

CIRCULAR DATED 30 OCTOBER 2009

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

Approval in-principle granted by the SGX-ST to the Company for the dealing in, listing of and quotation for the Bonus Shares, the Warrants, and the New Shares (each term as defined in this Circular) is not to be taken as an indication of the merits of the Bonus Issue, the Rights Issue, the Bonus Shares, the Warrants, the New Shares, the Company and/or its subsidiaries (as defined in this Circular).



OKP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200201165G)

CIRCULAR TO SHAREHOLDERS

in relation to the

- (A) **PROPOSED BONUS ISSUE (THE "BONUS ISSUE") OF 82,430,470 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARES") HELD BY THE ENTITLED BONUS ISSUE SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BONUS ISSUE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (B) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE (THE "RIGHTS ISSUE") OF UP TO 61,822,852 WARRANTS (THE "WARRANTS"), AT AN ISSUE PRICE OF S\$0.01 FOR EACH WARRANT, WITH EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE (THE "NEW SHARE") AT AN EXERCISE PRICE OF S\$0.20 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) WARRANT FOR EVERY FOUR (4) SHARES HELD BY THE ENTITLED RIGHTS ISSUE SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE RIGHTS ISSUE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED.**

Manager for the Bonus Issue and the Rights Issue

nra capital

NRA CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199904258C)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	14 November 2009 at 12 noon
Date and time of Extraordinary General Meeting	:	16 November 2009 at 12 noon
Place of Extraordinary General Meeting	:	No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623

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DEFINITIONS

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

- “Announcement” : The announcement of the Bonus Issue and the Rights Issue made by the Company on 14 September 2009
- “ATMs” : Automated Teller Machines
- “Authority” : The Monetary Authority of Singapore
- “Board” : The Board of Directors as at the Latest Practicable Date
- “Bonus Issue” : Bonus issue of 82,430,470 Bonus Shares proposed by the Company, on the basis of one (1) Bonus Share for every two (2) Shares held by the Entitled Bonus Issue Shareholders as at the Bonus Issue Books Closure Date
- “Bonus Issue Books Closure Date” : Subject to, *inter alia*, Shareholders’ approval for the Bonus Issue and the Rights Issue being obtained, the time and date, to be determined by the Board, at and on which the register of members and the transfer books of the Company will be closed to determine the entitlements of Bonus Shares of the Entitled Bonus Issue Shareholders under the Bonus Issue
- “Bonus Shares” : 82,430,470 new Shares to be allotted and issued by the Company pursuant to the terms of the Bonus Issue, on the basis of one (1) Bonus Share for every two (2) Shares held by the Entitled Bonus Issue Shareholders as at the Bonus Issue Books Closure Date, fractional entitlements to be disregarded
- “Business Day” : Means any day other than a Saturday, Sunday or public holiday
- “CDP” : The Central Depository (Pte) Limited
- “Circular” : This Circular to Shareholders dated 30 October 2009 to provide them with information relating to, *inter alia*, the Bonus Issue and the Rights Issue and to seek their approval for the proposed resolutions set out in the Notice of EGM
- “Closing Date” : The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment of, and renunciation and payment of, the Warrants under the Rights Issue
- “Companies Act” : The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time or re-enacted thereof for the time being in force
- “Companies (Amendment) Act” : The Companies (Amendment) Act 2005
- “Company” : OKP Holdings Limited
- “CPF” : The Central Provident Fund
- “CSIPL” : China Sonangol International (S) Pte. Ltd.

“Deed Poll”	: Instrument by way of deed poll to be executed by the Company, constituting the Warrants and containing, <i>inter alia</i> , the provisions for the protection of the rights and interests of the Warranholders
“Deemed Expiry Date”	: The date of expiry of the Warrants, being the date immediately preceding the third (3 rd) anniversary of the date of issue of the Warrants, unless such date is a date on which the register of members of the Company and/or the register of Warranholders are closed or is not a Market Day, then the date of expiry of the Warrants shall be on the Market Day immediately preceding the date of closure of the register of members of the Company and/or the register of Warranholders, as the case may be
“Directors”	: The directors of the Company as at the Latest Practicable Date
“EGM”	: Extraordinary general meeting of the Company
“Entitled Bonus Issue Depositors”	: Shareholders with Shares standing to the credit of their Securities Accounts as at the Bonus Issue Books Closure Date
“Entitled Bonus Issue Scripholders”	: Shareholders whose (i) share certificates are not deposited with CDP; and (ii) Shares are registered in their own names, as at the Bonus Issue Books Closure Date
“Entitled Bonus Issue Shareholders”	: The Entitled Bonus Issue Depositors and the Entitled Bonus Issue Scripholders
“Entitled Rights Issue Depositors”	: Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three (3) Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Rights Issue Scripholders”	: Shareholders whose (i) share certificates are not deposited with CDP; (ii) Shares are registered in their own names; and (iii) registered addresses with the Company are in Singapore as at the Rights Issue Books Closure Date or who have, at least three (3) Market Days prior to the Rights Issue Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
“Entitled Rights Issue Shareholders”	: The Entitled Rights Issue Depositors and the Entitled Rights Issue Scripholders
“EPS”	: Earnings per Share

“Exercise Period”	: Subject to the terms and conditions to be set out in the Deed Poll, the Warrants may be exercised within a period of three (3) years, commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the Deemed Expiry Date, but excluding such period(s) during which the register of members of the Company and/or the register of Warranholders may be closed
“Exercise Price”	: S\$0.20 payable in cash upon the exercise of a Warrant to subscribe for a New Share, subject to adjustments under the circumstances to be set out in the Deed Poll
“Foreign Purchasers”	: Has the meaning ascribed to it in paragraph 2.14 of this Circular
“Foreign Shareholders”	: Shareholders whose registered addresses are outside Singapore as at the Rights Issue Books Closure Date and who have not, at least three (3) Market Days prior to the Rights Issue Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	: Financial year ended 31 December
“Group”	: The Company and its subsidiaries collectively
“HY”	: Financial half-year ended 30 June
“Issue Price”	: The issue price of the Warrants, being S\$0.01 per Warrant
“Latest Practicable Date”	: 23 October 2009, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as amended or modified from time to time
“Manager”	: NRA Capital Pte. Ltd.
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Moratorium”	: Has the meaning ascribed to it in paragraph 2.4.6 of this Circular
“New Shares”	: The new Shares to be issued by the Company upon the exercise of the Warrants, including, where the context admits, such additional number of new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued by the Company subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Notice of EGM”	: The notice of the EGM as set out on pages 44 to 46 of this Circular
“NTA”	: Net tangible assets value

“Offer Information Statement”	:	The documents to be lodged with the Authority pursuant to Section 277 of the Securities and Futures Act, including (where the context requires) the PAL, the WEWAF, the WAF and all other accompanying documents, including, where the context so admits, any supplementary or replacement document which may be issued by the Company in connection with the Rights Issue
“OKPIPL”	:	Or Kim Peow Investments Pte. Ltd.
“OKPIPL Undertaking”	:	Has the meaning ascribed to it in paragraph 2.3.3 of this Circular
“PAL”	:	The provisional allotment letter to be issued to Entitled Rights Issue Scripholders, setting out the provisional allotments of Warrants of such Entitled Rights Issue Scripholders under the Rights Issue
“Record Date”	:	In relation to any dividend, right, allotment or other distribution, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Rights Issue”	:	Renounceable non-underwritten rights issue proposed by the Company, on the terms and conditions to be set out in the Offer Information Statement, of up to 61,822,852 Warrants at the Issue Price, with each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of one (1) Warrant for every four (4) Shares held by the Entitled Rights Issue Shareholders as at the Rights Issue Books Closure Date
“Rights Issue Books Closure Date”	:	Subject to, <i>inter alia</i> , Shareholders’ approval for the Bonus Issue and the Rights Issue being obtained, the time and date (such date to occur after the Bonus Issue Books Closure Date), to be determined by the Board, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Warrants of the Entitled Rights Issue Shareholders under the Rights Issue
“Rights Mailing Address”	:	Has the meaning ascribed to it in paragraph 2.14 of this Circular
“Securities Account(s)”	:	The securities account(s) maintained by a Depositor with CDP but not including the securities sub-account(s) maintained with a Depository Agent
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time or re-enacted thereof for the time being in force
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

“Share Registrar”, “Warrant Agent” or “Warrant Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	:	Persons (other than CDP) who are for the time being registered as holders of the Shares in the register of members of the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“Subscription”	:	The subscription by CSIPL on 26 May 2009 of the Subscription Shares at the price of S\$0.45 for each Share amounting to a total cash consideration of S\$6.75 million pursuant to the Subscription Agreement
“Subscription Agreement”	:	The subscription agreement entered into between the Company and CSIPL on 17 April 2009 in relation to the Subscription
“Subscription Shares”	:	The 15,000,000 Shares allotted and issued to CSIPL pursuant to the Subscription Agreement
“Substantial Shareholder”	:	A substantial Shareholder of the Company as defined under Section 81 of the Companies Act
“Transfer Form”	:	Has the meaning ascribed to it in paragraph 2.6 of this Circular
“Transferor”	:	Has the meaning ascribed to it in paragraph 2.6 of this Circular
“Undertaking Shareholders”	:	Collectively, OKPIPL, Or Kim Peow, Or Toh Wat, Ang Beng Tin, Or Kiam Meng, Oh Enc Nam and Or Lay Huat Daniel
“Undertakings”	:	Has the meaning ascribed to it in paragraph 2.3.2 of this Circular
“WAF”	:	The application form for Warrants to be issued to the purchaser of the provisional allotments of Warrants under the Rights Issue traded on SGX-ST under the book-entry (scripless) settlement system
“Warrantholders”	:	Registered holders of the Warrants, except where the registered holder is CDP, then the term “ Warrantholders ” shall, in relation to such Warrants, mean the Depositors whose Securities Accounts are credited with such Warrants

- “Warrants” : Up to 61,822,852 Warrants to be allotted and issued by the Company pursuant to the terms of the Rights Issue, on the basis of one (1) Warrant for every four (4) Shares held by the Entitled Rights Issue Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded, and (where the context so admits) such additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll, with each Warrant entitling the holder thereof to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions of the Warrants to be set out in the Deed Poll
- “WEWAF” : The application form for Warrants and excess Warrants to be issued to Entitled Rights Issue Depositors, setting out the provisional allotments of Warrants of such Entitled Rights Issue Depositors under the Rights Issue
- “S\$” and “cents” : Singapore dollars and cents respectively
- “%” or “per cent.” : Per centum or percentage

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

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

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

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

Any reference to a time of day in this Circular, shall be a reference to Singapore time unless otherwise stated. Any reference to a date and/or time in this Circular, in relation to the Bonus Issue and/or the Rights Issue (including but not limited to the Closing Date and the last dates and times for splitting, acceptance and payment, renunciation and payment, and excess application and payment) shall include such other dates(s) and/or time(s) as may be announced from time to time by or on behalf of the Company.

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

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

OKP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200201165G)

LETTER TO SHAREHOLDERS

Directors:

Or Kim Peow (Group Chairman)
Or Toh Wat (Group Managing Director)
Ang Beng Tin (Executive Director)
Or Kiam Meng (Executive Director)
Oh Enc Nam (Executive Director)
Or Lay Huat Daniel (Executive Director)
Chen Seow Phun, John (Independent Director)
Nirumalan s/o V Kanapathi Pillai (Independent Director)
Tan Boen Eng (Independent Director)

Registered Office:

No. 6 Tagore Drive,
#B1-06, Tagore Building,
Singapore 787623

30 October 2009

To: Shareholders of OKP Holdings Limited

Dear Sir/Madam,

(1) BONUS ISSUE; AND

(2) RIGHTS ISSUE.

1. INTRODUCTION

- 1.1 On 14 September 2009, the Board announced that the Company is proposing to undertake the Bonus Issue and the Rights Issue subject to certain conditions as stated in paragraphs 2.8 and 2.9 of this Circular respectively.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to, *inter alia*, the Bonus Issue and the Rights Issue and seek the approval of Shareholders for the proposed resolutions set out in the Notice of EGM.

2. THE BONUS ISSUE AND THE RIGHTS ISSUE

2.1 Rationale for the Bonus Issue

The Company is considering the Bonus Issue for the following reasons:

- (i) to increase the issued share capital base of the Company to reflect the growth and expansion of the Group's business and increase the liquidity of the Shares in the market; and
- (ii) to reward Shareholders for continuing to support the Company.

2.2 Rationale for the Rights Issue

The Company is considering the Rights Issue for the following reasons:

- (i) to generate further equity participation in the Company by the Shareholders through the exercise of the Warrants; and
- (ii) as and when the Warrants are exercised, the proceeds arising therefrom will expand and strengthen the capital base of the Company and provide additional resources and working capital required to support the business activities and operations of the Group.

2.3 Undertakings of Undertaking Shareholders

2.3.1 The Rights Issue will be supported by the Undertaking Shareholders, the names and shareholding details of whom (a) as at the Latest Practicable Date; and (b) upon the allotment and issuance of the Bonus Shares, are as follows:

Shareholders	Number of Shares		Percentage of Shareholdings (%)
	As at the Latest Practicable Date	Upon the allotment and issuance of the Bonus Shares	
OKPIPL	89,901,940	134,852,910	54.53
Or Kim Peow	2,430,000	3,645,000	1.47
Or Toh Wat	1,238,000	1,857,000	0.75
Ang Beng Tin	1,239,000	1,858,500	0.75
Or Kiam Meng	1,238,000	1,857,000	0.75
Oh Enc Nam	444,000	666,000	0.27
Or Lay Huat Daniel	1,238,000	1,857,000	0.75
Total	97,728,940	146,593,410	59.27

2.3.2 The Undertaking Shareholders have each, unconditionally and irrevocably undertaken to the Company, *inter alia*:

- (i) not to transfer, dispose of or otherwise reduce any of its/his/her interests in the Shares which it/he/she legally and beneficially owned as at 14 September 2009 and which it/he/she is entitled to be issued pursuant to the Bonus Issue, up till and including the Rights Issue Books Closure Date;
- (ii) to subscribe and pay and/or procure subscription and payment in full for all its/his/her entitlements of Warrants under the Rights Issue; and
- (iii) to vote in favour of the Bonus Issue and the Rights Issue at the EGM to be convened for, *inter alia*, this purpose in respect of its/his/her shareholding in the Company,

(collectively the “**Undertakings**”).

2.3.3 In addition, OKPIPL, one of the Undertaking Shareholders, has unconditionally and irrevocably undertaken to the Company to subscribe and pay and/or procure subscription and payment in full for all Warrants, by way of application for excess Warrants, which are not subscribed or otherwise taken up and/or applied for by the other Shareholders at the close of the Rights Issue (the “**OKPIPL Undertaking**”).

2.3.4 The above Undertakings and the OKPIPL Undertaking shall lapse and cease to have any effect in the event that the Rights Issue is aborted or terminated for any reason whatsoever.

2.3.5 The Undertaking Shareholders are willing to support the Company and the Rights Issue on the terms and conditions set out above. In view of the Undertakings and the OKPIPL Undertaking provided by the Undertaking Shareholders, the Rights Issue will not be underwritten by any financial institution.

2.4 Details of the Bonus Issue

2.4.1 The Bonus Issue is to be made to the Entitled Bonus Issue Shareholders on the basis of one (1) Bonus Share for every two (2) Shares held by the Entitled Bonus Issue Shareholders as at the Bonus Issue Books Closure Date, fractional entitlements to be disregarded.

- 2.4.2 Fractional entitlements to the Bonus Issue will not be allotted but will be disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.
- 2.4.3 The Companies (Amendment) Act was passed on 16 May 2005 and came into effect on 30 January 2006. Under the new Section 62A of the Companies (Amendment) Act, the shares of a company have no par or nominal value whether the shares were issued before or after 30 January 2006. Section 22 of the Companies Act has also been amended, whereby the authorised share capital of a company has been abolished. The effect of the above provisions is that there is now no statutory limit on the issue of new shares and no minimum statutory issue price of new shares. The provisions in the Companies Act restricting the issue of shares at a discount to par value and notion of share premium have accordingly been deleted. Any amount standing to the credit of the company's share premium account and capital redemption reserve have now become part of the company's share capital. The Directors have agreed to issue and allot the Bonus Shares at nil consideration without capitalisation of the Company's reserves.
- 2.4.4 The Bonus Shares will be issued free to the Entitled Bonus Issue Shareholders without capitalisation of the Company's reserves and when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Bonus Shares.
- 2.4.5 Based on the issued and paid up share capital of the Company comprising 164,860,940 Shares as at the Latest Practicable Date, 82,430,470 Bonus Shares will be issued pursuant to the Bonus Issue.
- 2.4.6 Pursuant to the Subscription Agreement, CSIPL is subject to a 12-month moratorium period commencing on 28 May 2009, being the date on which the Subscription Shares were admitted to the Main Board of the SGX-ST, whereby it shall not, directly or indirectly, sell, realise, transfer or otherwise dispose of any part of its interest in the Subscription Shares during the 12-month moratorium period commencing 28 May 2009 (the "**Moratorium**"). In connection with the Bonus Issue, the 7,500,000 Bonus Shares to be issued to CSIPL pursuant to its entitlements under the Bonus Issue will also be subjected to the Moratorium.

2.5 Details of the Rights Issue

- 2.5.1 The Rights Issue is to be made to the Entitled Rights Issue Shareholders on the basis of one (1) Warrant for every four (4) Shares held by the Entitled Rights Issue Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded, at the Issue Price of S\$0.01 for each Warrant.
- 2.5.2 The Warrants shall be payable in full upon acceptance and/or application, and will be in registered form and constituted in the Deed Poll. Each Warrant will, subject to the terms and conditions to be set out in the Deed Poll, carry the right to subscribe for one (1) New Share at the Exercise Price during the Exercise Period. Any Warrant remaining unexercised at the end of the Exercise Period shall lapse and cease to be valid for all purposes.
- 2.5.3 The Warrants will be listed and traded on the SGX-ST under the book-entry settlement system upon the listing of and quotation for the Warrants on the SGX-ST, subject to, *inter alia*, there being an adequate spread of holding of the Warrants to provide for an orderly market in the Warrants. The dealing in, listing of and quotation for the additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll, and the additional New Shares arising from the exercise of such additional Warrants, on the SGX-ST will be subject to the approval from the SGX-ST being obtained. Each board lot of the Warrants will consist of 1,000 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.
- 2.5.4 The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares and with each other, except that the New Shares will not be entitled to any dividends, rights, allotments or other distributions, the Record Date for which falls before the relevant date of exercise of the Warrants, save as may be otherwise provided in the Deed Poll.

- 2.5.5 Based on the enlarged issued and paid up share capital of the Company comprising 247,291,410 Shares after the Bonus Issue of 82,430,470 Bonus Shares and on the basis that there is no change in the outstanding issued share capital of the Company as at the Rights Issue Books Closure Date, up to 61,822,852 Warrants will be issued pursuant to the Rights Issue.
- 2.5.6 Entitled Rights Issue Shareholders are at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Warrants in whole or in part, and are also eligible to apply for additional Warrants in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Warrants will be disregarded in arriving at the entitlements of the Entitled Rights Issue Shareholders and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. Preference will be given to the rounding of odd lots in the allotment of any excess Warrants, and Substantial Shareholders and Directors will rank last in priority.
- 2.5.7 The Rights Issue will not be underwritten. The Company believes that the aggregate of the Issue Price and Exercise Price of S\$0.21 for each Warrant, which represents a discount of approximately 50.78% to the theoretical ex-Bonus Issue Share price of approximately S\$0.43, based on the last transacted price of S\$0.64 per Share on the SGX-ST on 11 September 2009, being the latest trading date prior to the Announcement on 14 September 2009 and a discount of approximately 66.13% to the theoretical ex-Bonus Issue Share price of approximately S\$0.62, based on the last transacted price of S\$0.93 per Share on the SGX-ST as at the Latest Practicable Date, is sufficiently attractive to the Entitled Rights Issue Shareholders for them to fully support the Rights Issue so that there is no need for the Rights Issue to be underwritten by a financial institution. Further, the Rights Issue has the full support of the Undertaking Shareholders who have provided the Undertakings and the OKPIPL Undertaking described respectively in paragraphs 2.3.2 and 2.3.3 of this Circular. Please refer to paragraph 2.3.5 of this Circular for further details.
- 2.5.8 Pursuant to Rule 820(1) of the Listing Manual, the Rights Issue will not be withdrawn after the Warrants have commenced ex-rights trading.

2.6 Principal terms of the Warrants

Number of Warrants	:	Up to 61,822,852 Warrants to be allotted and issued under the Rights Issue, each Warrant carrying the right to subscribe for one (1) New Share.
Basis of Provisional Allotment	:	One (1) Warrant for every four (4) Shares held by the Entitled Rights Issue Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded.
Issue Price	:	S\$0.01 for each Warrant, payable in full on acceptance and/or application.
Trading of the Warrants	:	The Warrants will be listed and traded on the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the SGX-ST, subject to, <i>inter alia</i> , an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. The listing and quotation in respect of the additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll, on the SGX-ST will be subject to the approval from the SGX-ST being obtained. Each board lot of Warrants will consist of 1,000 Warrants or such other number as may be notified by the Company.

Listing of the Warrants	:	The Company has been informed by SGX-ST on 23 October 2009 of the approval in-principle for the dealing in, listing of and quotation for up to 61,822,852 Warrants on the SGX-ST subject to certain conditions, the details of which are set out in paragraph 2.10 of this Circular.
Form and Subscription Rights	:	The Warrants will be issued in registered form and shall be constituted by the Deed Poll, subject to the terms and conditions of the Warrants to be set out in the Deed Poll. Each Warrant shall entitle the Warranthead, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price in force on the relevant date of exercise of the Warrants.
Exercise Price	:	S\$0.20 for each New Share, subject to adjustment(s) under certain circumstances in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll.
Exercise Period	:	<p>The Warrants may be exercised at any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the Deemed Expiry Date. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.</p> <p>The expiry of the Warrants will be announced, and the notice of expiry of the Warrants shall be given to all Warrantheaders of the Company at least one (1) month before the Deemed Expiry Date.</p>
Mode of Payment for Exercise of Warrants	:	<p>Warrantheaders must pay the full amount of the Exercise Price in respect of the Warrants exercised:</p> <ul style="list-style-type: none"> (i) by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company; or (ii) by debiting the relevant Warranthead's CPF Investment Account (as will be defined in the Deed Poll) with the specified CPF Approved Bank (as will be defined in the Deed Poll), for the credit of the Company; or (iii) partly in the form of remittance and/or partly by debiting such Warranthead's CPF Investment Account with the CPF Approved Bank for the credit of the Special Account (as will be defined in the Deed Poll) such that the aggregate amount of such remittance and/or the amount debited by the CPF Approved Bank is equal to the full amount of the Exercise Price payable in respect of the Warrants exercised.
Adjustments	:	<p>The Exercise Price and/or the number of Warrants to be held by each Warranthead will be subject to adjustments under certain circumstances provided for in the terms and conditions of the Warrants to be set out in the Deed Poll.</p> <p>Such circumstances include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues and capital distributions.</p>

Please refer to paragraph 2.10 of this Circular for the approval in-principle for the dealing in, listing of and quotation for such Bonus Shares, Warrants and New Shares on the SGX-ST. As approval in-principle for the dealing in, listing of and quotation for the Warrants on the SGX-ST does not include such additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll, in the event that any of the adjustments under the terms and conditions to be set out in the Deed Poll result in an increase in the number of Warrants to be held by each Warrantholder, the Company will seek the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the additional Warrants and the additional New Shares arising from the exercise of such additional Warrants. The dealing in, listing of and quotation for such additional Warrants and additional New Shares on the SGX-ST would be subject to such approval in-principle being obtained.

Any additional Warrants issued pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll shall rank *pari passu* with the Warrants and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on SGXNET.

Please refer to Appendix 1 to this Circular for the adjustment mechanisms to the Exercise Price and the number of Warrants.

Modifications

: The Company may, without the consent of the Warrantholders but in accordance with the terms and conditions to be set out in the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants, which, in the opinion of the Company, is (i) not materially prejudicial to the interests of the Warrantholders; (ii) of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the rules and regulations of the SGX-ST; and/or (iii) to vary or replace provisions relating to the transfer or exercise of the Warrants, including the issue of New Shares arising from the exercise thereof or meetings of Warrantholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST, provided that such modification is not materially prejudicial to the interests of the Warrantholders.

Except where the alterations are made pursuant to the conditions to be set out in the Deed Poll, the Company will not:

- (i) extend the exercise period of an existing Warrant;
- (ii) issue a new Warrant to replace an existing Warrant;
- (iii) change the exercise price of an existing Warrant; or
- (iv) change the exercise ratio of an existing Warrant.

Any such modification shall be binding on all Warrantholders and all persons having an interest in the Warrants and shall be notified to them in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll, as soon as practicable thereafter.

Without prejudice to any other provisions to be set out in the Deed Poll, any material alteration to the terms and conditions of the Warrants after the issue thereof to the advantage of the Warranholders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll. Any modification of, or amendment or addition to the Deed Poll, may be effected only by deed, executed by the Company and expressed to be supplemental to the Deed Poll.

Any alterations to the terms and conditions of the Warrants after the issue thereof must be approved by the SGX-ST, except where the alteration is made pursuant to the Deed Poll.

The Company will make an immediate announcement on SGXNET upon any material alterations made to the terms and conditions of the Warrants.

Transfer and Transmission :

The Warrants shall be transferable in lots entitling Warranholders to subscribe for whole numbers of New Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants to be set out in the Deed Poll including, *inter alia*, the following:

- (i) Lodgment of Warrant Certificate(s) and Transfer Form(s) – a Warranholder whose Warrants are registered in his own name (the “**Transferor**”) shall lodge, during normal business hours on any Business Day so as to be received at the specified office of the Warrant Agent, the Transferor’s Warrant Certificate(s) (as will be defined in the Deed Poll) together with an instrument of transfer (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses to be set out in the Deed Poll provided that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP;
- (ii) Deceased Warranholder – the executors and administrators of a deceased Warranholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders whose Warrants are registered otherwise than in the name of CDP) and, in the case of one or more of several such joint Warranholders, the survivor or survivors of such joint holders shall be the only person(s) recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased Warranholder. Such person(s) shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of such fees and expenses to be set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased holder could have made;

- (iii) Warrants registered in name of CDP – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry; and
- (iv) Effective Date of Transfer – a Transferor or Depositor as the case may be, shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register of Warranholders by the Warrant Agent or the Depository Register by CDP, as the case may be.

Winding-up : Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warranholders by way of an Extraordinary Resolution (as will be defined in the Deed Poll)), the Warranholders shall be entitled upon and subject to the conditions to be set out in the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, to elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warranholders in accordance with the conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) Business Days after the passing thereof. Where a Warranholder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Exercise Price in relation to such exercise.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and cease to be valid for any purpose.

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

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd..

Governing Law : Laws of the Republic of Singapore.

2.7 **Principal Terms of the New Shares**

- Status of the New Shares : The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares and with each other, save that they will not be entitled to any dividends, rights, allotments or other distributions, the Record Date for which is before the relevant date of exercise of the Warrants, save as may be otherwise provided in the Deed Poll.
- Trading of the New Shares : The New Shares will be listed and traded on the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the New Shares on the SGX-ST, subject to certain conditions, the details of which are set out in paragraph 2.10 of this Circular. The dealing in, listing of and quotation for additional New Shares arising from the exercise of such additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll on the SGX-ST will be subject to the approval from the SGX-ST being obtained. Each board lot of New Shares will consist of 1,000 New Shares or such other number as may be notified by the Company.
- Listing of the New Shares : The Company has been informed by SGX-ST on 23 October 2009 of the approval in-principle for the dealing in, listing of and quotation for up to 61,822,852 New Shares on the SGX-ST subject to certain conditions, the details of which are set out in paragraph 2.10 of this Circular.

As approval in-principle for the dealing in, listing of and quotation for the New Shares on the SGX-ST does not include such additional New Shares arising from the exercise of such additional Warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll, in the event that any of the adjustments under the terms and conditions to be set out in the Deed Poll result in an increase in the number of Warrants to be held by each Warrantholder, the Company will seek the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the additional Warrants and the additional New Shares arising from the exercise of such additional Warrants. The dealing in, listing of and quotation for such additional Warrants and additional New Shares on the SGX-ST would be subject to such approval in-principle being obtained.

- Governing Law : Laws of the Republic of Singapore.

2.8 **Conditions for the Bonus Issue**

The Bonus Issue is subject, *inter alia*, to the following:

- (i) the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Bonus Shares, the Warrants and the New Shares on the Official List of the SGX-ST being obtained; and
- (ii) the Bonus Issue and the Rights Issue being approved by Shareholders at the EGM.

2.9 Conditions for the Rights Issue

The Rights Issue is subject, *inter alia*, to the terms and conditions to be set out in the Offer Information Statement, and the following:

- (i) the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Bonus Shares, the Warrants and the New Shares on the Official List of the SGX-ST being obtained;
- (ii) the Bonus Issue and the Rights Issue being approved by Shareholders at the EGM; and
- (iii) the lodgment of the Offer Information Statement in respect of the Warrants and the New Shares pursuant to the Securities and Futures Act with the Authority.

2.10 Approval

On 23 October 2009, the SGX-ST granted its approval in-principle for the dealing in, listing of and quotation for 82,430,470 Bonus Shares, up to 61,822,852 Warrants and up to 61,822,852 New Shares on the Official List of the SGX-ST, subject to the following conditions:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) Shareholders' approval of the Rights Issue and the Bonus Issue;
- (iii) the existing moratorium on the Subscription Shares held by CSIPL, pursuant to the Subscription Agreement, being extended to the 7,500,000 Bonus Shares to be issued to CSIPL in connection with the Bonus Issue;
- (iv) a written undertaking from the Company that it will make periodic announcements on the use of the proceeds from the Rights Issue and exercise of Warrants and that it will provide a status report on the use of the proceeds in the annual report;
- (v) a written confirmation from financial institution(s) that the Shareholders who have given the irrevocable undertakings have sufficient financial resources to fulfill their obligations under their undertakings;
- (vi) a written confirmation from the Company that there is a satisfactory spread of Warrantholders to provide an orderly market for the Warrants in compliance with Rule 826 of the Listing Manual;
- (vii) a written confirmation from the Company that the terms of the Rights Issue do not permit revision of the exercise price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual; and
- (viii) a written undertaking from the Company that Rules 820, 830 and 831 of the Listing Manual will be complied with.

Such approval is not indicative of the merits of the Bonus Issue, the Rights Issue, the Bonus Shares, the Warrants, the New Shares, the Company and/or its subsidiaries.

2.11 Use of Proceeds from the Rights Issue

The estimated net proceeds from the subscription of the Warrants is approximately S\$0.39 million, after deducting professional fees as well as related expenses amounting to an aggregate of S\$0.23 million in connection with the Bonus Issue and the Rights Issue. Assuming the Warrants are fully exercised, the estimated gross proceeds from the exercise of such Warrants will amount to approximately S\$12.36 million.

The Company intends to utilise the net proceeds from the subscription of the Warrants for its general working capital.

Pending the deployment of the net proceeds from the Rights Issue, such proceeds may be placed as deposits with financial institutions or invested in short-term money market instruments and/or marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Directors are of the opinion that, as at the Latest Practicable Date, after taking into account the Group's internal sources of funds, the minimum proceeds from the Rights Issue (based on the Undertakings and the OKPIPL Undertaking) will be sufficient to meet the Group's present funding requirements.

As and when the Warrants are exercised, the proceeds arising therefrom may also be applied towards the general working capital of the Company and/or such other purposes as the Directors may deem fit.

The Company will make periodic announcements on the use of proceeds from the Rights Issue and the exercise of the Warrants when materially disbursed and to provide status report(s) on the utilisation of the proceeds from the Rights Issue and the exercise of the Warrants in its annual report(s).

2.12 Books Closure Date

For the purpose of determining Shareholders' entitlements to the Bonus Issue and the Rights Issue, notice will be given at a later date as to the date on which the register of members and transfer books of the Company will be closed for the Bonus Issue and the Rights Issue respectively.

2.13 Offer Information Statement

Details of the Rights Issue will be set out in the Offer Information Statement which will be despatched to the Entitled Right Issue Shareholders as soon as practicable after the relevant approvals from Shareholders have been obtained at the EGM.

Acceptances and applications for the Warrants under the Rights Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (i) the PAL in the case of Entitled Rights Issue Scripholders whose Shares are registered in their own names;
- (ii) the WEWAF or through the ATMs of the participating banks in the case of Entitled Rights Issue Depositors; and
- (iii) the WAF or through the ATMs of the participating banks in the case of persons purchasing provisional Warrants allotments traded on the SGX-ST through the book-entry (scripless) settlement system and whose registered addresses with CDP are in Singapore.

2.14 Eligibility of Shareholders to Participate in the Rights Issue

(a) Entitled Rights Issue Shareholders

Entitled Rights Issue Shareholders are entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the WEWAF or PAL, as the case may be, and other accompanying documents at their respective Singapore addresses.

Entitled Rights Issue Depositors who do not receive the Offer Information Statement and the WEWAF may obtain the WEWAF and the Offer Information Statement from CDP during the period up to the Closing Date. Entitled Rights Issue Scripholders who do not receive the PAL may obtain it and the Offer Information Statement from the Share Registrar during the period up to the Closing Date.

Entitled Rights Issue Shareholders will be provisionally allotted the Warrants on the basis of their shareholdings in the Company as at the Rights Issue Books Closure Date. Entitled Rights Issue Shareholders are at liberty to accept, decline, renounce or in the case of Entitled Rights Issue Depositors only, trade on the SGX-ST in part or in full (during the

provisional allotment trading period prescribed by the SGX-ST), their provisional allotments of Warrants, and are eligible to apply for additional Warrants in excess of their provisional allotments under the Rights Issue.

Entitled Rights Issue Depositors should note that all notices and documents will be sent to their last registered address with CDP. Entitled Rights Issue Depositors who may wish to maintain a mailing address (the “**Rights Mailing Address**”) with CDP for the purpose of receiving the Rights Issue documents should inform CDP in writing. Depositors are reminded that any request to CDP to register a Rights Mailing Address or any request to CDP to update its records for a new Rights Mailing Address or to effect any change in address must reach CDP at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807, not later than three (3) Market Days prior to the Rights Issue Books Closure Date.

Entitled Rights Issue Scripholders should note that all notices and documents will be sent to their last registered address with the Company. Shareholders who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Rights Issue may provide such a Singapore address by notifying the Company c/o the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 3 Church Street, #08-01, Samsung Hub, Singapore 049483 not later than three (3) Market Days prior to the Rights Issue Books Closure Date.

All dealings in and transactions of the provisional allotments of Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, which are issued to Entitled Rights Issue Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

(b) Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights Issue will not be registered, lodged or filed in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of the Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by any Foreign Shareholder will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotment of the Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotment of the Warrants credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. The Company further reserves the right to reject any acceptance of the Warrants and/or any application for excess Warrants where it believes, or has reason to believe, that such acceptance or application may violate the applicable legislation of any jurisdiction.

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

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Rights Issue Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the Share Registrar or CDP in connection therewith.

Where such provisional allotment of Warrants are sold “**nil-paid**” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the Share Registrar or CDP in respect of such sales or proceeds thereof, the provisional allotments of the Warrants or the Warrants represented by such provisional allotments.

If such provisional allotment of the Warrants cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotment of the Warrants, the Warrants represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the Share Registrar or CDP in connection therewith.

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

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any jurisdiction outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any of the Warrants unless such offer, invitation or solicitation can lawfully be made without violating any regulatory or legal requirements in those jurisdictions.

The Warrants which are not otherwise taken up or allotted for any reason shall be used to satisfy applications for excess Warrants (if any) as the Directors may, in their absolute discretion, deem fit in the interest of the Company. Preference will be given to Shareholders for rounding of odd lots in the allotment of any excess Warrants, and Substantial Shareholders and Directors will rank last in priority.

The procedures for acceptances and applications for the Warrants pursuant to the Rights Issue will be set out in the Offer Information Statement and its accompanying documents.

3. FINANCIAL EFFECTS OF THE BONUS ISSUE AND THE RIGHTS ISSUE

The financial effects of the Bonus Issue and the Rights Issue have been compiled based on the audited consolidated financial statements of the Company for FY2008.

It should be noted that the financial effects are for illustration purposes only and should not be taken to represent the actual financial situation of the Group immediately after the Bonus Issue or the Rights Issue (as the case may be) nor the future financial situation of the Group.

3.1 Financial Effects of the Bonus Issue

(a) Share Capital

The effects on the share capital of the Company as at 31 December 2008 as if the Bonus Issue had been effected on 31 December 2008 and adjusted for the effects of the Subscription, are summarised below:

	No. of Shares	Amount (S\$'000)
Issued and paid up capital as at 31 December 2008 (before the Bonus Issue and adjusted for the Subscription)	164,860,940	23,993
Issued and paid up capital as at 31 December 2008 (after the Bonus Issue and adjusted for the Subscription)	247,291,410	23,993

(b) NTA per Share

The effects on the NTA per Share of the Group as at 31 December 2008 as if the Bonus Issue had been effected on 31 December 2008 and adjusted for the effects of the Subscription, are summarised below:

NTA per Share (before the Bonus Issue and adjusted for the Subscription)	27.40 cents
NTA per Share (after the Bonus Issue and adjusted for the Subscription)	18.26 cents

(c) Earnings per Share

The effects on the EPS of the Group for FY2008 as if the Bonus Issue had been effected on 1 January 2008 and adjusted for the effects of the Subscription, are summarised below:

EPS (before the Bonus Issue and adjusted for the Subscription)	5.72 cents
EPS (after the Bonus Issue and adjusted for the Subscription)	3.81 cents

(d) Gearing

As at 31 December 2008, the Group has net cash of S\$31.24 million. Accordingly, the gearing of the Group as at 31 December 2008 was nil. As the Bonus Issue will be for nil consideration without capitalisation of the Company's reserves, the Bonus Issue will have no effect on the net cash position or gearing of the Group.

(e) Dividends

The Company declared a first and final dividend of 2.0 cents per Share (one-tier tax exempt) for FY2008. The payment for such dividend was made on 27 May 2009 and amounted to approximately S\$3.00 million.

Barring unforeseen circumstances, the Directors are of the opinion that the Company will be able to maintain the quantum of the dividend paid in respect of FY2008 on the enlarged issued share capital for the financial year ending 31 December 2009.

3.2 **Financial Effects of the Rights Issue**

The financial effects of the Rights Issue set out below are based on the assumptions that (i) the Warrants are fully subscribed; (ii) the Warrants under the Rights Issue are fully exercised; (iii) the completion of the Subscription and the Bonus Issue; (iv) no returns are earned from the proceeds raised from the Rights Issue and the exercise of the Warrants; and (v) expenses incurred in the Rights Issue are approximately S\$0.23 million.

(a) Share Capital

The effects on the adjusted share capital of the Company as at 31 December 2008 as if the Rights Issue had been effected on 31 December 2008, are summarised below:

	No. of Shares	Amount (S\$'000)
Adjusted issued and paid up capital as at 31 December 2008 (before subscription of and exercise of the Warrants)	247,291,410	23,993
Adjusted issued and paid up capital as at 31 December 2008 (after subscription of and before exercise of the Warrants)	247,291,410	23,993
Adjusted issued and paid up capital as at 31 December 2008 (after subscription of and full exercise of Warrants)	309,114,262	36,976

(b) NTA per Share

The effects on the adjusted NTA per Share of the Group as at 31 December 2008 as if the Rights Issue had been effected on 31 December 2008, are summarised below:

Adjusted NTA per Share (before subscription of and exercise of the Warrants)	18.26 cents
Adjusted NTA per Share (after subscription of and before exercise of the Warrants)	18.51 cents
Adjusted NTA per Share (after subscription of and full exercise of the Warrants)	18.81 cents

(c) EPS

The effects on the adjusted EPS of the Group for FY2008 as if the Rights Issue had been effected on 1 January 2008, are summarised below:

Adjusted EPS (before subscription of and exercise of the Warrants)	3.81 cents
Adjusted EPS (after subscription of and before exercise of the Warrants)	3.81 cents
Adjusted EPS (after subscription of and exercise of the Warrants)	2.98 cents

(d) Gearing

As at 31 December 2008, the Group has net cash of S\$31.24 million. Accordingly, the gearing of the Group as at 31 December 2008 was nil. The subscription of the Warrants and the full exercise of the Warrants will increase the net cash of the Group by S\$0.39 million and S\$12.36 million respectively.

4. RISK FACTORS

To the best of the Directors' knowledge and belief (save for those which have already been disclosed to the general public), the risk factors that are material to prospective investors in making an informed judgment on the Rights Issue are set out below. Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Circular before deciding to invest in the Warrants and/or the New Shares.

The Group could be affected by a number of risks that may relate to the industry and countries in which the Group operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations. If any of the following considerations and uncertainties develops into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected. In that event, the trading price of the Warrants and/or the Shares could decline and investors may lose all or part of their investment in the Warrants and/or the Shares.

4.1 Risks relating to the Group

- (a) The Group is exposed to the cyclical fluctuations of the economy of Singapore as the construction business is dependent on the health of the infrastructure market in Singapore, which is in turn dependent on the general health of the economy of Singapore. A downturn in the economy of Singapore would dampen general sentiment in the infrastructure market in Singapore and reduce construction demand. This would invariably have an adverse effect on the Group's business and financial performance.
- (b) The Group provides limited warranty claims for its construction projects for varying periods. Such limited warranty covers defects and any premature wear and tear of the materials used. Rectification and repair works covered under warranty would not be chargeable to the customers. Excessive warranty claims for rectification and repair works would have an adverse effect on the Group's financial performance.
- (c) The Group is exposed to potential claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should the Group fail to complete the project within a stipulated time, it could be held liable for liquidated damages. In these circumstances, financial compensation may have to be paid to the Group's customers. This may adversely affect the Group's business and financial performance.
- (d) The Group is exposed to fluctuations in the prices of construction materials, which include granite, cement, ready-mix concrete, steel reinforcement bars and asphalt. The Group is vulnerable to fluctuations in prices of construction materials which is mainly determined by supply and demand conditions in the global market and the Singapore market. In addition, changes in government policies or regulations varying levels of supply and demand of construction materials may also result in price fluctuations. In the event that there is significant increase in the prices of construction materials and if the Group is unable to obtain the requisite supply of construction materials at reasonable prices or pass on the increase in construction materials costs to customers, the Group's business and profitability will be affected.
- (e) Changes in government legislation, regulations or policies affecting the construction industry, including the infrastructure market in Singapore, may have an adverse effect on the business and profitability of the Group. Compliance with new government legislation, regulations or policies may also increase the Group's costs and any significant increase in compliance costs arising thereon may adversely affect the Group's results of operations. In addition, any changes in government regulations or policies of those countries where the Group's suppliers are located may impact the supply of construction materials and cause disruptions to the operations of the Group.

- (f) The Group is exposed to cost overruns. In cases where there are (i) incorrect estimations of costs made during the tender stage; (ii) unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite which may arise during the course of construction; and/or (iii) delays in the execution of projects, additional costs not previously factored into the contract value may arise, which may result in an erosion in profit margin for the project and may have an adverse impact on the Group's overall profitability.
- (g) After taking into account the effect of the Rights Issue, the internal sources of funds and resources available to the Group, the Group has or will have sufficient working capital to meet its foreseeable capital commitments and obligations as and when they fall due, and to continue to operate as a going concern. Over the longer term, however, the business requirements may change and become affected by adverse business conditions such as increased staff costs and reduced turnover and cash flows. There is no assurance that the Group will continue to have adequate working capital in those circumstances and that there will be other resources available to it to meet its ongoing requirements in those circumstances.

4.2 Risks relating to ownership of the Shares and the Warrants

- (a) There is no assurance that the market price for the Shares will not fluctuate significantly and rapidly as a result of certain factors, some of which are beyond the Company's control. Examples of such factors include, *inter alia*, (i) variation(s) of the Group's operating results; (ii) changes in securities analysts' estimates of the Group's financial performance; (iii) additions or departures of key personnel; (iv) fluctuations in stock market prices and volume; (v) involvement in litigation; and (vi) general economic and stock market conditions.
- (b) The Warrants issued pursuant to the Rights Issue have an Exercise Period of three (3) years. In the event that the Warrants are not exercised by the end of the Exercise Period, they will expire and be worthless to the holders thereof.
- (c) In the event that an Entitled Rights Issue Shareholder does not exercise any Warrant taken up under the Rights Issue while the other Warrants issued are exercised, such Entitled Rights Issue Shareholder's interest in the Company may be diluted or varied.
- (d) The dealing in, listing of and quotation for the additional Warrants to be issued pursuant to any adjustments under the terms and conditions of the Deed Poll and the additional New Shares arising from the exercise of such additional Warrants on the Official List of the SGX-ST is conditional upon the approval in-principle being granted by the SGX-ST for such additional Warrants and additional New Shares. In the event that no such approval in-principle is granted by the SGX-ST, Warranholders and/or Shareholders will not be able to trade such additional Warrants and/or additional New Shares respectively on the SGX-ST.
- (e) Pursuant to Rule 826 of the Listing Manual, the SGX-ST will normally require a sufficient spread of holdings to provide for an orderly market in the securities. As a guide, SGX-ST expects at least 100 warranholders for a class of company warrants.

If the Warrants are not sufficiently subscribed, it may not meet the spread of holdings of at least 100 Warranholders. Shareholders should note that in the event permission is not granted by the SGX-ST for the dealing in, listing of and quotation for the Warrants due to an inadequate spread of holdings for the Warrants to provide for an orderly market in the trading of the Warrants, Warranholders will not be able to trade their Warrants on the SGX-ST. The Company shall nevertheless proceed with and complete the Rights Issue in such an event.

Save as disclosed in this Circular, the Directors are not aware of any material information including any special business factor or risk which is unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company or the Group.

5. FINANCIAL INFORMATION OF THE GROUP

5.1 Consolidated income statements

The audited consolidated income statements of the Company for FY2006, FY2007 and FY2008 and the unaudited consolidated income statements of the Company for HY2008 and HY2009 are set out below. The following summary of the financial information should be read together with the FY2008 annual report of the Company, and the audited consolidated financial statements for the relevant periods, including the related notes thereto:

	← S\$'000 →				
	FY2006 (audited)	FY2007 (audited)	FY2008 (audited)	HY2008 (unaudited)	HY2009 (unaudited)
Revenue	73,267	124,660	101,825	50,935	61,496
Cost of works	(62,822)	(102,815)	(80,501)	(42,399)	(51,881)
Gross profit	10,445	21,845	21,324	8,536	9,615
Other income	560	1,520	843	417	1,259
Administrative expenses	(5,441)	(9,267)	(9,498)	(3,193)	(2,688)
Other expenses	(105)	(226)	(249)	(169)	–
Finance expenses	(105)	(137)	(193)	(89)	(102)
Profit before income tax	5,355	13,735	12,227	5,502	8,084
Income tax expense	(1,295)	(2,735)	(2,696)	(1,104)	(1,280)
Net profit⁽¹⁾	4,060	11,000	9,531	4,398	6,804
Attributable to:					
Equity holders of the Company ⁽²⁾	4,148	10,921	9,458	4,304	6,808
Minority interests ⁽²⁾	(88)	79	73	94	(4)
	4,060	11,000	9,531	4,398	6,804

Notes:

- (1) The total comprehensive income for each of FY2006, FY2007, FY2008, HY2008 and HY2009 is equal to the corresponding net profit for the respective year/period.
- (2) The total comprehensive income attributable to the equity holders of the Company and minority interests for each of FY2006, FY2007, FY2008, HY2008 and HY2009 is equal to the corresponding net profit attributable to the equity holders of the Company and minority interests for the respective year/period.

FY2007 vs FY2006

Revenue

The Group's revenue increased by S\$51.39 million or 70.14%, from S\$73.27 million in FY2006 to S\$124.66 million in FY2007 due mainly to a surge in revenue from the Group's construction segment. The strong growth in revenue from the Group's construction segment was attributable to higher revenue recognised from a few key construction projects in FY2007.

Gross profit

The gross profit of the Group increased by S\$11.40 million or 109.14%, from S\$10.45 million in FY2006 to S\$21.85 million in FY2007 due mainly to the increase in revenue generated in FY2007.

The gross profit margin of the Group increased from 14.26% in FY2006 to 17.52% in FY2007 due mainly to a few key construction projects coupled with better project management and tighter cost control in FY2007.

Other income

Other income increased by S\$0.96 million from S\$0.56 million in FY2006 to S\$1.52 million for FY2007 due mainly to a S\$0.60 million revaluation gain on an investment property in FY2007.

Administrative expenses

The increase in administrative expenses of S\$3.83 million or 70.32% was due mainly to provision for directors' profit-sharing bonuses, increase in staff costs, an allowance for impairment of trade receivables and increase in professional fees for FY2007.

Other expenses

Other expenses comprised mainly foreign exchange losses.

Finance expenses

The increase in finance expenses was due mainly to an increase in financial lease interest expense arising from additional plant and equipment acquired in FY2007 to support existing projects.

Profit before income tax

Profit before income tax increased by S\$8.38 million or 156.49%, from S\$5.36 million in FY2006 to S\$13.74 million in FY2007 due mainly to the increase in gross profit and increase in other income, which were partly offset by an increase in administrative expenses and other expenses.

Income tax expense

Income tax expense increased by S\$1.44 million from S\$1.30 million in FY2006 to S\$2.74 million in FY2007. The higher income tax expense is in line with the higher profit before income tax for FY2007.

Net profit

Net profit increased by S\$6.94 million or 170.94%, from S\$4.06 million in FY2006 to S\$11.00 million in FY2007 following the increase in profit before income tax as explained above.

FY2008 vs FY2007

Revenue

The Group's revenue decreased by S\$22.84 million or 18.32%, from S\$124.66 million in FY2007 to S\$101.83 million in FY2008 due mainly to a decrease in revenue from the Group's construction segment, which was partially offset by an increase in revenue from the Group's maintenance segment. The increase in revenue contribution from the Group's maintenance segment was due mainly to a higher percentage of contribution from a number of newly-awarded maintenance projects during FY2008.

Gross profit

The gross profit of the Group decreased by S\$0.52 million or 2.38%, from S\$21.85 million to S\$21.32 million in FY2008 due mainly to the decline in revenue generated in FY2008.

Notwithstanding the decrease in gross profit, the gross profit margin of the Group increased from 17.52% in FY2007 to 20.94% in FY2008. Significant variation orders on a few construction projects helped to boost the gross profit margin in FY2008.

Other income

The decrease in other income of S\$0.68 million from S\$1.52 million in FY2007 to S\$0.84 million in FY2008 was due mainly to a revaluation gain on an investment property of S\$0.60 million in FY2007 which did not recur in FY2008.

Administrative expenses

The increase in administrative expenses of S\$0.23 million or 2.49% was due mainly to higher directors' remuneration and an allowance for impairment of trade receivables made in FY2008.

Other expenses

Other expenses remained relatively constant at S\$0.23 million and S\$0.25 million in FY2007 and FY2008 respectively.

Finance expenses

The increase in finance expenses was due mainly to an increase in finance lease interest expense arising from additional plant and equipment acquired in FY2008.

Profit before income tax

Profit before income tax decreased by S\$1.51 million or 10.98%, from S\$13.74 million in FY2007 to S\$12.23 million in FY2008 due mainly to the S\$0.52 million decrease in the gross profit as a result of the decline in revenue, coupled with increases in both the administrative expenses and finance expenses.

Income tax expense

Income tax expense for FY2008 was S\$2.70 million, representing an effective tax rate of 22.05%. The effective tax rate for FY2008 was higher than the statutory tax rate of 18.00% due mainly to certain non-deductible items added back for tax purposes.

Net profit

Net profit decreased by S\$1.47 million or 13.35%, from S\$11.00 million in FY2007 to S\$9.53 million in FY2008 following the decrease in profit before income tax as explained above.

HY2009 vs HY2008

Revenue

The Group's revenue increased by S\$10.56 million or 20.73%, from S\$50.94 million in HY2008 to S\$61.50 million in HY2009 due to a strong revenue growth of 69.97% from the Group's maintenance segment, coupled with the increase in revenue from the Group's construction segment. The strong growth in revenue from the Group's maintenance segment was attributable to higher revenue recognised from a few new maintenance projects.

Gross profit

The gross profit of the Group increased by S\$1.08 million or 12.64%, from S\$8.54 million in HY2008 to S\$9.62 million in HY2009 due mainly to revenue generated from more projects in HY2009 as compared to HY2008.

The gross profit margin of the Group decreased from 16.76% in HY2008 to 15.64% in HY2009 due mainly to relatively higher costs accrued during the initial stages of some projects which commenced in HY2009.

Other income

The increase in other income of S\$0.84 million or 201.92% was due mainly to a non-recurrent reversal of allowance for impairment of trade receivables of S\$1.09 million in HY2009, which was partially offset by lower interest income from bank deposits in HY2009 as compared to HY2008.

Administrative expenses

The decrease in administrative expenses of S\$0.51 million or 15.82% was due mainly to a decrease in professional fees in HY2009.

Other expenses

Other expenses in HY2008 related to foreign exchange losses resulting from the weakening of the United States Dollar against the Singapore Dollar. No foreign exchange loss was recorded in HY2009.

Finance expenses

The increase in finance expenses was due mainly to an increase in finance lease interest expense arising from additional plant and equipment acquired in HY2009.

Profit before income tax

Profit before income tax increased by S\$2.58 million or 46.93%, from S\$5.50 million in HY2008 to S\$8.08 million in HY2009 due mainly to the increase in gross profit and other income coupled with the decreases in both the administrative expenses and other expenses, which was partially offset by the increase in finance expenses as explained above.

Income tax expense

Income tax expense increased by S\$0.18 million or 15.94%, from S\$1.10 million in HY2008 to S\$1.28 million in HY2009. The higher income tax expense is in line with the higher profit before income tax as explained above.

Net profit

Net profit increased by S\$2.41 million or 54.71%, from S\$4.40 million in HY2008 to S\$6.80 million in HY2009 following the increase in profit before income tax as explained above.

5.2 Consolidated balance sheets

The audited consolidated balance sheets of the Company as at 31 December 2006, 31 December 2007 and 31 December 2008 and the unaudited consolidated balance sheet of the Company as at 30 June 2009 are set out below:

	← S\$'000 →			
	31 December 2006 (audited)	31 December 2007 (audited)	31 December 2008 (audited)	30 June 2009 (unaudited)
Non-current assets				
Investment property	800	1,400	1,200	1,200
Properties, plant and equipment	7,848	10,622	10,978	12,932
Intangible assets	1,688	1,688	1,688	1,688
	<hr/> 10,336	<hr/> 13,710	<hr/> 13,866	<hr/> 15,820
Current assets				
Cash and cash equivalents	14,656	24,862	35,410	54,134
Trade and other receivables	21,119	36,046	25,243	31,329
Construction contracts work-in-progress	1,236	1,805	1,672	1,435
Other current assets	541	506	630	1,239
	<hr/> 37,552	<hr/> 63,219	<hr/> 62,955	<hr/> 88,137
Total assets	<hr/> <hr/> 47,888	<hr/> <hr/> 76,929	<hr/> <hr/> 76,821	<hr/> <hr/> 103,957

	← S\$'000 →			
	31 December 2006 (audited)	31 December 2007 (audited)	31 December 2008 (audited)	30 June 2009 (unaudited)
Capital and reserve attributable to equity holders of the Company				
Share capital	14,955	17,243	17,243	23,993
Retained earnings	7,728	16,401	22,862	26,673
	22,683	33,644	40,105	50,666
Minority interests	(2)	527	601	597
Total equity	22,681	34,171	40,706	51,263
Non-current liabilities				
Finance lease liabilities	1,486	2,451	2,646	2,092
Deferred income tax liabilities	249	201	150	59
	1,735	2,652	2,796	2,151
Current liabilities				
Trade and other payables	21,169	35,777	28,920	46,752
Finance lease liabilities	818	1,343	1,528	1,292
Current income tax liabilities	1,485	2,986	2,871	2,499
	23,472	40,106	33,319	50,543
Total liabilities	25,207	42,758	36,115	52,694
Total equity and liabilities	47,888	76,929	76,821	103,957

Review of Financial Position as at 30 June 2009

Non-current assets

The total non-current assets of the Group as at 30 June 2009 amounted to S\$15.82 million, comprising investment property of S\$1.20 million, properties, plant and equipment of S\$12.93 million and intangible assets of S\$1.69 million, representing 7.59%, 81.74% and 10.67% of the total non-current assets respectively.

As at 30 June 2009, the Group's total non-current assets accounted for approximately 15.22% of the Group's total assets.

Current assets

As at 30 June 2009, the Group's total current assets amounted to S\$88.14 million, comprising cash and cash equivalents, trade and other receivables, construction contracts works-in-progress and other current assets amounting to S\$54.13 million, S\$31.33 million, S\$1.44 million and S\$1.24 million respectively, or 61.41%, 35.55%, 1.63% and 1.41% of the total current assets respectively.

Trade and other receivables comprise trade receivables, (net) amounts due from customers from construction contracts, retentions from construction contracts, non-trade receivables and other receivables.

As at 30 June 2009, the Group's total current assets accounted for approximately 84.78% of the Group's total assets.

Non-current liabilities

Total non-current liabilities of the Group as at 30 June 2009 amounted to S\$2.15 million comprising finance lease liabilities of S\$2.09 million and deferred tax liabilities of S\$0.06 million, representing 97.21% and 2.79% of the total non-current liabilities respectively.

As at 30 June 2009, the Group's total non-current liabilities accounted for approximately 4.08% of the Group's total liabilities.

Current liabilities

Total current liabilities of the Group as at 30 June 2009 amounted to S\$50.54 million, comprising trade and other payables, current portion of finance lease liabilities and current income tax liabilities amounting to S\$46.75 million, S\$1.29 million, and S\$2.50 million respectively, or 92.50%, 2.55% and 4.95% of the total current liabilities respectively.

Trade and other payables comprise trade payables, non-trade payables, accrued operating expenses and other payables.

As at 30 June 2009, the Group's total current liabilities accounted for approximately 95.92% of the Group's total liabilities.

Total equity

The Group's total equity as at 30 June 2009 amounted to S\$51.26 million comprising share capital, retained earnings and minority interests amounting to S\$23.99 million, S\$26.67 million and S\$0.60 million respectively.

5.3 Consolidated cash flow statements

The audited consolidated cash flow statements of the Company for FY2006, FY2007 and FY2008 and the unaudited consolidated cash flow statements of the Company for HY2008 and HY2009 are set out below:

	← S\$'000 →				
	FY2006 (audited)	FY2007 (audited)	FY2008 (audited)	HY2008 (unaudited)	HY2009 (unaudited)
Cash flows from operating activities					
Net profit	4,060	11,000	9,531	4,398	6,804
Adjustments for:					
- Income tax expense	1,295	2,735	2,696	1,104	1,280
- Depreciation of properties, plant and equipment	1,553	1,947	2,251	1,057	1,088
- Net fair value loss/(gain) on investment property	-	(600)	200	-	-
- Gain on disposal of properties, plant and equipment	(55)	(161)	(160)	(20)	(21)
- Interest income	(234)	(354)	(247)	(146)	(30)
- Interest expense	105	137	193	89	102
Operating cash flow before working capital changes	6,724	14,704	14,464	6,482	9,223

	← S\$'000 →				
	FY2006 (audited)	FY2007 (audited)	FY2008 (audited)	HY2008 (unaudited)	HY2009 (unaudited)
Change in working capital					
- Trade and other receivables	(12,115)	(14,856)	10,778	11,057	(6,109)
- Construction contracts work-in-progress	1,378	(569)	133	(1,140)	237
- Other current assets	16	35	(125)	(166)	(609)
- Trade and other payables	7,094	14,311	(6,856)	(4,940)	17,832
Cash generated from operations	3,097	13,625	18,394	11,293	20,574
- Income tax paid	(45)	(985)	(2,862)	(1,821)	(1,744)
- Interest income	234	354	247	146	30
Net cash provided by operating activities	3,286	12,994	15,779	9,618	18,860
Cash flows from investing activities					
- Purchases of properties, plant and equipment	(1,130)	(2,116)	(570)	(229)	(3,003)
- Proceeds from disposal of properties, plant and equipment	80	208	404	49	78
Net cash used in investing activities	(1,050)	(1,908)	(166)	(180)	(2,925)
Cash flows from financing activities					
- Repayment of finance lease liabilities	(816)	(1,162)	(1,901)	(725)	(885)
- Interest expense	(105)	(137)	(193)	(89)	(101)
- Dividends paid to equity holders of the Company	-	(2,248)	(2,997)	(2,997)	(2,997)
- Proceeds from issuance of shares	-	2,288	-	-	6,750
- Proceeds from issue of shares of subsidiaries to minority shareholders	90	450	-	-	-
Net cash (used in) / provided by financing activities	(831)	(809)	(5,091)	(3,811)	2,767
Net increase in cash and cash equivalents	1,405	10,277	10,522	5,627	18,702

	← S\$'000 →				
	FY2006 (audited)	FY2007 (audited)	FY2008 (audited)	HY2008 (unaudited)	HY2009 (unaudited)
Cash and cash equivalents at the beginning of the financial year/period	7,725	9,131	19,408	19,408	29,929
Cash and cash equivalents at the end of the financial year/period⁽¹⁾	9,131	19,408	29,929	25,035	48,631

Note:

(1) The consolidated cash and cash equivalents at the end of the financial year/period comprised the following:

	← S\$'000 →				
	FY2006 (audited)	FY2007 (audited)	FY2008 (audited)	HY2008 (unaudited)	HY2009 (unaudited)
Cash at bank and on hand	2,546	8,753	11,785	6,669	14,058
Short-term bank deposits	12,110	16,109	23,625	23,802	40,076
	14,656	24,862	35,410	30,471	54,134
Short-term bank deposits pledged	(5,525)	(5,454)	(5,481)	(5,436)	(5,503)
Cash and cash equivalents in consolidated cash flow statements	9,131	19,408	29,929	25,035	48,631

FY2007 vs FY2006

Net cash flow from operating activities increased significantly from S\$3.29 million in FY2006 to S\$12.99 million in FY2007 as a result of strong operating performance by the Group. Together with the opening cash and cash equivalents balance, the cash from operating activities were used to fund the investing activities and the financing activities of the Group.

Net cash flow used in investing activities in FY2007 was S\$1.91 million due to the purchase of properties, plant and equipment amounting to S\$2.12 million, which was partially offset by the cash proceeds from the disposal of properties, plant and equipment amounting to S\$0.21 million.

Net cash flow used in financing activities in FY2007 was S\$0.81 million due mainly to the repayment of finance lease liabilities and payment of dividends to Shareholders, which was partially offset by the cash proceeds from the issuance of new Shares.

As a result, the cash and cash equivalents of the Group increased by S\$10.28 million from S\$9.13 million in FY2006 to S\$19.41 million in FY2007.

FY2008 vs FY2007

Net cash flow from operating activities increased from S\$12.99 million in FY2007 to S\$15.78 million in FY2008. Together with the opening cash and cash equivalents balance, the cash from operating activities were used to fund the investing activities and the financing activities of the Group.

Net cash flow used in investing activities in FY2008 was S\$0.17 million due to the purchase of properties, plant and equipment amounting to S\$0.57 million, which was partially offset by the cash proceeds from the disposal of properties, plant and equipment amounting to S\$0.40 million.

Net cash flow used in financing activities was S\$5.09 million in FY2008 due mainly to the repayment of finance lease liabilities and payment of dividends to Shareholders.

As a result, the cash and cash equivalents of the Group increased by S\$10.52 million from S\$19.41 million in FY2007 to S\$29.93 million in FY2008.

HY2009 vs HY2008

Net cash flow from operating activities increased by S\$9.24 million from S\$9.62 million in HY2008 to S\$18.86 million in HY2009 on the back of the Group's strong performance.

Net cash flow used in investing activities in HY2009 was S\$2.93 million due mainly to the purchase of properties, plant and equipment. Net cash flow from financing activities in HY2009 was S\$2.77 million due mainly to cash proceeds of S\$6.75 million from the Subscription, which was partially offset by repayment of finance lease liabilities and payment of dividends to Shareholders.

As a result, the cash and cash equivalents of the Group increased from S\$29.93 million at the beginning of HY2009 to S\$48.63 million as at the end of HY2009.

5.4 Working Capital

The working capital of the Group for FY2006, FY2007, FY2008 and HY2009 are set out below:

	← S\$'000 →			
	31 December 2006 (audited)	31 December 2007 (audited)	31 December 2008 (audited)	30 June 2009 (unaudited)
Total current assets ⁽¹⁾	37,552	63,219	62,955	88,137
Total current liabilities ⁽¹⁾	23,472	40,106	33,319	50,543
Working capital	14,080	23,113	29,636	37,594

Note:

(1) Please refer to the table set out under paragraph 5.2 of this Circular for the various components of each of the current assets and current liabilities as at the respective dates.

The Group had positive working capital as at 31 December 2006, 31 December 2007, 31 December 2008 and 30 June 2009.

FY2007 vs FY2006

The Group's working capital increased by S\$9.03 million from a surplus of S\$14.08 million as at 31 December 2006 to a surplus of S\$23.11 million as at 31 December 2007.

Total current assets increased by S\$25.67 million due mainly to the increase in cash and equivalents of S\$10.21 million and the increase in trade and other receivables of S\$14.93 million following the increase in business revenue and activities in FY2007.

Total current liabilities increased by S\$16.63 million due mainly to the increase in trade and other payables of S\$14.61 million owing to the increase in business volumes in FY2007 and the increase in current income tax liabilities of S\$1.50 million following the increase in profit before income tax.

FY2008 vs FY2007

The Group's working capital increased by S\$6.52 million from a surplus of S\$23.11 million as at 31 December 2007 to a surplus of S\$29.64 million as at 31 December 2008.

Total current assets decreased marginally by S\$0.26 million due mainly to the decrease in trade and other receivables of S\$10.80 million as a result of the decrease in the Group's revenue in FY2008 which was partially offset by the increase in cash and cash equivalents of S\$10.55 million.

Total current liabilities decreased by S\$6.79 million due mainly to the decrease in trade and other payables of S\$6.86 million as a result of the decrease in business volumes for the Group in FY2008.

HY2009 vs FY2008

The Group's working capital increased by S\$7.95 million from a surplus of S\$29.64 million as at 31 December 2008 to a surplus of S\$37.59 million as at 30 June 2009.

Total current assets increased by S\$25.18 million due mainly to the increase in cash and cash equivalents and the increase in trade and other receivables. The increase in cash and cash equivalents of S\$18.72 million was due mainly to cash generated from operations and the inflow of the proceeds from the Subscription. Trade and other receivables increased by S\$6.09 million due to higher amount of revenue recognition for HY2009.

Total current liabilities increased by S\$17.22 million due mainly to the increase in trade and other payables resulting from a provision for significant costs for some on-going projects and an advance received from a customer for an on-going project in HY2009.

6. EXTRAORDINARY GENERAL MEETING (EGM)

The EGM, notice of which is set out on pages 44 to 46 of this Circular, will be held at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623 on 16 November 2009 at 12 noon, for the purpose of considering and, if thought fit, passing (with or without any modifications) the resolutions set out in the Notice of EGM.

7. THE DIRECTORS' RECOMMENDATION ON RESOLUTION 1 (BONUS ISSUE RESOLUTION)

Having considered, amongst others, the terms and the rationale for and the financial effects of the Bonus Issue set out in this Circular, the Directors are of the opinion that the Bonus Issue is in the interests of the Company and the Shareholders.

Accordingly, the Directors recommend that the Shareholders vote in favour of Resolution 1 (Ordinary Resolution) relating to the Bonus Issue at the EGM as stated in the Notice of EGM.

8. THE DIRECTORS' RECOMMENDATION ON RESOLUTION 2 (RIGHTS ISSUE RESOLUTION)

Having considered, amongst others, the terms and the rationale for and the financial effects of the Rights Issue set out in this Circular, the Directors are of the opinion that the Rights Issue is in the interests of the Company and the Shareholders.

Accordingly, the Directors recommend that the Shareholders vote in favour of Resolution 2 (Ordinary Resolution) relating to the Rights Issue at the EGM as stated in the Notice of EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event to reach the registered address of the Company at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623 not later than 48 hours before the time for holding the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in place of his proxy if he so

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

10. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by the Directors and they (including those who have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the full and true disclosure and accuracy of the information given in this Circular.

They also confirm that after making all reasonable enquiries, and that to the best of their knowledge and belief, the statements and opinions expressed in this Circular are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make this Circular misleading in any material respect.

Where information has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and reproduced in this Circular.

11. STATEMENT BY THE MANAGER

The Manager confirms that, having made reasonable enquiries, to the best of its knowledge and belief, and based on information made available to it by the Company, this Circular constitutes full and true disclosure of all material facts about the Bonus Issue, the Rights Issue, the Company and its subsidiaries, and that it is not aware of any material facts the omission of which would make any statement herein misleading in any material respect as at the date of this Circular.

12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings of the Company, as maintained under the provisions of the Companies Act are as follows:

Name of Directors/ Substantial Shareholders	Shares registered in the name of the Directors/ Substantial Shareholders or their Nominees	Percentage of issued share capital (%)	Shares in which Directors/ Substantial Shareholders are deemed to have an interest	Percentage of issued share capital (%)
Directors				
Or Kim Peow	2,430,000	1.47	89,901,940 ⁽¹⁾	54.53
Or Toh Wat	1,238,000	0.75	—	—
Ang Beng Tin	1,239,000	0.75	—	—
Or Kiam Meng	1,238,000	0.75	—	—
Oh Enc Nam	444,000	0.27	—	—
Or Lay Huat Daniel	1,238,000	0.75	—	—
Chen Seow Phun, John	—	—	20,000 ⁽²⁾	0.01
Nirumalan s/o V Kanapathi Pillai	—	—	—	—
Tan Boen Eng	—	—	—	—

Name of Directors/ Substantial Shareholders	Shares registered in the name of the Directors/ Substantial Shareholders or their Nominees	Percentage of issued share capital (%)	Shares in which Directors/ Substantial Shareholders are deemed to have an interest	Percentage of issued share capital (%)
<u>Substantial Shareholders</u>				
OKPIPL	89,901,940	54.53	–	–
CSIPL	15,000,000	9.10	–	–

Notes:

- (1) Mr Or Kim Peow is deemed to have an interest in the 89,901,940 Shares held by OKPIPL by virtue of Section 7 of the Companies Act.
- (2) Dr Chen Seow Phun, John is deemed to have an interest in the 20,000 Shares held by his wife, Mdm Lim Kok Huang, by virtue of Section 164(15) of the Companies Act.

Other than as disclosed in this Circular, none of the Directors or the Substantial Shareholders has any interest, direct or indirect, in the Bonus Issue or the Rights Issue.

13. MATERIAL LITIGATION

To the best of their knowledge and belief, the Directors do not have any knowledge of any legal or arbitration proceedings, including those which are pending or known to be contemplated, which in the opinion of the Directors, may have or have had in the last 12 months before the date of this Circular, a material effect on the financial position or profitability of the Group.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Announcement;
- (c) the Annual Reports of the Company for FY2006, FY2007 and FY2008;
- (d) the Undertakings referred to in paragraph 2.3.2 of this Circular;
- (e) the OKPIPL Undertaking referred to in paragraph 2.3.3 of this Circular; and
- (f) the letter of consent from the Manager to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they are included in this Circular.

15. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix 1 to this Circular.

Yours faithfully,
By Order of the Board of
OKP HOLDINGS LIMITED

Or Kim Peow
Group Chairman

RULES FOR ADJUSTMENTS

Subject to the terms and conditions of the Warrants to be set out in the Deed Poll (the “**Conditions**”), the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions:

(i) Consolidation, Subdivision or Conversion

If, and whenever, consolidation or subdivision or conversion of the Shares occurs, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision or conversion;

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion;

W = existing number of Warrants held; and

X = existing Exercise Price.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective.

(ii) Capitalisation Issues

If, and whenever, the Company shall make any issue of Shares to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders (other than an allotment of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

W = as in W above; and

X = as in X above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the date next following the Record Date for such issue.

For the purpose of this Condition, "**Record Date**" in relation to the relevant transaction means the date as at the close of business (or such other date as notified by the Company) on which Shareholders must be registered as such to participate therein.

(iii) Capital Distribution

If, and whenever, the Company shall make a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise, then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times X$$

where:

C = the Last Dealt Price (as will be defined in the Deed Poll) on the Market Day immediately preceding the date on which the Capital Distribution is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the Capital Distribution;

D = the fair market value, as determined by an Approved Person (as will be defined in the Deed Poll), of that portion of the Capital Distribution attributable to one Share; and

X = as in X above.

For the purposes of Condition (iii), "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition (ii)) or other securities (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully or partly paid-up by way of capitalisation of profits or reserves. Any distribution out of profits or reserves made after 31 December 2008 shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before that date and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the Record Date for such transactions.

(iv) Rights Issue

If, and whenever, the Company shall make any offer or invitation to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights, then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{E - F}{E} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{E}{E - F} \times W$$

where:

E = the Last Dealt Price on the Market Day immediately preceding the date on which the offer or invitation referred to in this Condition (iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

F = the value of rights attributable to one Share which shall be calculated in accordance with the formula:

$$\frac{E - G}{H + 1}$$

where:

E = as in E above;

G = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;

H = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share by way of rights;

1 = one;

W = as in W above; and

X = as in X above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this paragraph, "**closing date**" shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

(v) Concurrent Capitalisation Issue and Rights Issue

If, and whenever, the Company makes any allotment to its Shareholders as provided in Condition (ii) and also makes any offer or invitation to its Shareholders as provided in Condition (iv) and the Record Date for the purpose of the allotment is also the Record Date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(I \times E) + (J \times G)}{(I + J + B) \times E} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(I + J + B) \times E}{(I \times E) + (J \times G)} \times W$$

where:

B = as in B above;

E = as in E above;

G = as in G above;

I = the aggregate number of issued and fully paid-up Shares on the Record Date;

J = the aggregate number of New Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

W = as in W above; and

X = as in X above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this paragraph, “**closing date**” shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

(vi) Issues at Discount other than by way of Rights

If, and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under Conditions (iv) or (v) and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend), the Company shall issue any Share and the Total Effective Consideration for each Share (as defined below) is less than ninety (90) per cent. of the Last Dealt Price on the SGX-ST on the date on which the issue price of such Shares is determined, or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{K + L}{K + M} \times X$$

where:

K = the number of Shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Last Dealt Price (exclusive of expenses);

M = the aggregate number of Shares so issued; and

X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offer price of such Shares.

For the purposes of Condition (vi) above, "**Total Effective Consideration**" shall be determined by the Directors with the concurrence of an Approved Person and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commission, discount or expenses paid, allowed or incurred in connection with the issue thereof, and "**Total Effective Consideration for each Share**" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

OKP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200201165G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623 on 16 November 2009 at 12 noon to consider and, if thought fit, to pass the following resolutions with or without modifications:

1. RESOLUTION 1 (ORDINARY RESOLUTION)

Bonus Issue

THAT contingent upon the passing of Resolution 2, a bonus issue (the "**Bonus Issue**") of 82,430,470 new ordinary shares in the capital of the Company (the "**Bonus Shares**") on the basis of one (1) Bonus Share for every two (2) ordinary shares in the capital of the Company (the "**Shares**") held by such shareholders of the Company (the "**Entitled Bonus Issue Shareholders**") whose names appear in the register of members of the Company or the records of The Central Depository (Pte) Limited (the "**CDP**"), as the case may be, as at a time and date to be determined by the Directors for the purpose of determining the entitlements of the shareholders of the Company (the "**Shareholders**") under the Bonus Issue, fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors:

- (a) to allot and issue 82,430,470 Bonus Shares free to the Entitled Bonus Issue Shareholders on the basis of one (1) Bonus Shares for every two (2) Shares held by the Entitled Bonus Issue Shareholders, fractional entitlements to be disregarded, and when allotted and issued, such Bonus Shares, to rank *pari passu* in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Bonus Shares;
- (b) to aggregate and allot the entitlements to the Bonus Shares not allotted for any reason or which represent fractional entitlements disregarded in accordance with the terms of the Bonus Issue and to otherwise dispose of or to deal with such entitlements to the Bonus Shares in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit for the benefit of the Company;
- (c) to prepare, finalise, approve and execute any instrument, announcement, notice or agreement as may be required in connection with or pursuant to the above-mentioned matters, make such amendments to the terms and conditions of the Bonus Issue and to do all such other acts, take such steps and to exercise such discretion to implement, perfect or give effect to the above and to the transactions contemplated thereunder; and
- (d) to affix the Common Seal of the Company to such documents relating to the transaction herein referred to above, in accordance with the provisions of the Articles of Association of the Company, to the extent that any document referred to in paragraph (c) above is required to be executed under seal.

2. RESOLUTION 2 (ORDINARY RESOLUTION)

Rights Issue

THAT contingent upon the passing of Resolution 1, a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 61,822,852 warrants (the "**Warrants**") at an issue price of S\$0.01 for each Warrant, with each Warrant carrying the right to subscribe for one (1) new ordinary share in

the capital of the Company (each a “**New Share**” and collectively the “**New Shares**”) at an exercise price of S\$0.20 for each New Share (the “**Exercise Price**”), on the basis of one (1) Warrant for every four (4) Shares held by such Shareholders (the “**Entitled Rights Issue Shareholders**”) whose names appear in the register of members of the Company or the records of the CDP, as the case may be, as at a time and date to be determined by the Directors for the purpose of determining the entitlements of the Shareholders under the Rights Issue (the “**Rights Issue Books Closure Date**”), fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors:

- (a) to provisionally allot and issue up to 61,822,852 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of one (1) Warrant for every four (4) Shares held by the Entitled Rights Issue Shareholders, fractional entitlements to be disregarded, and otherwise on such other terms and conditions as the Directors may determine in their absolute discretion, including, if the Directors think fit, the following terms:
 - (i) that the provisional allotment of the Warrants shall be made on a renounceable basis to the Shareholders whose names appear in the register of members of the Company or the records of the CDP as at the Rights Issue Books Closure Date with registered addresses in Singapore or who have, at least three (3) Market Days¹ prior to the Rights Issue Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices or documents;
 - (ii) that no provisional allotment of the Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Rights Issue Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”); and
 - (iii) that the entitlements to the Warrants which would otherwise accrue to Foreign Shareholders be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Rights Issue Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained for the sole benefit of the Company or be dealt with as the Directors may, in their absolute discretion, deem fit;
- (b) to aggregate and allot the entitlements to the Warrants not taken up or allotted for any reason or which represent fractional entitlements disregarded in accordance with the terms of the Rights Issue to satisfy excess applications for the Warrants or otherwise dispose of or to deal with such entitlements to the Warrants in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit;
- (c) to create, allot and issue the Warrants in registered form, each Warrant carrying the right, at any time from the date of issue of the Warrants up to the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, to subscribe for one New Share at an Exercise Price of S\$0.20 (which shall be subject to adjustment under such circumstances as may be provided in the terms and conditions of the Warrants to be set out in the deed poll to be executed by the Company (the “**Deed Poll**”) which constitutes the Warrants and contains, *inter alia*, the provisions for the protection of the rights and interests of the holders of the Warrants) and on such other terms and conditions as the Directors may determine;

¹ A day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.

- (d) to create, allot and issue such additional warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Warrants to be set out in the Deed Poll);
- (e) to allot and issue (notwithstanding that the issue thereof may take place after the next or any ensuing general meeting of the Company):
 - (i) up to 61,822,852 New Shares arising from the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants, such New Shares to be credited as fully paid when issued and to rank *pari passu* in all respects with the then existing Shares and with each other save for any dividend, right, allotment or other distribution that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants, save as may be otherwise provided in the Deed Poll; and
 - (ii) on the same basis as paragraph (e)(i) above, to allot and issue such additional new Shares as may be required to be allotted and issued on the exercise of any of the additional warrants referred to in paragraph (d) above;
- (f) to prepare, finalise, approve and execute any instrument, announcement, notice or agreement as may be required in connection with or pursuant to the above-mentioned matters, make such amendments to the terms and conditions of the Rights Issue and to do all such other acts, take such steps and to exercise such discretion to implement, perfect or give effect to the above and to the transactions contemplated thereunder; and
- (g) to affix the Common Seal of the Company to such documents relating to the transaction herein referred to above, in accordance with the provisions of the Articles of Association of the Company, to the extent that any document referred to in paragraph (f) above is required to be executed under seal.

By Order of the Board of
OKP HOLDINGS LIMITED

Vincent Lim Bock Hui
Company Secretary
Singapore

30 October 2009

Notes:

1. A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy (or in the case of a corporation, appoint its authorised representative or proxy) to attend and vote in his stead.
2. A proxy need not be a member of the Company.
3. The Proxy Form must be lodged at the Company's registered office at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623, not less than 48 hours before the time fixed for holding the Meeting.

OKP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200201165G)

IMPORTANT

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

PROXY FORM FOR EXTRAORDINARY GENERAL MEETING

I/We _____ (Name) of

_____ (Address)

being a shareholder / member of **OKP Holdings Limited** (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport No.	No. of Shares Represented (%)

and/or

Name	Address	NRIC/Passport No.	No. of Shares Represented (%)

or failing *him/her, the Chairman of the meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623 on 16 November 2009 at 12 noon and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	ORDINARY RESOLUTIONS	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of votes for**	No. of votes against**
1	To approve the Bonus Issue				
2	To approve the Rights Issue				

* Please indicate your vote "For" or "Against" with a tick within the box provided.

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

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

Signed this _____ day of _____ 2009

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

* Delete where applicable



IMPORTANT: PLEASE READ NOTES BELOW BEFORE COMPLETING THE PROXY FORM

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50, of Singapore), you should insert that number. If you have shares registered in your name in the register of members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the register of members of the Company, you should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. This proxy form must be deposited at the Company's registered office at No. 6 Tagore Drive, #B1-06, Tagore Building, Singapore 787623, not less than 48 hours before the time set for the meeting.
4. Where a member appoints two proxies, the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding, and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where this proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50, of Singapore.
8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.