agreement |
| “Interest Shares” | : | The Shares to be allotted and issued by the Company to the Bondholders, at their election, in lieu of receiving payment of Interest in cash |
| “Latest Practicable Date” | : | 12 January 2017, being the latest practicable date prior to the printing of this Circular |
| “LPS” | : | Loss per Share |
| “Market Day” | : | A day on which the SGX-ST is open for trading in securities |
| “MAS” | : | The Monetary Authority of Singapore |
| “Maturity Date” | : | Has the meaning ascribed to it in section 2.2 of this Circular |
| “NAV” | : | Net asset value |
| “New Share Certificates” | : | The new share certificates for Consolidated Shares |
| “Notice of EGM” | : | The notice of the EGM as set out on pages N-1 to N-3 of this Circular |
| “NTA” | : | Net tangible assets |
| “Old Share Certificates” | : | The physical share certificates for existing Shares held by Shareholders in their own names |
| “Options” | : | The share options granted by the Company pursuant to the ESOS |
| “Ordinary Resolution” | : | A Resolution to be passed by not less than 50% in value of Shareholders present and voting either in person or by proxy at the EGM |

DEFINITIONS

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| “Proposed Bond Subscription” | : | The proposed subscription of the Bonds by the Investors and issuance thereof by the Company to the Investors |
| “Proposed Capital Reduction” | : | The proposed capital reduction exercise to be carried out by the Company pursuant to Section 78A read with Section 78C of the Act, to reduce and cancel the share capital of the Company which is unrepresented by available assets to the extent of S\$135,571,000 as at 30 September 2016 |
| “Proposed Change of Name” | : | The proposed change of name of the Company from Equation Summit Limited to “DISA Limited” |
| “Proposed Share Consolidation” | : | The consolidation of every 50 existing Shares held by Shareholders at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded |
| “Proposed Share Consolidation Effective Date” | : | The Market Day immediately following the Books Closure Date, whereupon every fifty (50) existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share |
| “Proposed Transactions” | : | The Proposed Bond Subscription, the Proposed Transfer of Controlling Interest, the Proposed Capital Reduction, the Proposed Share Consolidation and the Proposed Change of Name |
| “Proposed Transfer of Controlling Interest” | : | The possible transfer of a Controlling Interest in the Company to Wang Yu Huei resulting from the full Conversion of all of his Bonds into Conversion Shares, together with his election to receive Interest Shares |
| “Proxy Form” | : | The proxy form in respect of the EGM as set out in this Circular |
| “RCB Agreement” | : | The agreement in relation to the subscription of Bonds by the Investors entered into on 23 December 2016 between the Company and the Investors |
| “RCB Closing Date” | : | A date falling not later than 3 Business Days after all of the RCB Conditions have been fulfilled or waived |
| “RCB Conditions” | : | The conditions precedent to the completion of the Proposed Bond Subscription and the RCB Agreement |
| “RCB Parties” | : | The parties to the RCB Agreement, being the Investors and the Company |

DEFINITIONS

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| “Regulator” | : | Any central bank or provincial, state, federal, national, government, semi-government, administrative, supervisory, regulatory, statutory, fiscal or judicial agency, authority, body, commission, department, tribunal, entity or ministry (including but not limited to MAS, SIC and/or SGX-ST) |
| “Resolutions” | : | The Special Resolutions and Ordinary Resolutions of the Shareholders as set out in the Notice of EGM |
| “Rules of Catalist” | : | The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended or modified from time to time |
| “Sculptor Agreement” | : | The convertible loan agreement between Disa and the Sculptor Investors dated 2 April 2012 |
| “Sculptor First Tranche” | : | The initial loan of an aggregate principal amount of S\$7,000,000 by the Sculptor Investors to the Company, pursuant to the Sculptor Agreement |
| “Sculptor Interest” | : | Accrued interest on the Sculptor First Tranche, pursuant to the terms of the Sculptor Agreement, as of 31 October 2016 |
| “Sculptor Investors” | : | Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited |
| “Sculptor Options” | : | The option of the Sculptor Investors to grant the Sculptor Second Tranche to the Company, pursuant to the Sculptor Agreement |
| “Sculptor Second Tranche” | : | The further loan of an aggregate principal amount of S\$7,000,000, in addition to the Sculptor First Tranche, by the Sculptor Investors to the Company, pursuant to the Sculptor Agreement |
| “Sculptor Supplemental Agreement” | : | The supplemental agreement to the Sculptor Agreement dated 15 November 2016 |
| “Securities Account” | : | A securities account maintained by a Depositor with CDP |
| “Securities and Futures Act” or “SFA” | : | The Securities and Futures Act (Chapter 289) of Singapore as may be amended, varied or supplemented from time to time |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |

DEFINITIONS

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| “Shareholders” | : | Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose direct securities accounts maintained with CDP are credited with the Shares and any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts |
| “Share(s)” | : | Ordinary share(s) in the capital of the Company |
| “Share Registrar” | : | The share registrar of the Company, Boardroom Corporate & Advisory Services Pte Ltd |
| “SIC” | : | The Securities Industry Council of Singapore |
| “Special Resolution” | : | A Resolution to be passed by not less than 75% in value of Shareholders present and voting either in person or by proxy at the EGM |
| “Sponsor” | : | SAC Capital Private Limited, being the continuing sponsor of the Company |
| “Subscription Amount” | : | The aggregate principal cash sum of S\$12 million, payable in free and clear funds by the Investors to the Company in the proportions set out in Schedule 1 of this Circular |
| “Substantial Shareholder” | : | A person who has an interest in not less than five per cent. (5%) of all the issued voting Shares |
| “TWL Associates” | : | (a) Tang Wee Loke’s immediate family; (b) the trustees of any trust of which Tang Wee Loke or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (c) any company in which Tang Wee Loke and his immediate family together (directly or indirectly) have an interest of 30% or more |
| “U.S. dollar” or “USD” | : | United States dollars, the lawful currency of the United States of America |
| “USA” | : | The United States of America |
| “Warrants” | : | Warrants in registered form allotted and issued by the Company pursuant to the terms and subject to the conditions of the Deed Poll |

DEFINITIONS

“S\$” and “cents” : Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

“%” or “per cent.” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA or any statutory modification thereof, as the case may be.

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

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the one gender shall, where applicable, include all other and neuter genders. References to natural persons shall include corporations.

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

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

Any reference to a time of day shall be a reference to Singapore time unless otherwise stated.

LETTER TO SHAREHOLDERS

EQUATION SUMMIT LIMITED

(Company Registration Number: 197501110N)
(Incorporated in the Republic of Singapore)

Board of Directors:

Toh Hock Ghim (Non-Executive Chairman and Independent Director)
Chng Weng Wah (Chief Executive Officer and Executive Director)
Lau Kay Heng (Independent Director)
Kan Ah Chye (Independent Director)

Registered Office:

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

20 January 2017

To: The Shareholders of Equation Summit Limited (“Company”)

Dear Sir/Madam,

- (1) **PROPOSED ISSUE OF REDEEMABLE CONVERTIBLE BONDS HAVING AN AGGREGATE PRINCIPAL VALUE OF S\$6,500,000 TO TANG WEE LOKE, LEE TEONG SANG AND TSAI YI-CHEN AND THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 590,909,091 CONVERSION SHARES AND 106,363,636 INTEREST SHARES PURSUANT TO THE CONVERSION OF THE REDEEMABLE CONVERTIBLE BONDS;**
- (2) **PROPOSED ISSUE OF A REDEEMABLE CONVERTIBLE BOND HAVING A PRINCIPAL VALUE OF S\$5,500,000 TO WANG YU HUEI AND THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 500,000,000 CONVERSION SHARES AND 90,000,000 INTEREST SHARES TO WANG YU HUEI PURSUANT TO THE CONVERSION OF THE REDEEMABLE CONVERTIBLE BOND, IN ACCORDANCE WITH RULE 812(2) OF THE RULES OF CATALIST;**
- (3) **PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO WANG YU HUEI PURSUANT TO THE PROPOSED BOND SUBSCRIPTION;**
- (4) **PROPOSED CAPITAL REDUCTION;**
- (5) **PROPOSED CONSOLIDATION OF EVERY FIFTY (50) EXISTING ISSUED ORDINARY SHARES IN THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY; AND**
- (6) **PROPOSED CHANGE OF NAME OF THE COMPANY TO DISA LIMITED.**

(COLLECTIVELY, THE “PROPOSED TRANSACTIONS”)

LETTER TO SHAREHOLDERS

1. INTRODUCTION

- 1.1 The Board is proposing to convene an EGM to seek approval from Shareholders for the Proposed Transactions.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to, and the rationale for, the Proposed Transactions and to seek Shareholders' approval for the same at the EGM to be held on 13 February 2017 at 10:30 a.m. at 2 Bukit Merah Central Podium Block, Level 3, Room P301, Singapore 159835.
- 1.3 Shareholders should note that the approval of Resolutions 2 and 3 are inter-conditional. As such, if either of Resolutions 2 or 3 are not carried, both Resolutions 2 and 3 will not be carried.

2. THE PROPOSED BOND SUBSCRIPTION

2.1 Details of the Proposed Bond Subscription

(a) Background

On 27 December 2016, the Company announced that it had entered into the RCB Agreement with the Investors for the Proposed Bond Subscription.

The Proposed Bond Subscription, including the allotment and issuance of the Conversion Shares and Interest Shares to the Investors, is undertaken pursuant to the exemptions under section 275(1A) of the SFA.

(b) Subscription Amounts

The Subscription Amounts payable by the respective Investors to the Company and the maximum amount of accrued Interest each Investor will be entitled to under the RCB Agreement, is set out in Schedule 1.

- (c) A listing application for the listing and quotation of up to 1,090,909,091 Conversion Shares and up to 196,363,636 Interest Shares on the Catalist of the SGX-ST will be submitted to the SGX-ST by the Sponsor. The SGX-ST's in-principle approval, if obtained, is not to be taken as an indication of the merits of the Conversion Shares and the Interest Shares, the Company or its subsidiaries.

(d) Information on the Investors

Wang Yu Huei is a businessman in Singapore who engages in business consultancy and investment activities. He is a director and the single largest controlling shareholder of Asdew Acquisition Pte Ltd.

Tang Wee Loke was the research manager and, later, a director of Kay Hian & Co (Pte) Ltd. Subsequent to his retirement, he became a non-executive director of UOB Kay Hian Holdings Ltd. He served on the SGX-ST board as an independent director from 2002 to 2007. He was the founder chairman of the Securities Association of Singapore, which represents the interest of securities trading members in Singapore.

LETTER TO SHAREHOLDERS

Lee Teong Sang is an accredited investor with experience in the financial industry. He used to be an analyst with GK Goh Stockbrokers Pte Ltd.

Tsai Yi-Chen is an experienced venture investor focusing on the technology sector. She is the vice president of a venture capital investor in Greater China TMT industry.

As at the Latest Practicable Date, Wang Yu Huei has an existing direct interest in 9.74% of the voting rights in the Company and Tang Wee Loke has an existing deemed and direct interest in 4.45% of the voting rights in the Company.

Accordingly, Wang Yu Huei is a Substantial Shareholder of the Company, and the allotment and issuance of any Conversion Shares and Interest Shares to him pursuant to the Conversion of the Bonds is subject to Shareholders' approval at the EGM, in accordance with Rule 812(2) of the Rules of Catalist. Please refer to section 2.7 of this Circular for more information.

Lee Teong Sang and Tsai Yi-Chen were identified and introduced to the Company through mutual and informal contacts in the industry, and no fees or commissions were paid for such introductions. Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen do not fall within any of the categories as set out in Rule 812 of the Rules of Catalist.

Prior to the RCB Agreement and save for Wang Yu Huei's and Tang Wee Loke's respective interests as Shareholders, the Investors have had no previous business, commercial or trade dealings with the Company. The Investors are investing in the Company, at arm's length, as existing and new strategic investors respectively.

(e) Rationale and use of proceeds

The Company intends to use the proceeds from the Proposed Bond Subscription for the expansion of Disa, a subsidiary of the Group, through acquisitions and joint ventures.

The estimated net proceeds to be raised from the Proposed Bond Subscription, after deducting estimated fees and expenses of approximately S\$100,000, is approximately S\$11.9 million.

Pending deployment of the net proceeds from the Proposed Bond Subscription, such proceeds may be placed as deposits with financial institutions in short term money markets or debt instruments or for any other purposes on a short term basis, but in accordance with the terms of the RCB Agreement, as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the net proceeds as and when the net proceeds from the Proposed Bond Subscription are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of the proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the net proceeds in its annual reports, if applicable.

The Directors are of the opinion that after taking into consideration the present financial position of the Group, including:

LETTER TO SHAREHOLDERS

- (i) its banking facilities, its bank and cash balances, the Group has adequate working capital for its present requirements; and
- (ii) the present bank facilities and net proceeds of the Proposed Bond Subscription, the working capital available to the Group is sufficient to meet its present requirements.

2.2 Principal terms of the RCB Agreement

- Subscription Amount : S\$12.0 million.
- Issue Price : 100% of the aggregate Subscription Amount of the Bonds.
- Conversion Price : S\$0.011, subject to adjustments in accordance with the provisions of the RCB Agreement. The Conversion Price was agreed to by the RCB Parties on arm's length basis with reference to the current market price of the Shares. The Conversion Price is on par with the volume weighted average price of S\$0.011 for trades done on the Company's shares on Catalist for the full Market Day on 20 December 2016 (being the last full Market Day prior to the trading halt and signing of the RCB Agreement) up to the time of the trading halt.
- Conversion Shares : Such number of Shares to be allotted and issued by the Company to the Bondholders upon Conversion (assuming Conversion takes place after completion of the Proposed Share Consolidation), determined by dividing each Investor's respective proportion of the Subscription Amount over the Conversion Price. Please refer to Schedule 1 of this Circular for more details of the resultant number of Shares held by the Bondholders pursuant to Conversion and post-Proposed Share Consolidation.
- Closing Date : A date falling not later than three (3) business days after all of the RCB Conditions have been fulfilled or waived, or such other date as may be agreed to in writing by the RCB Parties on which the Bonds will be issued to the Investors by the Company in exchange for payment of the aggregate Subscription Amount by the Investors to the Company.

LETTER TO SHAREHOLDERS

Interest : Simple interest shall accrue on the outstanding principal value of the Bonds that have not been Converted or redeemed in accordance with the terms of the RCB Agreement, non-compounded, at the rate of 9% per annum, payable in cash by the Company to the Bondholder on the dates falling on (a) the first anniversary of the RCB Closing Date, and (b) the earlier of the date of Conversion or the Maturity Date.

In lieu of receiving payment of Interest in cash, each Bondholder may, at his option, elect to have all Interest due to him, satisfied by way of allotment and issuance to him by the Company of such number of Shares as is equivalent to such amount of Interest divided by the Conversion Price.

Maturity Date : The date falling on the second anniversary of the date of the RCB Agreement, being 23 December 2018.

Conversion Period : The continuous period beginning on the day immediately after the first anniversary of the date of the RCB Agreement (being 23 December 2017) to 5.00 pm on the day immediately before the Maturity Date.

Status of the Bonds : The Bonds will constitute the direct, unconditional and unsecured obligation of the Company and shall rank *pari passu* with all the Company's other present and future unsecured and unsubordinated indebtedness (other than indebtedness preferred by operation of law) and without preference among themselves. The Bonds do not confer on the Bondholders, any rights or entitlements to participate in any distribution and/or offer of further securities of the Company.

Adjustments to Conversion Price : The Conversion Price will be subject to adjustments under certain events provided for in the RCB Agreement in accordance with the following formula:

$$\text{NCP} = \text{CP} \times \frac{\text{OSC}}{\text{NSC}}$$

where:

NCP : is the new Conversion Price;

CP : is the Conversion Price;

OSC : is the entire share capital of the Company immediately before such event; and

NSC : is the entire share capital of the Company immediately after such event.

LETTER TO SHAREHOLDERS

Such events of adjustment include, without limitation, consolidation or subdivision of the Shares, bonus issue, capitalisation of profits or reserves, rights issues and other issues to all Shareholders on a pro-rata basis and new issues of Shares of more than 10% of the Company's enlarged share capital other than a pro-rata basis. Any such adjustments shall be announced by the Company on the SGXNET.

- Conversion : The Bondholders may convert their respective Bonds (in whole but not in part) into Conversion Shares, at any time other than a period in which the register of members of the Company is closed generally for the purpose of establishing entitlement to any dividend, distribution or other rights attaching to the Share during and not before (save in the event of a general offer to all Shareholders for the take-over of the Company as regulated under the Singapore Code on Take-overs and Mergers) the Conversion Period, by giving fourteen (14) business days' written notice of Conversion to the Company.
- Status of the Conversion Shares and Interest Shares : The Conversion Shares and Interest Shares, when issued, will rank *pari passu*, with all then existing Shares, free from any encumbrances.
- Redemption : Unless previously Converted in accordance with the terms of the RCB Agreement, the Bonds shall all be redeemed by the Company on the Maturity Date (and not before) by payment of the outstanding principal value of the Bonds and all accrued Interest thereof to each of the Bondholders in cash, subject to any fiscal, taxation or other laws and regulations applicable to the Company.
- Non-transferability : The Bonds shall only be issued to the Investors and are not transferrable. Title to the Bonds shall be evidenced by registration in the Company's register of bondholders.
- Listing Status : The Bonds shall not be listed on any stock exchange.
- No modification of the RCB Agreement : No amendment or variation of the RCB Agreement shall be effective unless in writing and signed by or on behalf of each RCB Party and no material alteration to the terms of the RCB Agreement and/or the Bonds to the advantage of the Bondholders (save as already provided for in the RCB Agreement) may be made without the express approval of the Shareholders.

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- Termination : Notwithstanding any other provisions in the RCB Agreement, the RCB Parties may, by mutual agreement, terminate the RCB Agreement in writing signed by the RCB Parties, which termination agreement shall provide for the redemption of any Bonds that have not been Converted, together with all accrued Interest thereof, whereupon full payment by the Company, the RCB Agreement shall terminate and the RCB Parties shall be released and discharged from their respective obligations hereunder (except for their respective obligations, covenants or undertakings which, pursuant to the terms of the RCB Agreement, are to expressed to survive such termination).
- Notice of Maturity : Unless all the Bonds have been fully Converted, the Company will make an announcement of the Maturity Date and a notice of the Maturity Date will be sent to the Bondholders at least one month before the Maturity Date.

In the event that the Company goes into liquidation, the Bonds will rank:

- (a) junior to any present and future senior secured debt obligations of the Company (to the extent of and in respect of the security provided in respect thereof);
- (b) *pari passu* and without preference among themselves;
- (c) *pari passu* and without preference with all other present and future unconditional, unsecured and unsubordinated obligations of the Company other than those preferred by statute or applicable law; and
- (d) senior to all classes of shares in the capital of the Company and any obligations expressed to be subordinate to the Bonds (where applicable).

2.3 Conditions to the Proposed Bond Subscription

The Proposed Bond Subscription is subject to, *inter alia*, the following RCB Conditions:

- (a) The respective representations and warranties of each RCB Party being true and accurate in all material respects on and as of the RCB Closing Date, with the same force and effect as though made on and as of the RCB Closing Date, and each RCB Party having performed and complied with all their respective undertakings, covenants and agreements set out in the RCB Agreement on or prior to the RCB Closing Date;
- (b) All required consents and approvals for the transactions under the RCB Agreement having been obtained without restrictions or limitations whatsoever that are unacceptable to the RCB Parties, and being in full force and effect, in particular, and without limitation:
 - (i) the approval of the Board for the entering into of the RCB Agreement and the transactions under the RCB Agreement and any related transactions in relation thereto;

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- (ii) specific approval from the Shareholders to be obtained by the Company at the EGM for the transactions under the RCB Agreement and any transactions in relation thereto and for the allotment and issuance of all the Conversion Shares and Interest Shares to the Investors in accordance with the terms and conditions of the RCB Agreement;
- (iii) the approval of the SGX-ST for, amongst other things, the allotment, issuance and listing and quotation of the Conversion Shares and Interest Shares on Catalist having been obtained by the Company and such approval not having been withdrawn, revoked or amended and where such approval is subject to conditions, such conditions being reasonably acceptable to the RCB Parties and, to the extent that any conditions for the listing and quotation of the Conversion Shares and Interest Shares on Catalist are required to be fulfilled, they are so fulfilled prior to the RCB Closing Date;
- (iv) all licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant government bodies, statutory authorities or regulatory, administrative or supervisory bodies (including, without limitation, the SGX-ST, MAS and the SIC, third party contractors, counterparties, financing or facility providers of the Company as may be required for or in connection with (A) the entering into of the RCB Agreement by the Company, the transactions under the RCB Agreement and any related transactions in relation thereto, and (B) the allotment, issuance, listing and quotation of the Conversion Shares and Interest Shares on Catalist, all having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the RCB Parties and are fulfilled on or before the RCB Closing Date; and
- (v) no relevant Regulator taking, instituting, implementing or threatening to take, institute or implement any action, enforcement, proceeding, suit, investigation, inquiry or decision, and no statute, regulation, decision, ruling, award, direction or order having been made, proposed, enacted or implemented, and no steps having been taken, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, direction or order which would or might:
 - (A) make any transaction contemplated in the RCB Agreement or any other transactions in connection herewith and incidental hereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or
 - (B) render the Investors unable to be allotted and issued all or any of the Conversion Shares and/or Interest Shares in the manner set out in the RCB Agreement.

In the event any of the RCB Conditions is not satisfied or waived by the respective entitled RCB Party on or before the RCB Closing Date, the RCB Agreement shall be deemed to be terminated.

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2.4 Adjustments to the Redeemable Convertible Bonds

As any Conversion of the Bonds will occur during the Conversion Period, which is expected to take place after the completion of the Proposed Share Consolidation, the Conversion Price shall be adjusted as a result of the Proposed Share Consolidation in accordance with the provisions of the RCB Agreement. Accordingly, the number of Conversion Shares and Interest Shares (as the case may be) to be allotted and issued to the Bondholders will also be adjusted. Details of such adjustments will be announced in due course upon completion of the Proposed Share Consolidation.

2.5 Financial Effects of the Proposed Bond Subscription

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial period ended 30 June 2016, the financial effects of the Proposed Bond Subscription and allotment and issuance of Conversion Shares and Interest Shares on the Company are set out below (on the assumption that the Proposed Bond Subscription and allotment and issuance of Conversion Shares and Interest Shares were completed on 30 June 2016 and before the completion of the Proposed Capital Reduction and Proposed Share Consolidation):

(a) Share Capital

| | As at 30 June 2016 | |
|--|---|--|
| | Issued Share Capital before the Proposed Bond Subscription | Enlarged share capital after the Proposed Bond Subscription assuming full Conversion of Conversion Shares and Interest Shares |
| Issued and paid up share capital (S\$'000) | 154,474 | 168,634 |
| Number of Shares ('000) | 5,113,730 | 6,401,003 |

(b) Consolidated NTA

| | As at 30 June 2016 | | | |
|-----------------------|--|--|--|--|
| | Group | | Company | |
| | Before the Proposed Bond Subscription | After the Proposed Bond Subscription, assuming full Conversion of Conversion Shares and Interest Shares | Before the Proposed Bond Subscription | After the Proposed Bond Subscription, assuming full Conversion of Conversion Shares and Interest Shares |
| NTA (S\$'000) | 3,983 | 18,143 | 22,867 | 37,027 |
| No. of Shares ('000) | 5,113,730 | 6,401,003 | 5,113,730 | 6,401,003 |
| NTA per Share (cents) | 0.078 | 0.283 | 0.447 | 0.578 |

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(c) Consolidated LPS

| | As at 30 June 2016 | |
|--|--|--|
| | Before the Proposed Bond Subscription | After the Proposed Bond Subscription, assuming full Conversion of Conversion Shares and Interest Shares |
| Loss after taxation (S\$'000) | (11,734) | (11,734) |
| Weighted average number of Shares ('000) | 5,113,730 | 6,401,003 |
| LPS (cents) | (0.229) | (0.183) |

(d) Changes to Bondholders' shareholding interests in the Company following Conversion

Assuming there are no other events triggering adjustment of the Conversion Price, Schedule 1 shows the aggregate resultant number of Shares and percentage of voting rights over the Company's enlarged consolidated share capital of each Bondholder upon Conversion, assuming completion of the Proposed Share Consolidation.

2.6 Authority for allotment and issuance of Conversion Shares and Interest Shares to Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen

Rules 805 and 824 of the Rules of Catalist provide that an issuer must obtain the prior approval of shareholders in general meeting for the issuance of shares or convertible securities, unless such shares or convertible securities are issued under a general mandate obtained from shareholders in general meeting.

Assuming that the Conversion takes place before the Proposed Share Consolidation, the maximum number of Conversion Shares and Interest Shares, when issued, will represent approximately 18.74% of the issued share capital of the Company comprising 6,868,733,333 Shares as at the Latest Practicable Date and will represent approximately 15.78% of the enlarged issued share capital of the Company comprising 8,156,006,060 Shares after the allotment and issue of the Conversion Shares and Interest Shares.

As the aggregate number of Conversion Shares and Interest Shares to be issued pursuant to the RCB Agreement exceeds the limit of the existing share mandate approved by Shareholders at the general meeting of the Company held on 28 October 2016, the Company will be seeking a separate specific approval of Shareholders for the allotment and issue of the Conversion Shares and the Interest Shares, for purposes of Rules 805 and 824 of the Rules of Catalist. The approval of Shareholders for the Proposed Bond Subscription is not intended to vary, revoke or amend the terms of the existing general mandate.

The Ordinary Resolution to seek Shareholders' approval for the Proposed Bond Subscription and the allotment and issuance of all the Conversion Shares and Interest Shares to Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen is set out in Resolution 1 in the Notice of EGM.

As Tang Wee Loke is personally interested in the outcome of Resolution 1, Tang Wee Loke shall, and shall ensure that the TWL Associates, if any, abstain from voting on Resolution 1 at the EGM. Please refer to section 8 of this Circular for more information.

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2.7 Authority for allotment and issuance of Conversion Shares and Interest Shares to Wang Yu Huei pursuant to Rule 812(2) of the Rules of Catalist

As Wang Yu Huei is an existing Substantial Shareholder of the Company, specific approval shall be sought from the Shareholders pursuant to Rule 812(2) of the Rules of Catalist for the allotment and issuance of all the Conversion Shares and Interest Shares to Wang Yu Huei in connection with the Proposed Bond Subscription.

The Ordinary Resolution to seek Shareholders' approval for the Proposed Bond Subscription in respect of Wang Yu Huei and the allotment and issuance of all the Conversion Shares and Interest Shares to Wang Yu Huei in accordance with Rule 812(2) of the Rules of Catalist is set out in Resolution 2 in the Notice of EGM.

As Wang Yu Huei is personally interested in the outcome of Resolution 2, Wang Yu Huei and his Associates will be required to abstain from voting on Resolution 2 at the EGM. Please refer to section 8 of this Circular for more information.

Shareholders should note that the approval of Resolutions 2 and 3 are inter-conditional. As such, if either of Resolutions 2 or 3 are not carried, both Resolutions 2 and 3 will not be carried.

2.8 Proposed Transfer of Controlling Interest

Rule 803 of the Rules of Catalist provides that an issuer may not issue securities to transfer a Controlling Interest without prior approval of its shareholders in a general meeting.

As the full Conversion of all Wang Yu Huei's Bonds, together with an election to receive Interest in Interest Shares by Wang Yu Huei will result in his aggregate voting rights crossing 15.0% in the entire enlarged share capital of the Company, the Company will be seeking the approval of Shareholders at the EGM for the Proposed Transfer of Controlling Interest.

The Ordinary Resolution to seek Shareholders' approval for the Proposed Transfer of Controlling Interest is set out in Resolution 3 in the Notice of EGM.

As Wang Yu Huei is personally interested in the outcome of Resolution 3, Wang Yu Huei and his Associates will be required to abstain from voting on Resolution 3 at the EGM. Please refer to section 8 of this Circular for more information.

Shareholders should note that the approval of Resolutions 2 and 3 are inter-conditional. As such, if either of Resolutions 2 or 3 are not carried, both Resolutions 2 and 3 will not be carried.

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3. THE PROPOSED CAPITAL REDUCTION

3.1 Details of the Proposed Capital Reduction

The Company is proposing to carry out the Proposed Capital Reduction to write off its accumulated losses, as described below (“**Accumulated Losses**”).

Such Accumulated Losses arose mainly from the accumulated loss arising from the reverse take-over of S\$99,476,000 in year 2004 as well as losses incurred over the past ten years, amounting to S\$135,571,000, in total, for the financial period ended 30 September 2016, as announced by the Company on 2 November 2016.

Losses incurred over the years included impairment assessment for investment in subsidiaries, assessed in accordance with “Financial Reporting Standard 36 Impairment of Assets” to determine the recoverable amount of the investment, which is the higher of its fair value less costs of disposal and its value in use. The fair value, less costs of disposal, was used to determine the recoverable amount as it is the higher of the two methods.

The accumulative impairments were shown in the Company’s audited financial statements for the financial year ended 30 June 2016 as announced on 12 October 2016.

The Proposed Capital Reduction will reduce the Accumulated Losses through the cancellation of the share capital of the Company to the extent of S\$135,571,000 and will be effected in the following manner:

- (a) by reducing the share capital of the Company from S\$154,474,000 to S\$18,903,000 by the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets to the extent of S\$135,571,000; and
- (b) thereafter by applying an amount equal to S\$135,571,000 being the credit arising from the cancellation of the share capital of the Company, towards the writing-off of the Accumulated Losses of S\$135,571,000.

There will be no change to the total number of Shares held by the Shareholders immediately after the Proposed Capital Reduction, nor will the Proposed Capital Reduction involve the payment to any Shareholders of any paid-up share capital of the Company.

Pursuant to Section 78C(2) of the Act, the Company is not required to meet the solvency requirements under Section 78C(1)(b) of the Act as the Proposed Capital Reduction does not involve a reduction or distribution of cash or other assets by the Company, or a release of any liability owed to the Company.

It is a requirement under the Act that a company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of their shareholders at a general meeting of shareholders by way of a special resolution, to be tabled at such general meeting.

The Special Resolution to seek Shareholders’ approval for the Proposed Capital Reduction is set out in Resolution 4 in the Notice of EGM (“**Capital Reduction Resolution**”).

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3.2 Rationale for the Proposed Capital Reduction

The purpose of the Proposed Capital Reduction is to write off the Accumulated Losses with a view to restructuring the finances of the Company. This serves to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company. In addition, the Proposed Capital Reduction will facilitate future equity-related fund raising exercises to recapitalise and strengthen the balance sheet of the Company. The Company would be in a better position to retain profits and enhance its ability to pay future dividends if the Accumulated Losses are written off.

The Directors will take into consideration the present and future funding needs of the Company, and the Group before declaring any dividends.

3.3 Financial Effects of the Proposed Capital Reduction

The financial effects of the Proposed Capital Reduction are set out below. The financial effects of the Proposed Capital Reduction as illustrated, are based on, *inter alia*, the assumption that the Proposed Capital Reduction was completed on 30 September 2016.

(a) Share Capital

| Share Capital | As at 30 September 2016 | |
|---|--|---------|
| | No. of Shares (including Shares held as treasury Shares) | S\$ |
| Before the Proposed Capital Reduction ('000) | 5,113,730 | 154,474 |
| After the Proposed Capital Reduction and before the Proposed Share Consolidation ('000) | 5,113,730 | 18,903 |

The Proposed Capital Reduction will reduce the paid-up share capital of the Company by S\$135,571,000 to write off the Accumulated Losses. **The number of issued Shares and the percentage of Shares held by Shareholders will remain unchanged immediately after the Proposed Capital Reduction and before the Proposed Share Consolidation. No capital will be returned to the Shareholders.**

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(b) Shareholders' Fund

| | As at 30 September 2016 | | | |
|--|--|--|--|--|
| | <u>Group</u> | | <u>Company</u> | |
| | Before the Proposed Capital Reduction (S\$'000) | After the Proposed Capital Reduction and before the Proposed Share Consolidation (S\$'000) | Before the Proposed Capital Reduction (S\$'000) | After the Proposed Capital Reduction and before the Proposed Share Consolidation (S\$'000) |
| Share Capital | 154,474 | 18,903 | 154,474 | 18,903 |
| Treasury Shares | – | – | – | – |
| Share option reserve | 54 | 54 | 54 | 54 |
| Currency translation reserve | (25) | (25) | – | – |
| Other reserve | 4,377 | 4,377 | 3,641 | 3,641 |
| Accumulated (losses)/retained earnings | (133,652) | 1,919 | (135,571) | – |
| Shareholders' Fund | 25,228 | 25,228 | 22,598 | 22,598 |

(c) NTA, EPS and Gearing

The Proposed Capital Reduction will not have any impact on the NTA per Share, EPS and gearing of the Company and the Group.

3.4 Conditions for the Proposed Capital Reduction

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the approval of Shareholders of the Capital Reduction Resolution, being a Special Resolution, at the EGM;
- (b) compliance by the Company with the relevant publicity requirements as prescribed in the Act;
- (c) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Act; and

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- (d) the Company must after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution, lodge with ACRA:
 - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) and Section 78C(3) (if applicable)⁽¹⁾ have been complied with, and that no application for cancellation of the resolution has been made; and
 - (ii) a notice containing the Proposed Capital Reduction information.

The Company will make an announcement on SGXNET to update Shareholders if any of the conditions for the Proposed Capital Reduction as set out in this section is not met.

Note:

- (1) Section 78C(3) of the Act is not applicable in relation to the Proposed Capital Reduction as the Company need not meet solvency requirements pursuant to Section 78C(2) of the Act. Please refer to section 3.1 of this Circular for more details.

3.5 Creditor Objections

In the event that during the six (6) weeks beginning with the date of the Capital Reduction Resolution, one or more applications for the cancellation of the Capital Reduction Resolution has been made under Section 78D(2) of the Act, the following conditions must be satisfied for the Proposed Capital Reduction to take effect:

- (a) the Company must give ACRA notice of the application(s) for the cancellation of the Capital Reduction Resolution as soon as possible after such application(s) have been served on the Company by the creditor(s);
- (b) the proceedings in relation to each application for the cancellation of the Capital Reduction Resolution must be brought to an end by either the dismissal of the application under Section 78F of the Act, or without determination (for example, because the application has been withdrawn); and
- (c) the Company must, within 15 days beginning with the date on which the last such proceedings were brought to an end in accordance with section 3.5(b) above, lodge with ACRA:
 - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c), Section 78C(3) (if applicable)⁽¹⁾ and Section 78D(4) of the Act have been complied with, and that the proceedings in relation to each such application have been brought to an end by either the dismissal of the application, or without determination;
 - (ii) in relation to each such application which has been dismissed by the Court, a copy of the order of the Court dismissing the application; and
 - (iii) a notice containing the Proposed Capital Reduction information.

Note:

- (1) Section 78C(3) of the Act is not applicable in relation to the Proposed Capital Reduction as the Company need not meet solvency requirements pursuant to Section 78C(2) of the Act. Please refer to section 3.1 of this Circular for more details.

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3.6 Effective Date of the Proposed Capital Reduction

If no application is received from any creditor of the Company for the cancellation of the Capital Reduction Resolution within six (6) weeks commencing with the date of the Capital Reduction Resolution, the Company will after the end of the aforesaid six (6) weeks and before the end of the eight (8) weeks, beginning with the date of the Capital Reduction Resolution, lodge the relevant documents required under Sections 78E(2)(i) and (ii) of the Act with ACRA, upon which the Proposed Capital Reduction will take effect.

The Company will thereafter announce and notify Shareholders of the effective date of the Proposed Capital Reduction through an announcement to be posted on the SGX-ST.

4. THE PROPOSED SHARE CONSOLIDATION

4.1 Overview of the Proposed Share Consolidation

The Company proposes to undertake the Proposed Share Consolidation, pursuant to which every fifty (50) existing Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share.

Each Consolidated Share will rank *pari passu* in all respects with the then existing Shares and with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they are entitled to, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded without compensation to the affected Shareholders. All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

As at the Latest Practicable Date, the issued share capital of the Company is S\$168,581,000 divided into 6,868,733,333 Shares. Following the completion of the Proposed Capital Reduction and the Proposed Share Consolidation, the Company will have an issued share capital of S\$33,010,000 divided into 137,374,666 Consolidated Shares. The Proposed Share Consolidation of itself will have no impact on the issued and paid-up share capital of the Company.

For illustrative purposes, the market price of the Shares as at the Latest Practicable Date is S\$0.018, and upon completion of the Proposed Capital Reduction and Proposed Share Consolidation, the theoretical share price of each Consolidated Share is S\$0.90.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company and its subsidiaries.

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Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding. Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holding of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

The Ordinary Resolution to seek Shareholders' approval for the Proposed Share Consolidation is set out in Resolution 5 in the Notice of EGM.

4.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is intended to rationalise the share capital of the Company by reducing the number of Shares outstanding.

The absolute price of the Shares of the Company traded on the SGX-ST has also been closing at a low level, with the last traded Share prices ranging between S\$0.003 and S\$0.019 in the past 6 months prior to the Latest Practicable Date. The table below shows the highest and lowest market prices for each month, and the volume of traded Shares on the Catalist for each month, for the period from 1 July 2016 to the Latest Practicable Date.

| | Highest (S\$) | Lowest (S\$) | Volume of traded Shares (million) |
|--|------------------|-----------------|---|
| July 2016 | 0.005 | 0.003 | 58 |
| August 2016 | 0.005 | 0.003 | 31 |
| September 2016 | 0.005 | 0.002 | 78 |
| October 2016 | 0.010 | 0.004 | 487 |
| November 2016 | 0.013 | 0.009 | 760 |
| December 2016 | 0.012 | 0.010 | 372 |
| 1 January 2017 to the Latest Practicable Date | 0.019 | 0.013 | 758 |

Source: Bloomberg Finance L.P.

Low traded share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of 100 Shares. The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and the Shareholders as it may serve to reduce the fluctuation in magnitude of the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

In addition, the Proposed Share Consolidation may also increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors, thus providing a more diverse shareholder base. Accordingly, the Directors believe that the Proposed Share Consolidation would be beneficial to the Company and the Shareholders.

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However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

4.3 Conditions Precedent for the Proposed Share Consolidation

Pursuant to Article 48(1) of the Constitution, the Company may consolidate its share capital by Ordinary Resolution. The Company is thus seeking the approval of Shareholders for the Proposed Share Consolidation at the EGM.

An application will be made by the Sponsor, for and on behalf of the Company, for the approval of the listing and quotation of the Consolidated Shares on Catalist.

An announcement will also be made by the Company in due course to notify Shareholders of the Effective Trading Date, the Books Closure Date and the Proposed Share Consolidation Effective Date.

4.4 Updating of register of members and Depository Register for the Consolidated Shares

If Shareholders approve the Proposed Share Consolidation at the EGM, the number of Shares held by Shareholders subject to the Proposed Share Consolidation will be determined on the Books Closure Date, at 5:00 p.m. on such date. The register of members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders, and the Proposed Share Consolidation will become effective at 9:00 a.m. on the Proposed Share Consolidation Effective Date and the Shares will begin trading in board lots of 100 Consolidated Shares at 9:00 a.m. on the Effective Trading Date.

(a) Deposit of Share Certificates with CDP

Shareholders who hold Old Share Certificates and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept the deposit of New Share Certificates. Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, for cancellation and issuance of New Share Certificates in replacement thereof as described below.

(b) Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Share Consolidation.

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Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the register of members of the Company.

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

(c) Share Certificates Not Valid for Settlement of Trades on SGX-ST

Shareholders are reminded that their Old Share Certificates are no longer good for settlement of trading in the Shares on the SGX-ST, as the Company is under a book-entry (scripless) settlement system, but will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

4.5 Trading Arrangements for the Consolidated Shares and Odd Lots

(a) Trading arrangements for the Consolidated Shares

Subject to the approval for the Proposed Share Consolidation by Shareholders at the EGM, trading in the existing Shares will cease at 5:00 p.m. on the Market Day immediately preceding the Effective Trading Date. Trading in the Consolidated Shares will commence with effect from 9:00 a.m. on the Effective Trading Date.

The Consolidated Shares shall be traded in board lots of 100 Consolidated Shares except as otherwise provided in section 4.5(b) of this Circular.

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(b) Trading arrangements for odd lots

The existing Shares are currently traded in board lots of 100 Shares. Following the completion of the Proposed Share Consolidation, the securities accounts of Shareholders maintained with CDP may be credited with odd lots of Consolidated Shares (that is, Consolidated Shares numbering less than 100 Consolidated Shares or otherwise than in integral multiples of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid.

Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of 1 Consolidated Share.

4.6 Financial Effects of the Proposed Share Consolidation

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial period ended 30 June 2016, the financial effects of the Proposed Share Consolidation on the Company are set out below (on the assumption that the Proposed Share Consolidation was completed on 30 June 2016):

(a) Share Capital

| | As at 30 June 2016 | |
|--|---|--|
| | Before the Proposed Capital Reduction and Proposed Share Consolidation | After the Proposed Capital Reduction and Proposed Share Consolidation |
| Issued and paid up share capital (S\$'000) | 154,474 | 18,903 |
| Number of Shares ('000) | 5,113,730 | 102,274 |

(b) Consolidated NTA

| | As at 30 June 2016 | | | |
|-----------------------|---|--|---|--|
| | Group | | Company | |
| | Before the Proposed Capital Reduction and Proposed Share Consolidation | After the Proposed Capital Reduction and Proposed Share Consolidation | Before the Proposed Capital Reduction and Proposed Share Consolidation | After the Proposed Capital Reduction and Proposed Share Consolidation |
| NTA (S\$'000) | 3,983 | 3,983 | 22,867 | 22,867 |
| No. of Shares ('000) | 5,113,730 | 102,274 | 5,113,730 | 102,274 |
| NTA per Share (cents) | 0.08 | 3.89 | 0.45 | 22.36 |

LETTER TO SHAREHOLDERS

(c) Consolidated LPS

| | As at 30 June 2016 | |
|---|--|---|
| | Before the Proposed Capital Reduction and Proposed Share Consolidation | After the Proposed Capital Reduction and Proposed Share Consolidation |
| Loss after taxation (S\$'000) | (11,734) | (11,734) |
| Weighted average number of Shares ('000) | 5,113,730 | 102,274 |
| LPS (cents) | (0.23) | (11.47) |

4.7 Adjustments to Existing Convertible Securities and Share Options

(a) ESOS

Under the ESOS, 36,000,000 new Shares would be issued and allotted upon the exercise of outstanding Options, and payment of the exercise price in respect of those Options by the holders of the Options. The Company will make the relevant adjustments to the number of and/or exercise price of these Options in accordance with the terms of the ESOS, to take into account the effects of the Proposed Share Consolidation. Details of such adjustments will be announced in due course upon completion of the Proposed Share Consolidation.

(b) Sculptor Agreements

On 4 April 2012, the Company announced that it had entered into the Sculptor Agreement with Disa, and the Sculptor Investors, pursuant to which the Sculptor Investors agreed to grant to Disa (i) the Sculptor First Tranche and, (ii) subject to the Sculptor Option, the Sculptor Second Tranche. Both the Sculptor First Tranche and, upon exercise of the Sculptor Option and grant of the Sculptor Second Tranche, the Sculptor Second Tranche are convertible at the Sculptor Investors' discretion in whole or in part into either (a) Sculptor Exchange Shares at any time, or (b) upon or prior to the trade sale or initial public offering of Disa, ordinary shares in Disa, in accordance with the terms of the Sculptor Agreement.

On 17 November 2016, the Company announced that the Sculptor Supplemental Agreement was entered into between Disa and the Sculptor Investors, pursuant to which full repayment of the Sculptor First Tranche will be made by Disa to the Sculptor Investors by 30 November 2016 in cash, while the Sculptor Interest will be repaid by way of monthly repayments, in cash, commencing on 1 January 2017 and ending on 30 June 2018.

On 27 December 2016, the Company announced that adjustments to the number of and/or exercise price of any Shares to be allotted and issued to the Sculptor Investors may be required in connection with the Proposed Share Consolidation, given that the rights of the Sculptor Investors in respect of converting repayments of Sculptor Interest into Shares will only cease on 30 April 2017.

LETTER TO SHAREHOLDERS

Subsequently, on 3 January 2017, the Company announced that Disa had, on 30 December 2016, repaid the Sculptor Interest in full.

Accordingly, as at the Latest Practicable Date, full repayment of the Sculptor First Tranche and Sculptor Interest has been made and no further adjustments to the number of and/or exercise price of any Shares to be allotted and issued to the Sculptor Investors will be required in connection with the Proposed Share Consolidation.

Pursuant to the terms of the Sculptor Supplemental Agreement, such repayment by Disa to the Sculptor Investors shall constitute good and valid discharge of Disa's repayment obligations to the Sculptor Investors under the Sculptor Agreement, upon which all rights accruing to the Sculptor Investors in respect of such repayments (including the right of conversion into ordinary shares of the Company or that of Disa) have been fully and finally extinguished on 30 December 2016.

(c) Warrants

As at the Latest Practicable Date, the Company has 3,201,173,368 unexercised Warrants. Pursuant to the terms and conditions of the Deed Poll, the Proposed Share Consolidation is an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Warrants and the number of Warrants.

The adjustments to the exercise price payable for each new Share on the exercise of the Warrants and the number of Warrants shall be in accordance with the provisions of condition 5(B) of the Deed Poll.

The adjustments will be effective from the close of the Market Day immediately preceding Proposed Share Consolidation Effective Date. Pursuant to the Deed Poll, any adjustment to the number of Warrants held by each Warrant holder will be rounded downwards to the nearest whole Warrant. Details of such adjustments will be announced in due course upon completion of the Proposed Share Consolidation.

5. THE PROPOSED CHANGE OF NAME

5.1 Rationale for the Change of Name

The Company proposes to change its name to "DISA Limited" to better represent the Group's new corporate identity and business strategy, centred and focused on the technology business segment.

The Directors believe that the Proposed Change of Name will better reflect the Company's new corporate profile and marketing direction going forward, and allow the public and the Company's business partners to identify and recognise the Company and Group under this new name. The Proposed Change of Name will not affect any of the Shareholders' rights or the Group's daily business operations and financial standing.

LETTER TO SHAREHOLDERS

5.2 Approvals

Application had been made to ACRA for the reservation of the name of “DISA Limited” on 1 December 2016 and the application was approved on 11 January 2017. The proposed name has been reserved for two (2) months from 11 January 2017 (i.e. until 12 March 2017).

The Proposed Change of Name will be proposed as a Special Resolution and is subject to Shareholders’ approval at the EGM. The Special Resolution to seek Shareholders’ approval for the Proposed Change of Name is set out in Resolution 6 in the Notice of EGM.

Subject to Shareholders’ approval and registration by ACRA, the Company shall change its name to “DISA Limited” with effect from the issue by ACRA of the Certificate Confirming the Incorporation of the Company under the new name.

The Company will make an announcement when the Proposed Change of Name takes effect.

5.3 Existing Share Certificates

Shareholders should note that the Proposed Change of Name does not affect the legal status of the Company. The Company will not be recalling existing share certificates. The existing share certificates of the Company bearing the current name, that is, “**Equation Summit Limited**” issued prior to the date on which the Proposed Change of Name takes effect, will continue to be *prima facie* evidence of legal title. **No further action is required to be taken on the part of the Shareholders.**

5.4 Existing Share Option Scheme

It is intended that the ESOS shall be renamed the “DISA Share Option Scheme” upon the change of the Company’s name.

5.5 Existing Constitution

The new name “DISA Limited” shall be substituted for “Equation Summit Limited” wherever the latter name appears in the Constitution.

LETTER TO SHAREHOLDERS

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The shareholding interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

| | Direct Interest | | Deemed Interest | | Number of Shares comprised in outstanding options or awards granted by the Company | Total Interest | |
|--|-----------------|------------------|----------------------------|------------------|--|----------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | | No. of Shares | % ⁽¹⁾ |
| Directors | | | | | | | |
| Toh Hock Ghim | – | – | – | – | 5,000,000 | 5,000,000 | 0.07 |
| Chng Weng Wah | 590,970,850 | 8.60 | 463,050,000 ⁽²⁾ | 6.74 | – | 1,054,020,850 | 15.34 |
| Kan Ah Chye | – | – | – | – | 2,500,000 | 2,500,000 | 0.04 |
| Lau Kay Heng | – | – | – | – | 2,500,000 | 2,500,000 | 0.04 |
| Substantial Shareholders (other than Directors) | | | | | | | |
| John Wong Weng Foo | 200,000,000 | 2.91 | 249,436,000 ⁽³⁾ | 3.63 | – | 449,436,000 | 6.54 |
| Starbids Ventures Inc | – | – | 463,050,000 ⁽⁴⁾ | 6.74 | – | 463,050,000 | 6.74 |
| Wang Yu Huei | 669,177,200 | 9.74 | – | – | – | 669,177,200 | 9.74 |

Notes:

- (1) Based on 6,868,733,333 issued Shares as at the Latest Practicable Date.
- (2) This represents Mr Chng Weng Wah's interest of 463,050,000 Shares held by his family trust, Starbids Ventures Inc.
- (3) This represents John Wong Weng Foo's interest of 249,436,000 Shares held through DBS Vickers Securities (Singapore) Pte Ltd and MayBank Kim Eng Securities Pte. Ltd.
- (4) This represents Starbids Ventures Inc's interest of 463,050,000 Shares held through Citibank Nominees Singapore Pte. Ltd.

Save for their respective shareholding interests in the Company and save as disclosed in this Circular, none of the Directors or Substantial Shareholders has any direct or indirect interest in the Proposed Transactions.

7. DIRECTORS' RECOMMENDATION

Having considered the rationale and benefit of the Proposed Transactions, the Directors are of the opinion that the Proposed Transactions are in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Resolutions relating to the Proposed Transactions as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

8. ABSTENTION FROM VOTING

8.1 As Tang Wee Loke is personally interested in the outcome of Resolution 1,

- (a) Tang Wee Lok shall, and shall ensure that the TWL Associates, if any, abstain from voting on Resolution 1 at the EGM in respect of their shareholdings in the Company; and
- (b) Tang Wee Lok shall not, and shall ensure that the TWL Associates, if any, not accept any appointments to act as proxies of other Shareholders to vote on Resolution 1 at the EGM, unless the relevant Shareholder has given instructions in its Proxy Form as to the manner in which the votes are to be cast for such resolution.

8.2 In accordance with Rule 812(2) of the Rules of Catalyst,

- (a) Wang Yu Huei shall, and shall ensure that his Associates, if any, will abstain from voting on Resolutions 2 and 3 at the EGM in respect of their shareholdings in the Company; and
- (b) Wang Yu Huei shall not, and shall ensure that his Associates, if any, will not accept any appointments to act as proxies of other Shareholders to vote on Resolutions 2 and 3 at the EGM, unless the relevant Shareholder has given instructions in its Proxy Form as to the manner in which the votes are to be cast for such resolution.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held at 2 Bukit Merah Central Podium Block, Level 3, Room P301 Singapore 159835, on 13 February 2017, at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Resolutions set out in the Notice of EGM.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the time fixed for the EGM.

LETTER TO SHAREHOLDERS

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the principal place of business of the Company at Blk 1001, Jalan Bukit Merah, #06-11, Singapore 159455 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution;
- (b) the annual report for the Company for the financial year ended 30 June 2016; and
- (c) the RCB Agreement.

Yours faithfully,
For and on behalf of the Board

Chng Weng Wah
Executive Director

SCHEDULE 1

| Bondholder/ Investor | Existing aggregate deemed and direct shareholding interest in the Company | | | Subscription Amount | Maximum amount of accrued Interest entitled to under the RCB Agreement | Illustrative <i>incremental</i> shareholding interest in the Company represented by aggregate maximum number of Conversion Shares and Interest Shares (in lieu of Interest paid in cash) entitled to be allotted and issued under the RCB Agreement, as adjusted for the Proposed Share Consolidation in accordance with the terms of the RCB Agreement | | Illustrative <i>resultant</i> aggregate shareholding interest in the Company <i>including</i> aggregate maximum number of Conversion Shares and Interest Shares (in lieu of Interest paid in cash) entitled to be allotted and issued under the RCB Agreement, as adjusted for the Proposed Share Consolidation in accordance with the terms of the RCB Agreement | |
|-------------------------|---|---|---------------|------------------------|--|--|---------------|---|---------------|
| | Number of Shares over <i>existing</i> Share capital of 6,868,733,333 Shares, <i>before</i> the Proposed Share Consolidation | Number of Shares over <i>consolidated</i> Share capital of 137,374,666 Shares, <i>after</i> the Proposed Share Consolidation | % | | | Number of <i>incremental</i> Shares over <i>consolidated</i> <i>enlarged</i> Share capital of 163,120,119 Shares, <i>after</i> the Proposed Share Consolidation | % | Aggregate number of Shares over <i>consolidated</i> <i>enlarged</i> Share capital of 163,120,119 Shares, <i>after</i> the Proposed Share Consolidation | % |
| Wang Yu Hwei | 669,177,200 | 13,383,544 | 9.74% | S\$5,500,000 | S\$990,000 | 11,800,000 | 7.23% | 25,183,544 | 15.43% |
| Tang Wee Loke | 306,000,000 | 6,120,000 | 4.45% | S\$3,000,000 | S\$540,000 | 6,436,363 | 3.95% | 12,556,363 | 7.70% |
| Lee Teong Sang | – | – | – | S\$500,000 | S\$90,000 | 1,072,727 | 0.66% | 1,072,727 | 0.66% |
| Tsai Yi-Chen | – | – | – | S\$3,000,000 | S\$540,000 | 6,436,363 | 3.95% | 6,436,363 | 3.95% |
| Total: | 975,177,200 | 19,503,544 | 14.19% | S\$12,000,000 | S\$2,160,000 | 25,745,453 | 15.79% | 45,248,997 | 27.74% |

NOTICE OF EXTRAORDINARY GENERAL MEETING

EQUATION SUMMIT LIMITED

(Company Registration Number: 197501110N)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the shareholders of Equation Summit Limited (“**Company**”) will be held at 2 Bukit Merah Central Podium Block, Level 3, Room P301 Singapore 159835, on 13 February 2017 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the resolution as set out below. All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular dated 20 January 2017 to shareholders of the Company (“**Circular**”).

Shareholders should note that the approval of Resolutions 2 and 3 are inter-conditional. As such, if either of Resolutions 2 or 3 are not carried, both Resolutions 2 and 3 will not be carried.

Ordinary Resolution 1: Proposed Bond Subscription in respect of Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen and allotment and issue of up to 590,909,091 Conversion Shares and 106,363,636 Interest Shares pursuant to the conversion of the redeemable convertible bonds

THAT approval be and is hereby given:

- (a) for the Proposed Bond Subscription in respect of Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen and the proposed allotment and issue of up to 590,909,091 Conversion Shares and 106,363,636 Interest Shares pursuant to the conversion of the redeemable convertible bonds; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

Ordinary Resolution 2: Proposed Bond Subscription in respect of Wang Yu Huei and allotment and issue of up to 500,000,000 Conversion Shares and 90,000,000 Interest Shares to Wang Yu Huei pursuant to the conversion of the redeemable convertible bonds, in accordance with Rule 812(2) of the Rules of Catalyst

THAT contingent upon the passing of Resolution 3, approval be and is hereby given:

- (a) for the Proposed Bond Subscription in respect of Wang Yu Huei and the proposed allotment and issue of up to 500,000,000 Conversion Shares and 90,000,000 Interest Shares to Wang Yu Huei pursuant to the conversion of the redeemable convertible bonds, in accordance with Rule 812(2) of the Rules of Catalyst; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

Ordinary Resolution 3: Proposed Transfer of Controlling Interest

THAT contingent upon the passing of Resolution 2, approval be and is hereby given:

- (a) for the proposed transfer of Controlling Interest to Wang Yu Huei; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

Special Resolution 4: Proposed Capital Reduction

THAT approval be and is hereby given:

- (a) for the Proposed Capital Reduction; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

Ordinary Resolution 5: Proposed Share Consolidation

THAT approval be and is hereby given:

- (a) for the Proposed Share Consolidation; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

Special Resolution 6: Proposed Change of Name

THAT approval be and is hereby given:

- (a) for the Proposed Change of Name; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

BY ORDER OF THE BOARD

Leong Chee Meng, Kenneth
Company Secretary
20 January 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).

2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 at least 48 hours before the time for holding the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”);
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this notice. The contact person for the Sponsor is Mr Ong Hwee Li (Telephone: 65 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

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

PROXY FORM

EQUATION SUMMIT LIMITED

(Company Registration No. 197501110N)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees.
3. 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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

being a Member/Members* of Equation Summit Limited ("**Company**"), hereby appoint:

| Name | NRIC/Passport Number | Proportion of Shareholdings | |
|---------|----------------------|-----------------------------|---|
| | | Number of Shares | % |
| Address | | | |

and/or*

| Name | NRIC/Passport Number | Proportion of Shareholdings | |
|---------|----------------------|-----------------------------|---|
| | | Number of Shares | % |
| Address | | | |

or failing him/her*, the Chairman of the Extraordinary General Meeting ("**EGM**") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the EGM of the Company to be held at 2 Bukit Merah Central Podium Block, Level 3, Room P301 Singapore 159835, on 13 February 2017 at 10:30 a.m. and at any adjournment or postponement thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Ordinary Resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment or postponement thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

| No. | Resolutions | For | Against |
|-----|---|-----|---------|
| 1. | Ordinary Resolution: Proposed Bond Subscription in respect of Tang Wee Loke, Lee Teong Sang and Tsai Yi-Chen and allotment and issue of up to 590,909,091 Conversion Shares and 106,363,636 Interest Shares pursuant to the conversion of the redeemable convertible bonds (Resolution 1) | | |
| 2. | Ordinary Resolution: Proposed Bond Subscription in relation to Wang Yu Huei and allotment and issue of up to 500,000,000 Conversion Shares and 90,000,000 Interest Shares to Wang Yu Huei pursuant to the conversion of the redeemable convertible bonds, in accordance with Rule 812(2) of the Rules of Catalist (Resolution 2) | | |
| 3. | Ordinary Resolution: Proposed Transfer of Controlling Interest (Resolution 3) | | |
| 4. | Special Resolution: Proposed Capital Reduction (Resolution 4) | | |
| 5. | Ordinary Resolution: Proposed Share Consolidation (Resolution 5) | | |
| 6. | Special Resolution: Proposed Change of Name (Resolution 6) | | |

Note: If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes "For" or "Against" for each resolution.

Dated this _____ day of _____ 2017

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

Signature(s) of Member(s)/Common Seal

* Delete where inapplicable

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Notes:

1. Please insert the total number of ordinary shares ("**Ordinary Shares**") held by you. If you have Ordinary Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares.
2. (a) A member of the Company ("**Member**") who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at a general meeting of the Company. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at a general meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).
3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 at least 48 hours before the time for holding the EGM.

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AFFIX
STAMP

The Company Secretary
EQUATION SUMMIT LIMITED
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623

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4. The instrument appointing the proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
5. A corporation which is a Member may, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore), authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the Instrument appointing a proxy or proxies. In addition, in the case of Members whose Ordinary Shares are entered against their names in the Depository Register, the Company may reject any Instrument appointing a proxy or proxies lodged if such Members are not shown to have Ordinary Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 20 January 2017.

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