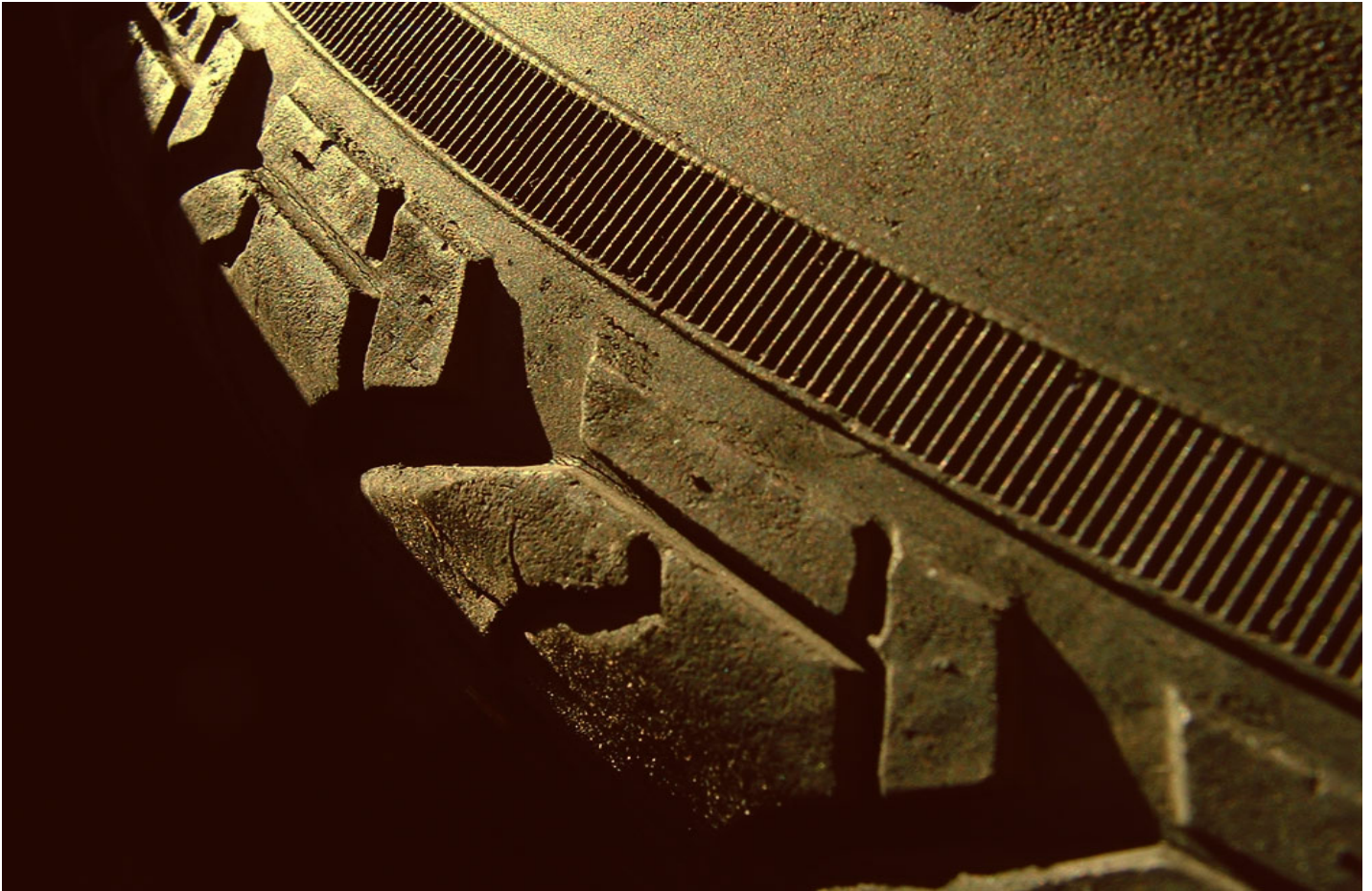


Green Rubber



Revolutionizing the Rubber Industry

Independent Company Report | June 27, 2016

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About Insyte

We are an independent intelligence firm founded by ex-investment banking research professionals and focused on emerging growth companies in Asia. Our in-depth company reports are designed to increase the understanding of a business and to improve company transparency. Importantly, we do not make investment recommendations and are not investment bankers or brokers. We detail the underlying industry trends, business dynamics, and revenue drivers of a company so that readers can better understand a company’s growth potential and risks.

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Executive Summary – Revolutionary Technology to Reshape the Rubber Compound Industry

Green Rubber’s DeLink technology is the first ever commercial-scale reversal of rubber’s vulcanization process. Through the process of de-vulcanization, Green Rubber can convert waste rubber back into useable recycled rubber compound, both cost effectively and without negative environmental impact. It can be used with both natural and synthetic rubber waste and the resulting recycled rubber compound can be either used on its own or blended with virgin rubber in order to produce a wide variety of standard rubber products. DeLink has been acknowledged as a commercially viable process – endorsed by the Tun Abdul Razak Research Center (TARRC) of Hertford, UK, which is a leading rubber research center.

DeLink Process: Transforming Waste Rubber to Green Rubber Compound



Source: Company, Insyte

A video on Green Rubber’s DeLink Process can be found on: <https://youtu.be/baMDVtD8J1I>

Why It Matters – Managing Waste Rubber is a Huge Problem Globally

Green Rubber's DeLink technology presents a massive opportunity to reshape the global rubber industry because waste rubber management, especially tire scrap, is a significant headache and cost for the companies and municipal authorities left with it. Until the commercialization of Green Rubber's DeLink technology, there has been no commercialized, cost-effective process to reverse the vulcanization of rubber (vulcanization is the process by which rubber is processed for use in products).

Scrap tires pose a huge environmental hazard whereby if left in landfills they can breed disease carrying insects, pollute the land, and also create toxic tire fires. While many countries today thankfully have strict regulations on the disposal of scrap tires, existing alternatives such as using scrap tires in roads or as a fuel source for energy are considered to be options that have potentially negative environmental impacts and are expensive.

Green Rubber's DeLink technology dramatically solves this problem and creates significantly more value out of waste rubber than has traditionally been possible. Thanks to DeLink's revolutionary ability to reprocess waste rubber, Green Rubber is completely changing the economics of waste rubber, transforming what has been traditionally a waste material and cost for companies into a useable product and source of revenue.

DeLink technology is revolutionary not just because it can de-vulcanize rubber, but also because it can create this reprocessed rubber compound at a significantly lower cost than even standard rubber compound produced using traditional methods from raw or synthetic rubber. DeLink also produces rubber compound without environmental hazards. The company has even trademarked the brand 'Green Rubber' to market its recycled rubber compound, making Green Rubber not simply a commodity producer competing on price but rather a marketable materials brand that can appeal to the environmentally progressive.

Green Rubber Trademark: Appealing to the Environmentally Progressive

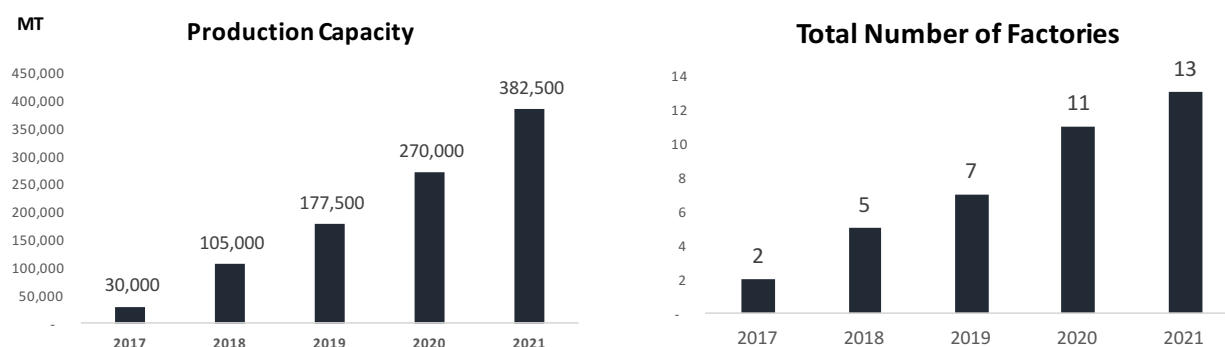


Source: Company, Insyte

Exclusive License to DeLink Technology for UK, Europe, ASEAN, and MENA

It is anticipated that the company will have an exclusive license to the DeLink technology for the UK, Europe, ASEAN, North Africa, and the Middle East. The company's business model will be as a manufacturer of Green Rubber, sourcing waste rubber from tire crumbing firms and selling rubber compound sheets to product manufacturers such as shoe companies, carpet underlayers, tire manufacturers, and tire retreading firms. Green Rubber's initial two production factories will be located in Malaysia and the UK, to be operational by January 2017 and October 2017 respectively, with additional manufacturing sites to be established each year going forward. Based on our financial modeling of the company, we believe that Green Rubber can comfortably fund an expansion to over 380,000 tons per annum of production by 2021 using internal cash flow and bank financing alone.

Production Capacity Expected to Rapidly Scale with Factory Additions



Source: Company, Insyte

Key Competitive Advantage – DeLink is Highly Cost Effective

A key competitive advantage of Green Rubber's DeLink technology is its production cost. In order to introduce its Green Rubber to the market and expand sales rapidly, the company is planning to price Green Rubber at a large discount to the market price for rubber compound with comparable properties. Rubber compound is the material produced by mixing raw rubber with the specific compounding chemicals and other ingredients to arrive at a final material with the requisite properties that many rubber-based end products require. The company is pursuing an initial discounted pricing strategy to rapidly introduce its product to the market, and then in subsequent years will increase pricing by simply reducing the price discount each year. Even with this discounted pricing strategy in the initial years, the company expects to earn very high gross margins due to DeLink's innovation of being able to de-vulcanize waste rubber at a very low cost.

Green Rubber's Value Proposition – Cheaper & Greener

Green Rubber's value proposition to the traditional buyers of rubber compound will thus be very clear:

1. Green Rubber is significantly cheaper thanks to the DeLink technology.
2. Green Rubber provides manufacturers with environmentally-conscious branding value through the use of the Green Rubber trademark, which allows manufacturers to potentially sell their products for a premium.

Not Just Environmentally Friendly... Shareholder Friendly as Well

Green Rubber's business model is expected to earn high profit margins and returns on capital. This is because, at its core, the DeLink technology, once discovered, is not very expensive on an ongoing operating basis. Only a small amount of DeLink additive is used in the process, and the main cost component for Green Rubber is simply waste rubber, which is traditionally seen as a cost and nuisance for the companies that produce it or are left with it.

Importantly, we also note that DeLink has already been successfully used at 5,000 TPA batch production scale, with the shoe brand Timberland having already successfully incorporated the Green Rubber compound into some of their shoes and even going as far as marketing the fact that they were using Green Rubber. Hence, we believe the milestones of achieving volume production and successful incorporation of Green Rubber into commercial products have been already de-risked.

Going forward, the success of Green Rubber will be a function of investing in production facilities (or JV'ing with partners for production facilities) and marketing Green Rubber to an expanding set of environmentally-progressive product manufacturers.

We note that rubber prices globally have been depressed recently, but even if Green Rubber bases its discounted prices on recent depressed rubber and rubber compound prices, and sells for US\$1,200 per ton, the company can still earn 40 - 50% gross margins based on our estimates. If we analyze the return on capital for Green Rubber manufacturing going forward (now that the DeLink intellectual property has been developed after investment in research), we estimate that new Green Rubber manufacturing facilities should be able to generate a payback period of less than two years on a per-factory basis (assuming manufacturing equipment is purchased for each plant and buildings are leased).

Combined with the ability to access bank financing as Green Rubber becomes a larger and more established entity, we believe that the company will be able to expand its number of manufacturing plants each year through 2021 using only cash flow from sales and bank financing (using the company's fixed assets as collateral).

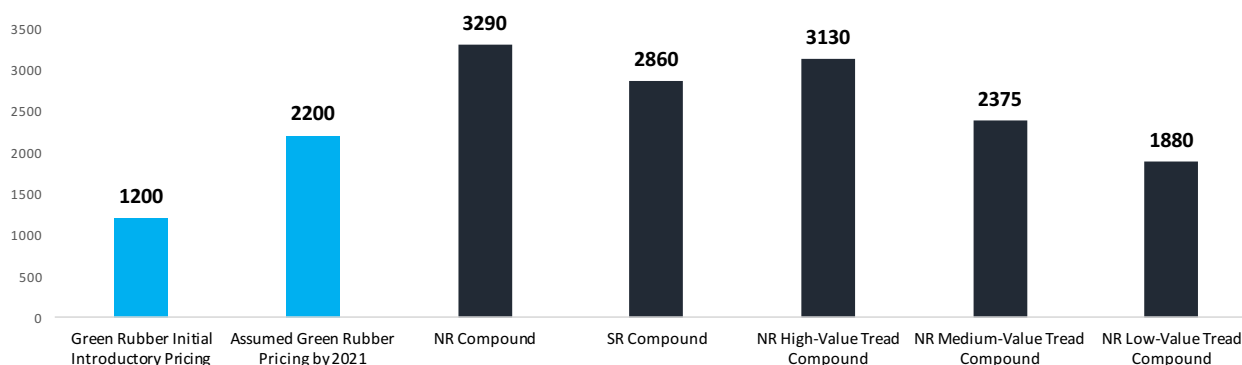
Valuation Range – US\$460m

Using a combination of discounted cash flow analysis, and 3-year exit-multiple analysis using Enterprise Value / EBITDA and Price / Earnings multiples, we estimate the value of Green Rubber Plc as a commercialized business to be US\$460m. This is based on Green Rubber initially pricing its product at a substantial discount to standard rubber compound and then reducing its price discount each year. We believe that a commercialized, expanding Green Rubber Plc will be of

significant acquisition value to large players in the rubber, plastics, and recycling industries. Another avenue for value crystallization could be via an IPO of the company. Details on our valuation analysis and assumptions can be found in the Valuation section of this report.

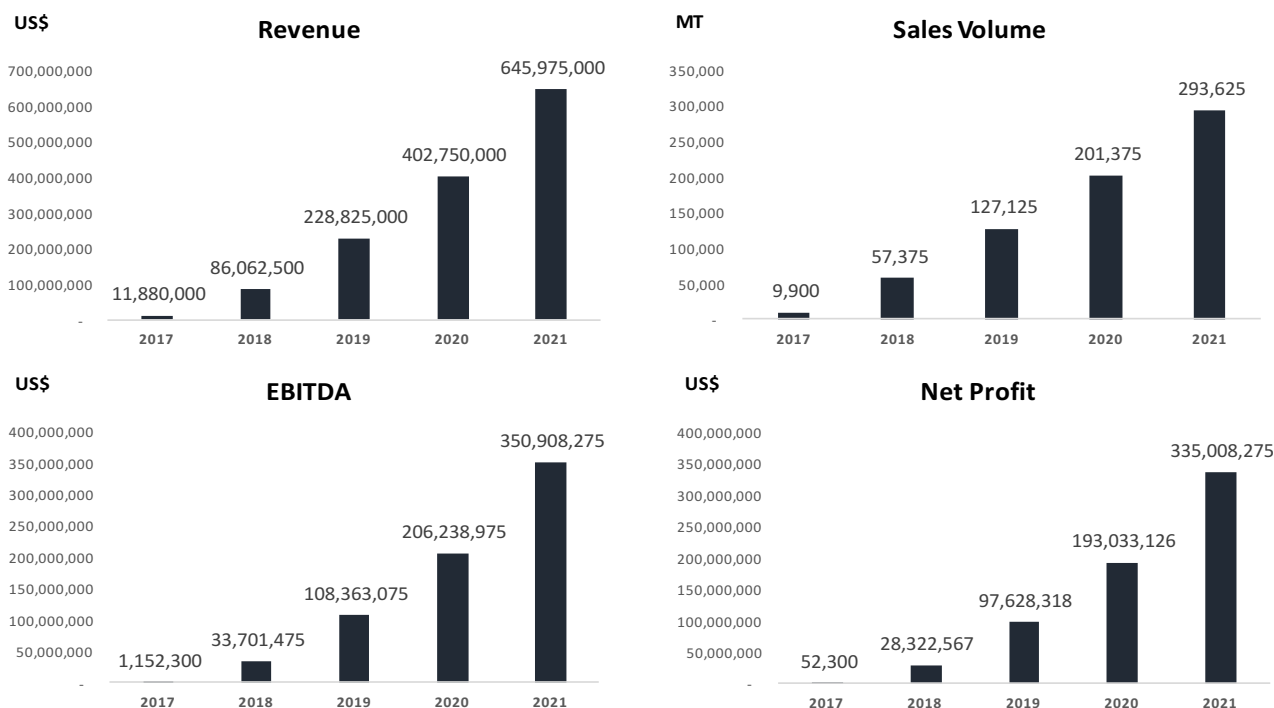
Green Rubber Will Be Priced Cheaper Than Competing Materials to Start

2016 Price Comparison Across Rubber Compounds



Source: Company, Insyte

Green Rubber Profit Potential



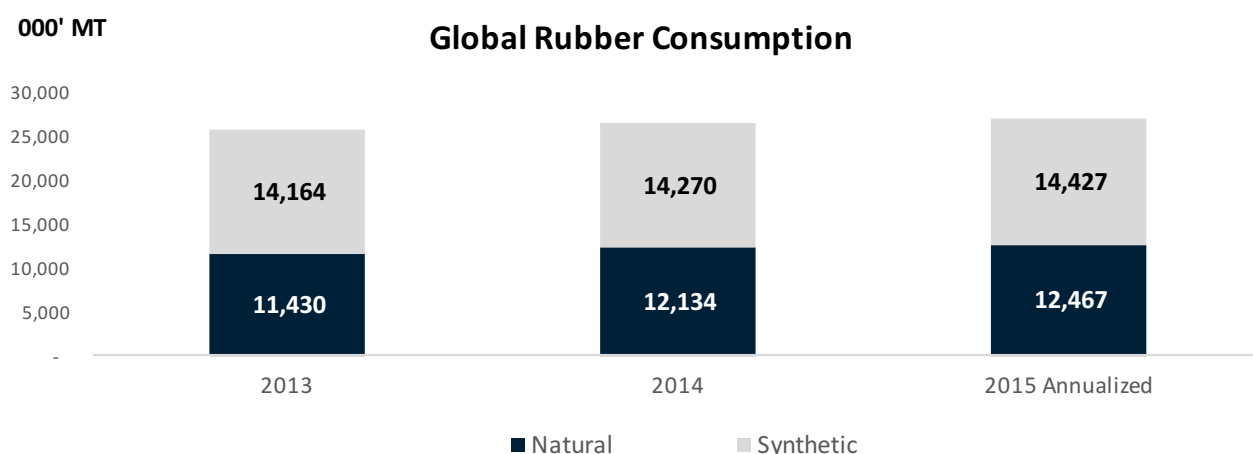
Source: Company, Insyte

The Global Rubber Problem: Disposal of Waste

The modern rubber industry began in 1839 when Charles Goodyear discovered how to radically improve rubber’s material properties through a process called vulcanization. The vulcanization of rubber, a process achieved by heating rubber with sulfur, vastly increases the tensile strength and reliability of the material – allowing it to be used for a wide variety of applications such as tires, shoes, fan belts, and all of the modern rubber products we are accustomed with today.

Thanks to Mr. Goodyear’s breakthrough, rubber is today one of the world’s most widely consumed commodities and its uses only continue to grow. According to the International Rubber Study Group, rubber consumption grew from 25,594,000 MT in 2013 to 26,894,000 MT in 2015. In developing countries, rubber consumption is growing at an even faster rate. According to the Freedonia Group, rubber consumption in China and India is growing at an approximate rate of 8% annually.

Rubber: Growing Demand For A Staple Commodity



Source: International Rubber Study Group, Insyte

Despite the ‘miracle’ of vulcanized rubber transforming human development, the massive growth in rubber production and consumption has come with many negative repercussions primarily when it comes to the management of waste rubber. Vulcanization of rubber, once completed, has traditionally been an irreversible process and this has created one of the largest and most technically challenging problems in waste management – the disposal of worn out waste rubber.

According to the World Business Council for Sustainable Development, more than 1 billion tires are scrapped annually throughout the world, and over 10 billion MT of rubber waste has filled landfills to date. There exist enormous waste rubber landfills around the world such as in Sulaibiya, Kuwait and in Weld County, Colorado. Such landfills pose significant environmental risks due to breeding of disease-carrying insects and highly polluting tire fires.

Rubber Landfill Sites Create Pollution, Disease, and Fire Hazards

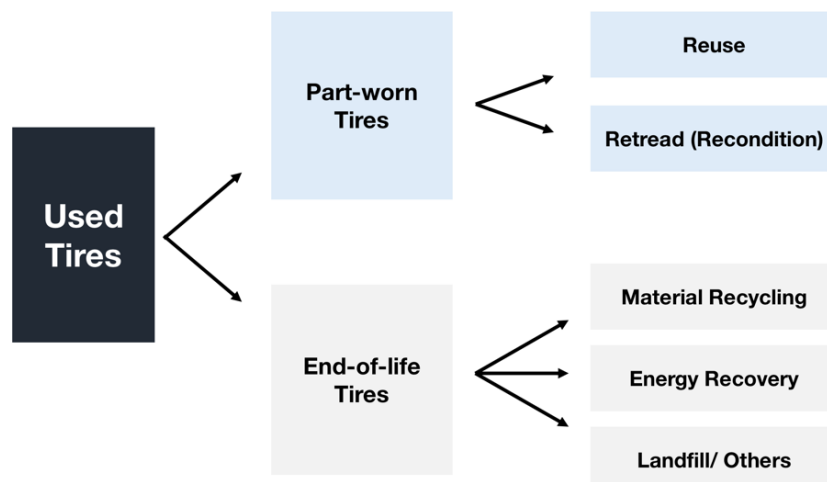


Source: Company, Insyte

Current Rubber Waste Treatment Methods

Governments around the world have already made some progress in dealing with waste rubber, however existing methods are either inefficient or can be harmful to the environment. Taking the example of tires, currently tires are either reused or retreaded if they are only partially worn, or they are either ground down for reuse in other applications such as roads, or burned for energy. If none of these applications are possible, they are simply stored in landfills in the places where this is still allowed.

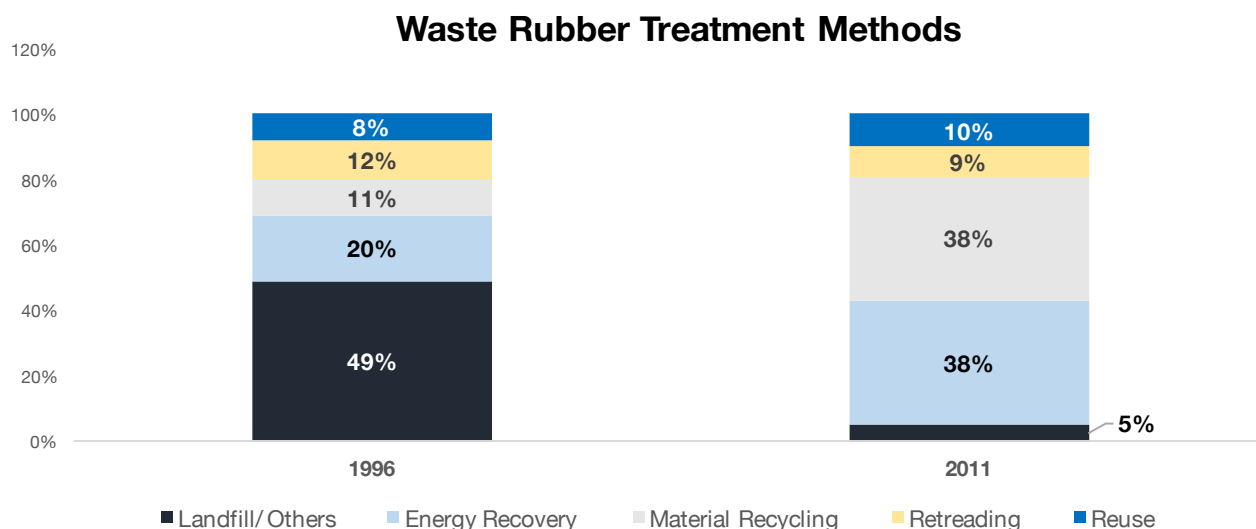
Worn/ Used Rubber Tires: Five Traditional Treatment Methods



Source: ETRMA, Insyte

According to the Europe Tyre Recycling Association (ETRA), in the 1990s the most common method of treating tires was simply storing them in landfills. This changed however as policies in the USA and Europe were enacted banning whole and shredded tires in landfills. While in the 1990s 49% of waste tires were sent to landfills, by 2011 this figure dropped to 5%. Material recycling and energy recovery have since become the preferred methods of treatment.

Energy Recovery & Material Recycling Replace Landfills



Source: ETRMA, Insyte

Today's disposal of waste rubber has vastly improved over the past, yet there are still many problems. For example, the burning of rubber to produce energy can release toxic chemicals into the air and special equipment is required to manage it properly. End-use applications such as using rubber in road surfaces can also be limited at times, especially for regular high volume producers of waste rubber. The logistics of transporting and processing waste rubber for such uses can also be very expensive. Overall, waste rubber can be a major headache and business cost for the companies that produce it.

Green Rubber's DeLink technology dramatically solves this problem and creates significantly more value out of waste rubber than has traditionally been possible. Thanks to DeLink's revolutionary ability to reprocess waste rubber, Green Rubber is completely changing the economics of waste rubber, transforming what has been a waste material and cost for companies into a source of revenue.

Green Rubber's DeLink Process – Disrupting and Revolutionizing the Rubber Industry

What is the DeLink Process?

The DeLink process is the first ever commercial-scale reversal of rubber's vulcanization process. Through the process of de-vulcanization, Green Rubber can convert waste rubber back into useable recycled rubber compound, both cost effectively and without negative environmental impact. It can be made with both natural and synthetic rubber waste, and the resulting recycled rubber compound can be either used on its own or blended with virgin rubber in order to produce a wide variety of standard rubber products.

It is important to note that Green Rubber is not raw rubber, but rather a rubber compound. Thus, in contrast to raw natural rubber or raw synthetic rubber, there is no need to process it further by adding chemicals as Green Rubber is ready to use as is. This helps end users save time and money as the combination of Green Rubber's low cost of production and cheap raw material costs allow it to be priced significantly lower than its rubber compound counterparts.

Invented by Tan Sri Dr. B.C. Sekhar, Father of the Modern Malaysian Rubber Industry

Green Rubber's DeLink technology was first invented by the late Tan Sri Dr. B.C. Sekhar, the father of Green Rubber's CEO Datuk Dr. Vinod Sekhar. Dr. B.C. Sekhar is also known as the father of the modern Malaysian rubber industry. He held numerous senior positions in the rubber industry, including his service as the former Chairman of the Malaysian Rubber Research Development Board, Rubber Research Institute Malaysia (RRIM), International Rubber Research and Development Board (IRRD). He was also the founder and Chairman of the Palm Oil Research and Development Board and a Senior Fellow of the Malaysian Academy of Science.

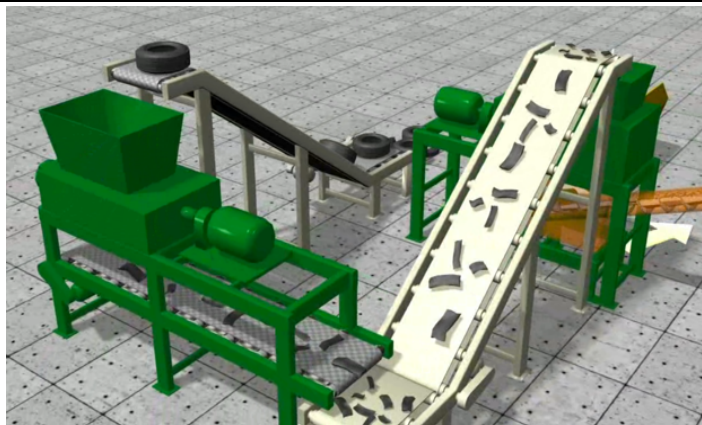
A chemist at heart, Dr. Sekhar received many accolades for his research including 9 major awards, 25 patents, and 2 honorary doctorates. He has even published over 137 papers with two of his most ground-breaking inventions being the Delink and Deproton technologies – processes in the elastomer industry that have aided in eliminating environmental hazards.

Since the invention of Delink, it has been acknowledged as a commercially viable process – endorsed by the Tun Abdul Razak Research Center (TARRC, <http://www.tarrc.co.uk/>) of Hertford, UK, which is a leading rubber research center. The company has also trademarked the brand 'Green Rubber' to market its recycled rubber product and thus will be more than simply a commodity producer but also a marketable materials brand that's appealing to environmentally progressive consumers.

An Efficient Manufacturing Process

One of DeLink's key strengths is that while extensive research was required to discover it, the manufacturing process is simple and elegant from an operational perspective.

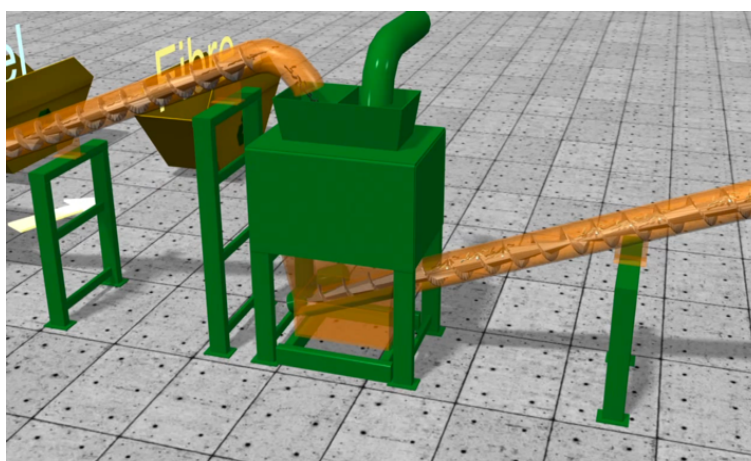
STEP 1: Tire Crumbing & Segregation



Source: Company

First, waste rubber is ground down and separated from any steel or other materials it may be mixed with. This rubber is then turned into crumbs of 40 to 60 mesh (0.25mm – 0.40 mm) in size. Steel and any fibre separated from the rubber are recycled in a separate traditional process.

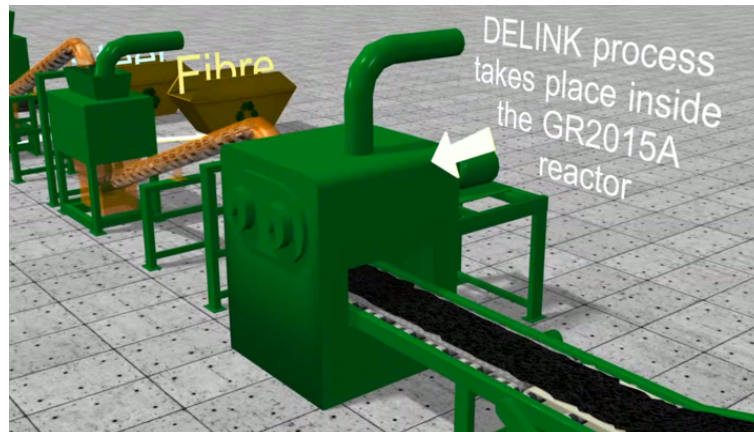
STEP 2: DeLink Formulation is Added



Source: Company

DeLink's proprietary solid-state chemical additive is added to the waste rubber crumbs and mixed well.

STEP 3: Rubber Crumbs Enter Reactor to be Devulcanized



Source: Company

The rubber crumbs mixed with DeLink additive then enter a reactor, where the DeLink process takes place. After just 6 - 10 minutes, the rubber's sulfur bonds are unhooked at the molecular level, de-vulcanizing the rubber.

STEP 4: Devulcanized Rubber are Packed into Sheets and Delivered



Source: Company

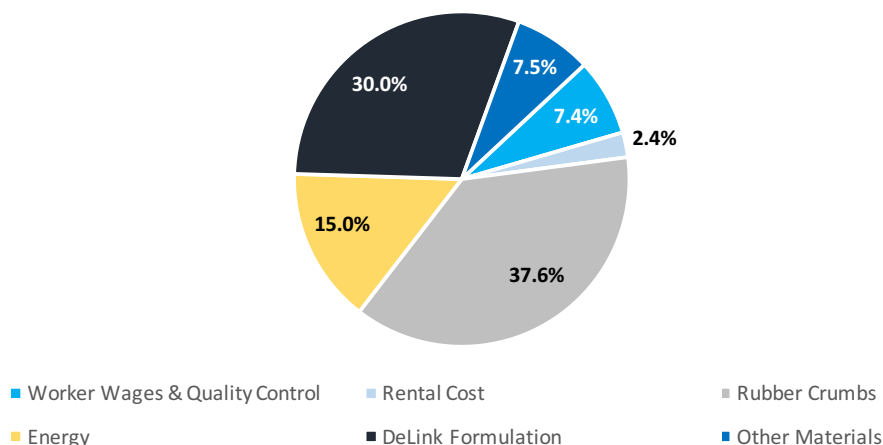
The de-vulcanized 'Green Rubber' compound is then manufactured into sheets, just like virgin rubber is pressed into sheets, and packaged for delivery to product manufacturers. These Green Rubber sheets are ready to use just as virgin rubber sheets are.

Green Rubber Key Value Proposition #1 – Cheaper Than Original Rubber

One of the biggest competitive advantages of DeLink is its price point. DeLink is the result of significant investment into research and development. However, now that it has been developed, part of its elegance is the fact that very little DeLink additive is used during the de-vulcanization process.

Rubber Crumbs & DeLink Formulation Comprise the Bulk of Costs

Cost of Sales per MT (Excluding Royalty)



Source: Company, Insyte

For every 100 parts of waste rubber, only 2 parts of DeLink additive is needed for the de-vulcanization process. Despite comprising such a small portion raw materials, the DeLink additive contributes 30% of total cost of sales for the company. What this implies is that even small incremental improvements in Delink usage efficiency can have significant cost saving impacts on the company. Over time, we expected Green Rubber’s Delink usage efficiency to improve as the company’s R&D investments bear fruit.

Due to this low production cost, the company intends to sell its Green Rubber compound at a significant discount to the market price for rubber compound, in order to grow awareness and the market for Green Rubber. We estimate that even if based on the recently depressed rubber pricing environment, Green Rubber can still earn 40-50% gross margins when selling at a discount to currently depressed rubber prices.

Green Rubber’s cheaper price, paired with the fact that Green Rubber compound can be utilized for most applications just as natural or synthetic rubber compound, offers in our view a strong incentive for manufacturers to shift to Green Rubber.

Green Rubber Key Value Proposition #2 – Green Trademark and Branding

Another advantage of Green Rubber’s DeLink process is the green trademark value that it provides. Today, many firms strive to be green and environmentally-conscious entities in order to reduce their ecological footprint and appease increasingly aware consumers. This is especially the case in more developed countries such as the USA and Europe where many companies such as Ford and Nike actively market their CSR and green initiatives. The challenge of being green, however, lies in the its economic feasibility. Many green products are priced several times higher than their non-green counterparts, limiting the opportunities for companies and manufacturers. Green Rubber offers a solution to this problem.

By being priced significantly cheaper than natural or synthetic rubber compounds, Green Rubber allows companies to switch over to recycled rubber and market their products as being green with the Green Rubber logo, without adding to their production cost. Thus Green Rubber offers a win-win proposition for manufacturers. Not only are they able to save costs, but they are also able to market their products as green via the trademark. For the companies that produce waste rubber, Green Rubber offers them a source of revenue as suppliers of waste rubber. Hence Green Rubber offers value to both its suppliers and customers in the rubber value chain.

Another tangible benefit of the company's green nature is its potential to tap into the many grants and tax exemptions sponsored to environmentally progressive companies by governments and institutions worldwide. Green Rubber is currently exploring a Bionexus status in Malaysia and, once given, this status would provide tax free status to the company for the first 10 years.

The pictures below show examples of Green Rubber's trademark being used in Timberland shoes, both in pictures provided by the company and in a picture which we took ourselves when viewing an example of the product first hand.

First-Hand Photo of a Timberland Shoe with Green Rubber



Source: Insyte

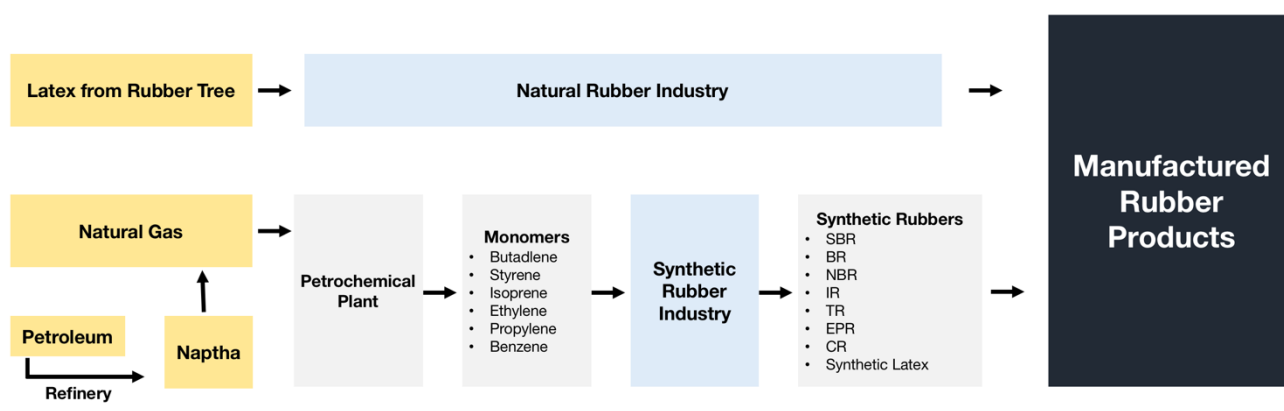
Green Rubber Trademark & Licensing

Leveraging on the patented DeLink technology, Green Rubber intends to scale via licensing their technology to manufacturers and other producers. It is anticipated that Green Rubber will be granted an exclusive license to manufacture Green Rubber utilizing DeLink in UK, Europe, ASEAN, North Africa, and the Middle East. Products produced with Green Rubber will be trademarked with the company's logo – signifying its quality as a clean and recycled rubber compound.

Rubber Industry Supply/ Demand Dynamics

Currently, the global rubber industry is split between natural and synthetic rubber – both of which are widely used. Natural rubber is derived from trees, while synthetic rubber is artificially derived from petroleum oil and refined. While certain applications require one or the other, the use of natural vs. synthetic rubber is usually a matter of relative cost and availability of natural rubber resources.

Processing Natural & Synthetic Rubber



Source: Mindfully, EcoOptimism, Insyte

Rubber Demand – China Generates Massive Demand Due To Its Manufacturing Industry

In 2014, the world’s combined consumption of both natural & synthetic rubber was 26,404,000 MT. The largest consumer of natural rubber was China at 4,760,000 MT, with India and USA following behind at a combined 1,947,000 MT. China is a large natural rubber consumer due to its large manufacturing industry for export, and also its growing domestic economy. The top 5 largest natural rubber consuming countries are listed in the table below:

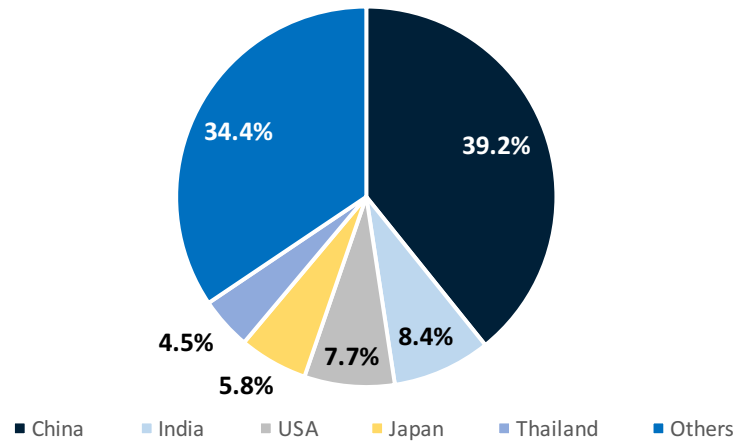
Natural Rubber Demand

COUNTRY	2014 CONSUMPTION (MT)	% OF WORLD TOTAL
China	4,760,000	39.2%
India	1,015,000	8.4%
USA	932,000	7.7%
Japan	709,000	5.8%
Thailand	541,000	4.5%
Others	4,177,000	34.4%
World Total	12,134,000	100.0%

Source: International Rubber Study Group, FAOStats, Statista, Insyte

China and India are the Largest Consumers of Natural Rubber

Largest Consumers of Natural Rubber



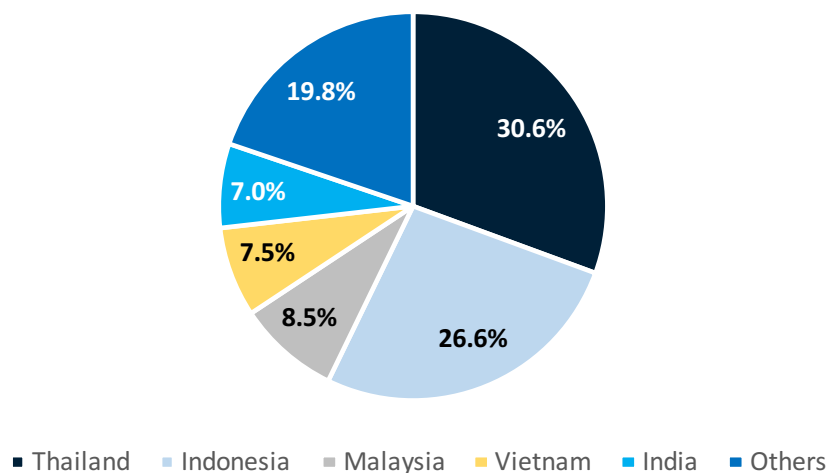
Source: International Rubber Study Group, FAOStats, Statista, Insyte

Supply

In terms of supply, approximately 26,290,000 MT of natural and synthetic rubber was produced in 2014 with the largest producers being Thailand, Indonesia, and Malaysia. For natural rubber, Thailand produced 31% of the world's total natural rubber supply in 2012, with Indonesia coming in close second at 27%. For synthetic rubber, China produced the most at 22% of the global market in 2010 with USA as the second largest producer at 16%.

Thailand and Indonesia are the Largest Natural Rubber Producers

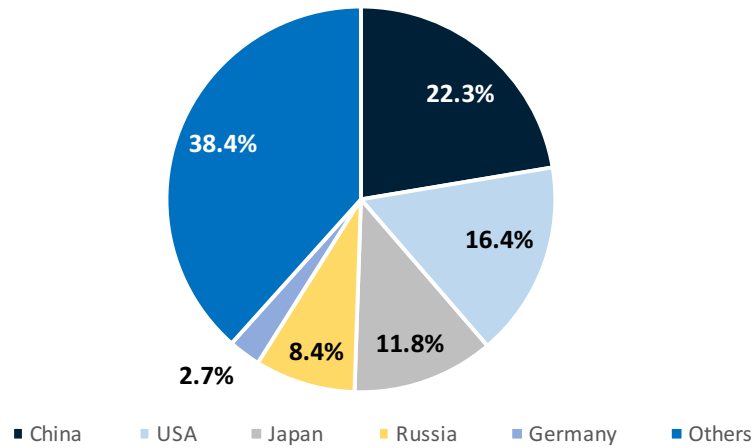
Largest Natural Rubber Producers



Source: International Rubber Study Group, FAOStats, Statista, Insyte

China and USA are the Largest Synthetic Rubber Producers

Largest Producers of Synthetic Rubber

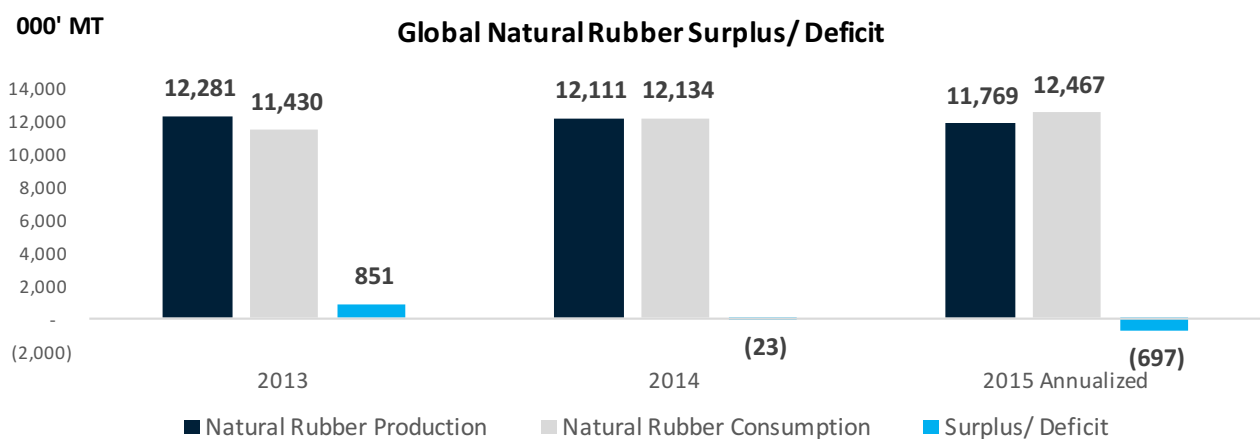


Source: International Rubber Study Group, FAOStats, Statista, Insyte

Demand Outstripping Supply – Global Rubber Deficits in 2014 and 2015

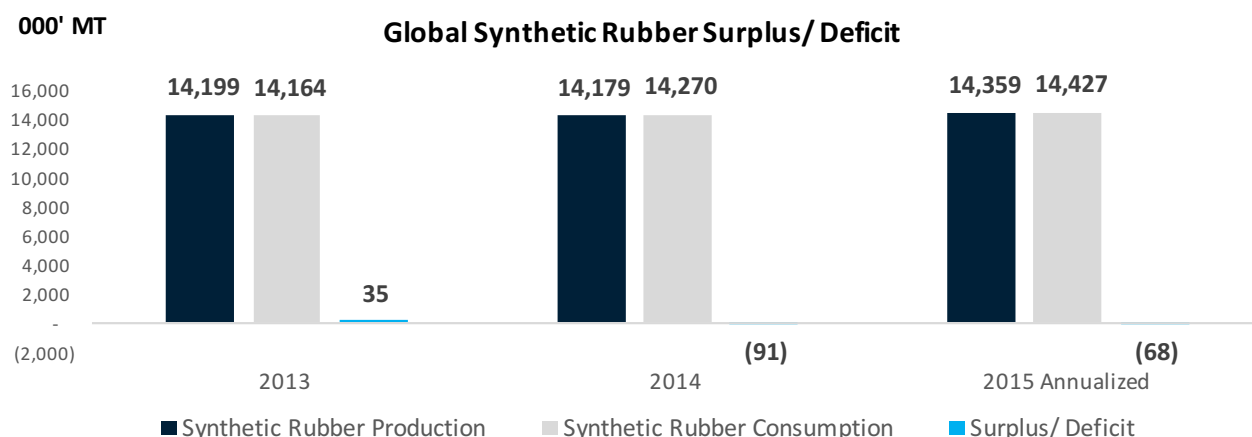
According to the International Rubber Study Group (IRSG), the world experienced a global rubber deficit in both 2014, and 2015. In 2015E, the world faced both natural rubber and synthetic rubber deficits amounting to 697,000 MT and 68,000 MT respectively.

2014 and 2015 Experience Natural Rubber Deficits



Source: International Rubber Study Group, FAOStats, Statista, Insyte

2014 and 2015 Also Registered Synthetic Rubber Deficits



Source: International Rubber Study Group, FAOStats, Statista, Insyte

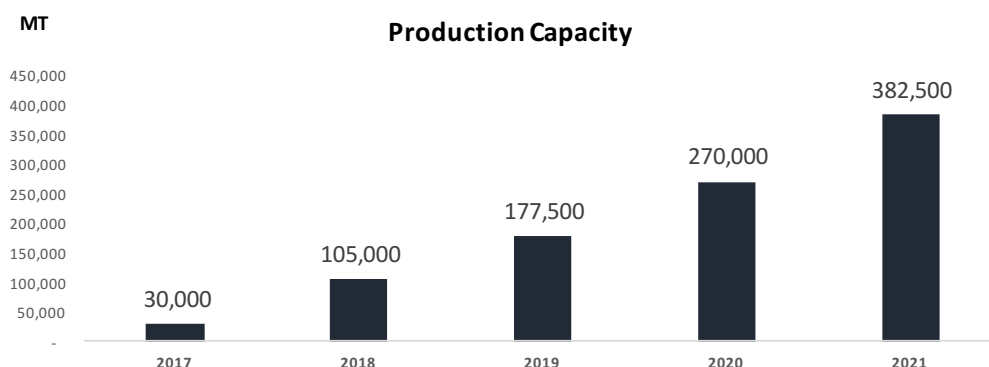
Moving forward, the Freedonia Group expects rubber demand to continue on its upward trajectory as countries like China and India continue to consume rubber at record levels.

Green Rubber's Business Model

Own-Production Model

Green Rubber is initially establishing two factories in Malaysia and the United Kingdom, and will then expand the number of production facilities to serve new markets and expand capacity for the company's initial target markets. The company's first two factories are slated for completion in January 2017 and October 2017, and we estimate that production can scale up dramatically from 2017 – 2021 as per the chart below.

Production Capacity Can Scale Rapidly from 2017-2020



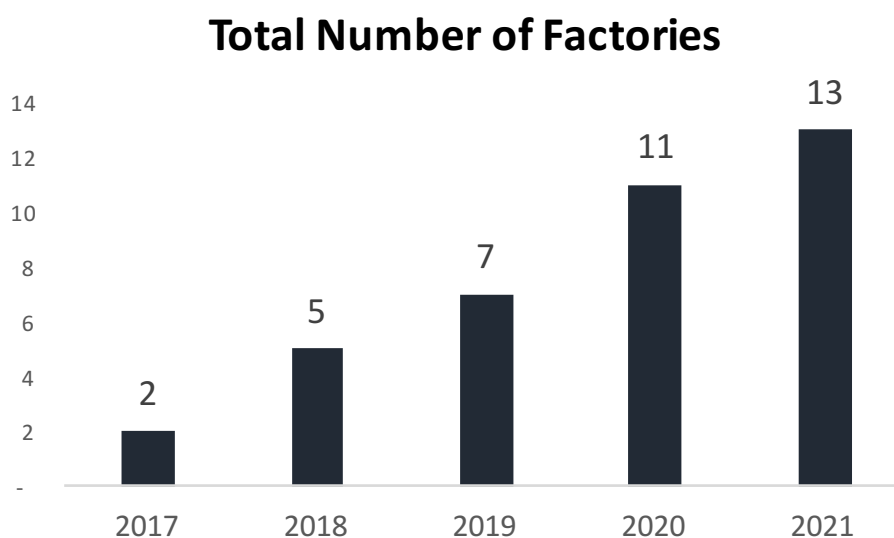
Source: Company, Insyte

The Malaysian factory will have an initial production capacity of 25,000 tons per annum, with the company aiming to sell its rubber compound at a significant discount to existing rubber compound market prices. Green Rubber estimates that once the factory is operating at full capacity, its revenue should be US\$35m with costs of sales at US\$15m providing a gross margin of 57% - higher than the typical margin of a normal rubber manufacturer. Overhead is estimated at US\$3.75m with net profit estimated to reach US\$16.25m, which equates to a 46% net margin.

The second factory will be based in Newcastle, UK. Set to have a production capacity of 30,000 tons per annum, revenue is forecast at US\$67.5m once the factory is in full production. Cost of sales is estimated at US\$18m, with overheads amounting to US\$6m. Final net profit is estimated to be US\$43.5m – offering an even higher 64% profit margin.

The company's initial two factories will be equity funded, with following facilities funded by a mix of debt and equity once the company is more established and has more ready access to bank financing.

Potential Factory Expansion Timeline



Source: Company, Insyte

Waste Rubber Supply Sourcing – Tire Crumbing is Already a Well Established Industry to Source From

One of the main processes in Green Rubber's value chain is sourcing wasted and scrap rubber to convert into recycled Green Rubber compound. Tire crumbing is an integral part of this. Through the process of crumbing, steel and fluff are separated from waste tires, leaving behind granulated scraps of rubber. These granulated scraps of rubber, are then used by companies like Green Rubber in order to produce their products.

Currently, Green Rubber is partnering with several established tire crumbing companies in order to ensure a steady supply of raw materials. In the next 12-18 months however, the firm has the potential to bring some tire crumbing processes in-house by acquiring existing crumbing operations. Doing so will aid the firm in ensuring tighter quality control over material specifications, and also help lower costs.

Target Customers: Initial Traction with Timberland and Crescent Carpet

Green Rubber can be used in a myriad of industries across a wide range of applications. It can usually be utilized and formed just as well as any natural or synthetic rubber counterpart. Some product examples include carpet underlays, vehicle tires, engineering parts, shoe soles, and many more. The company is also investing in its R&D department to explore the potential applications of Green Rubber therefore expanding its market into other materials. The applications of these would be of interest to several sectors including, but not limited to, construction, automotive, and defense.

As of May 2016, Green Rubber already has a contract in place with Crescent Carpets. The firm has agreed to supply Crescent Carpets with an initial 5000 MT of their recycled rubber compound in 2017, and subject to approval, will begin full scale rubber compound sales to the company amounting to an estimated 100,000 MT per annum over the contract period. The company has also been a long standing partner of Timberland selling over 2 million pairs of shoes bearing the Green Rubber logo.

Below are samples of products from Green Rubber's catalogue:

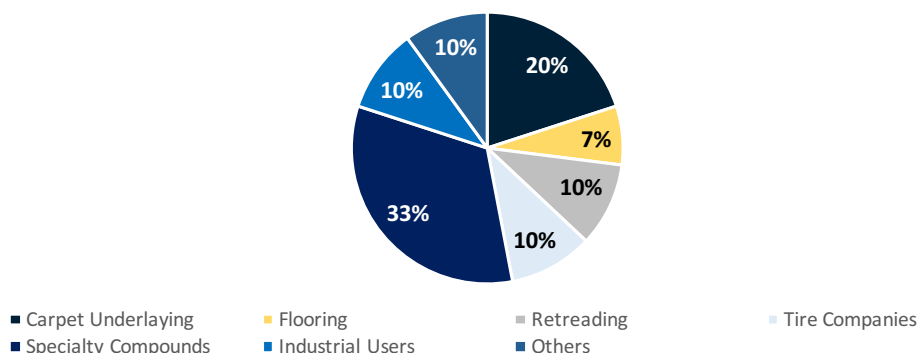
Green Rubber Compound Can Be Used for A Wide Range of Applications

<p>Sample</p> <p>Item: Timberland Shoe Outer Sole (Trial) Manufacturer: Timberland Replacement Ratio: 90:10 (GR:OC) Source Material: 40# Tyre Crumb Devulcanization Process: Refiner(FR:1-2.1) Manufacturing Process: 3 Colour Moulding Date: June 2008</p>	 	<p>Sample</p> <p>Item: Marine Fender (1ton) Code: Manufacturer: Malaysian Replacement Ratio: 50:50 (OC:GR) Source Material: 40 # Tyre Crumb Devulcanization Process: Refiner(FR:1-1.8) Manufacturing Process: Autoclave Moulding Date: June 2008</p>	 
<p>Sample</p> <p>Item: Motorbike Tyre Code: Manufacturer: Malaysian Replacement Ratio: 70:30 (OC:GR) Source Material: 40# Tyre Crumb Devulcanization Process: Refiner(FR:1-1.4) Manufacturing Process: Moulding Date: September 07</p>	 	<p>Sample</p> <p>Item: Construction material GR07/RE/015 Code: Manufacturer: Malaysian Replacement Ratio: 100% GR Source Material: 40# Tyre Crumb Devulcanization Process: Refiner(FR:1-2.1) Manufacturing Process: Autoclave Moulding Date: June 2008</p>	 

Source: Company, Insyte

Expected Sales Breakdown by Industry

Forecasted Sales by Segment



Source: Company, Insyte

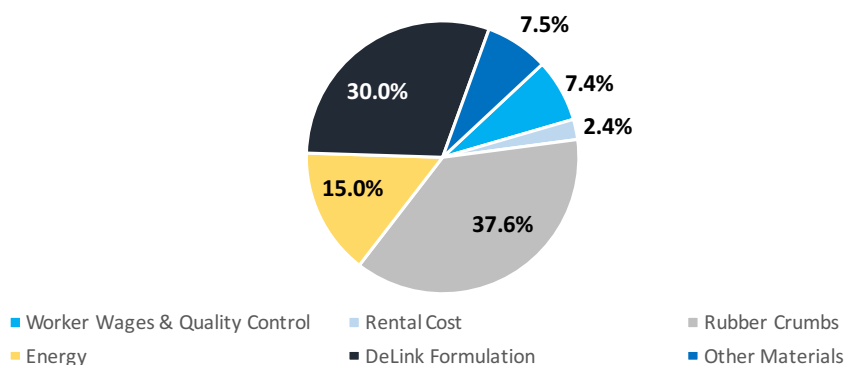
Once Green Rubber begins scaling its operations, it intends to diversify into several segments, and forecasts that more than half of its sales will come from two sources. The company expects Specialty Compounds to contribute 33% of its total revenue, with Carpet Underlaying contributing another 20%. Other segments such as tires, re-treading, industrial, and flooring comprise the remaining 47%.

Pricing Strategy – Discounted Pricing In Order To Rapidly Grow Awareness And Prove Green Rubber’s Value With Customers

In order to quickly gain traction and adoption among rubber manufacturers and companies, the firm intends to initially price Green Rubber at a significant discount to comparable rubber compound market prices; and still earn a high gross margin. This is possible thanks to the company's low cost of production. Waste rubber is the largest component in the company's cost of goods sold.

Cost of Goods Breakdown

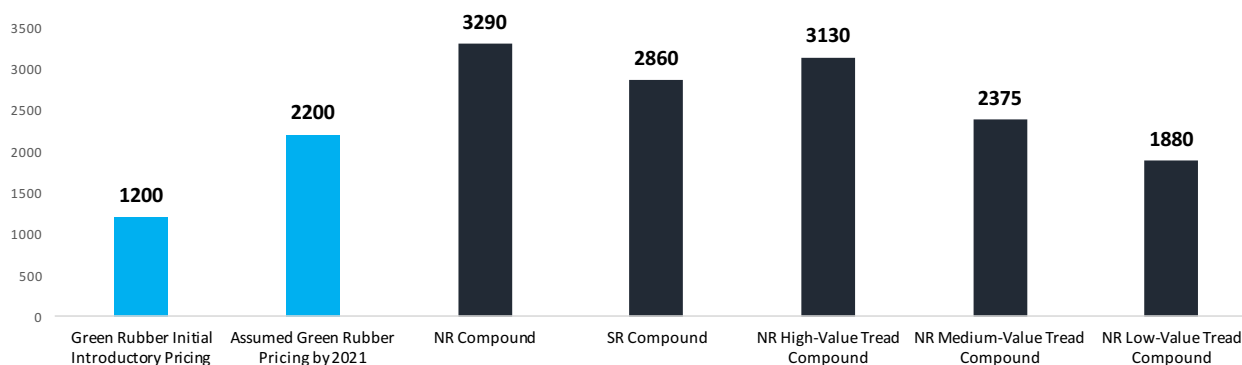
Cost of Sales per MT (Excluding Royalty)



Source: Company, Insyte

Green Rubber Will Be Priced Cheaper Than Competing Materials to Start

2016 Price Comparison Across Rubber Compounds



Source: Company, Insyte

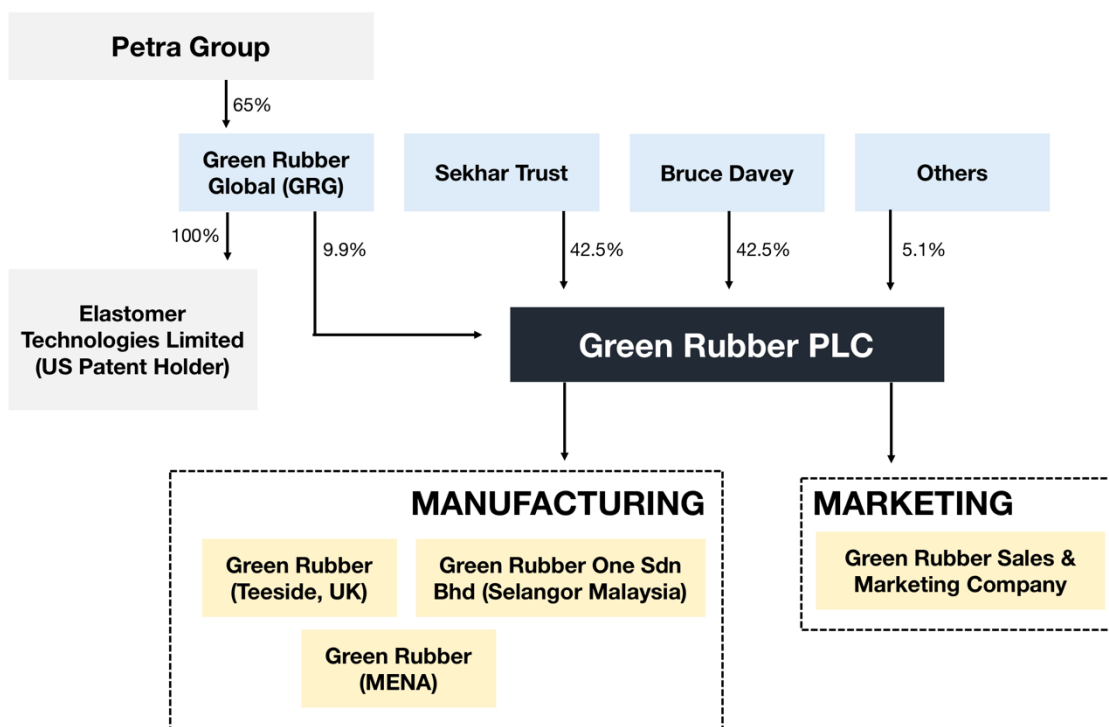
Intellectual Property & Licensing Arrangement

It is anticipated that Green Rubber PLC will operate under an exclusive license to manufacture and produce Green Rubber in the UK, Europe, ASEAN, North Africa, and the Middle East. The intellectual property regarding the DeLink formula is owned by Green Rubber Global ("GRG"), the sister company of Green Rubber PLC.

Assuming operation under the exclusive license from GRG, Green Rubber will pay a royalty fee of 5% on the net prices of all licensed products used. GRG will also acquire a 9.9% shareholding in Green Rubber PLC.

The license term period is 10 years from 2017, plus a 10-year renewal subject to cumulative revenues in the first 10 years of at least US\$500 million. There is also a payment of US\$2 million at the point that the European license (not including UK) is exploited. If not exploited within five years from 2017 then Europe (excluding UK) reverts to GRG as the IP holder. Green Rubber PLC will also have a first right of refusal for the rest of the world.

Proposed Green Rubber Group Structure



Source: Company, Insyte

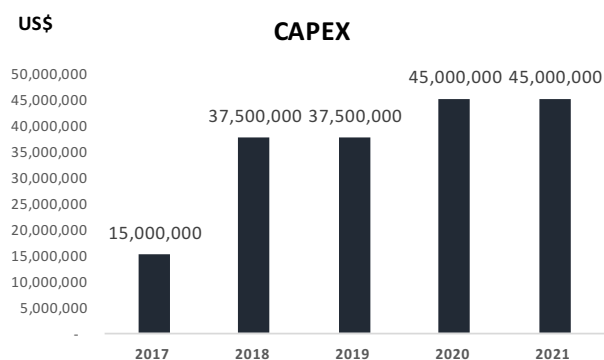
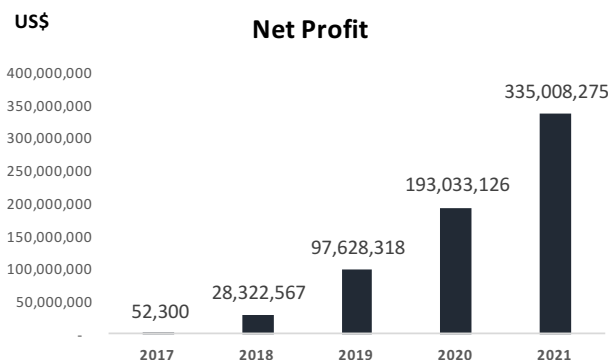
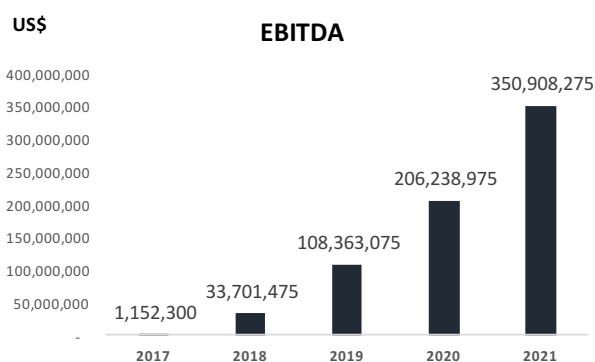
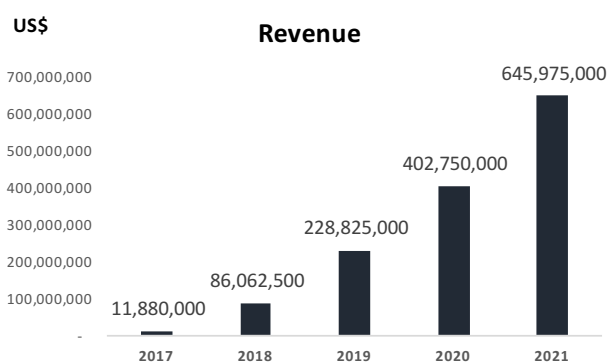
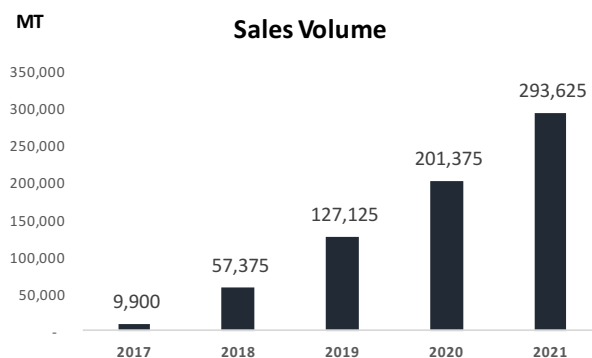
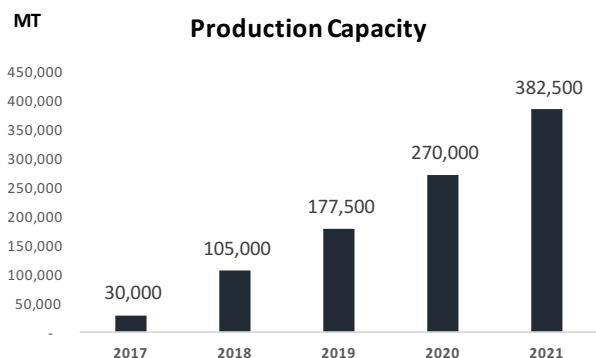
Green Rubber Financials

Projected Income Statement 2017-2021

Income Statement (US\$, MT)	2017	2018	2019	2020	2021
Year Start Capacity	0	30,000	105,000	177,500	270,000
Capacity Added	30,000	75,000	75,000	90,000	90,000
Year End Capacity (TPA)	30,000	105,000	177,500	270,000	362,500
Capex per MT of Capacity Added	500	500	500	500	500
Capex Expenditure	15,000,000	37,500,000	37,500,000	45,000,000	45,000,000
Year Start Plant & Equipment	0	15,000,000	52,500,000	90,000,000	135,000,000
Year End Plant & Equipment	15,000,000	52,500,000	90,000,000	135,000,000	180,000,000
Average Available Capacity for the Year (TPA)	15,000	67,500	141,250	223,750	326,250
Capacity Utilization	66%	85%	90%	90%	90%
Sales Volume (MT)	9,900	57,375	127,125	201,375	293,625
Average Selling Price Per MT (US\$)	1,200	1,500	1,800	2,000	2,200
Revenue	11,880,000	86,062,500	228,825,000	402,750,000	645,975,000
Quality Control (US\$/MT/Year, based on US\$86400/yr for 30k TPA)	2.88	2.9	2.9	2.9	2.9
Production Workers' Wages (US\$/MT/Year, based on US\$1.4m/yr for 30k TPA)	46.7	46.7	46.7	46.7	46.7
Rental Cost (US\$/MT/Year, based on US\$480000/yr for 30k TPA)	16.0	16.0	16.0	16.0	16.0
Fixed Cost of Sales Per MT	65.6	65.6	65.6	65.6	65.6
Total Fixed Cost of Sales	983,700	4,426,650	9,263,175	14,673,525	21,395,475
Raw Materials & Electricity Per MT	600	600	600	600	600
Royalty - 5% of Revenue	594,000	4,303,125	11,441,250	20,137,500	32,298,750
Total Variable Cost of Sales	6,534,000	38,728,125	87,716,250	140,962,500	208,473,750
Total Cost of Sales	7,517,700	43,154,775	96,979,425	155,636,025	229,869,225
Gross Profit	4,362,300	42,907,725	131,845,575	247,113,975	416,105,775
Gross Profit Margin	37%	50%	58%	61%	64%
R&D and Product Development Expenses	1,050,000	600,000	600,000	600,000	600,000
Management Cost	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000
Admin expenses	240,000	6,686,250	20,962,500	38,355,000	62,677,500
Total Admin Costs	3,210,000	9,206,250	23,482,500	40,875,000	65,197,500
EBITDA	1,152,300	33,701,475	108,363,075	206,238,975	350,908,275
EBITDA Margin	10%	39%	47%	51%	54%
Depreciation - Fixed Assets	750,000	3,375,000	7,125,000	11,250,000	15,750,000
Depreciation - IP Amortisation	150,000	150,000	150,000	150,000	150,000
Total Depreciation & Amortisation	900,000	3,525,000	7,275,000	11,400,000	15,900,000
EBIT	252,300	30,176,475	101,088,075	194,838,975	335,008,275
EBIT Margin	2%	35%	44%	48%	52%
Cost of Debt	8%	8%	8%	8%	8%
Interest Expense	200,000	1,853,908	3,459,757	1,805,849	-
Profit Before Tax	52,300	28,322,567	97,628,318	193,033,126	335,008,275
Tax Rate (Tax exempt status assumed)	0%	0%	0%	0%	0%
Tax Expense	0	0	0	0	0
Net Profit	52,300	28,322,567	97,628,318	193,033,126	335,008,275

Source: Company, Insyte

Our Insyte financial model is available upon request.



Green Rubber Plc Valuation – US\$460m

Primary DCF Method Including Implied 2019 EV/EBITDA & PE Multiples

Discounted Cash Flow Model (US\$)	2017	2018	2019	2020	2021	Terminal Value
EBIT	252,300	30,176,475	101,088,075	194,838,975	335,008,275	
Interest Expense	(200,000)	(1,853,908)	(3,459,757)	(1,805,849)	0	
Income Tax	0	0	0	0	0	
Add Back Depreciation & Amortization	900,000	3,525,000	7,275,000	11,400,000	15,900,000	
Minus Capex	(15,000,000)	(37,500,000)	(37,500,000)	(45,000,000)	(45,000,000)	
Adjust for Change in Required Working Capital						
Adjust for Debt Added (Paid Down)	5,000,000	36,347,700	3,798,525	(45,146,225)	0	
Free Cash Flow to Equity (FCFE)	(9,047,700)	30,695,267	71,201,843	114,286,901	305,908,275	1,432,206,924
Cost of Equity:						
Terminal Growth Rate:						
NPV @ July 2016						
Adjustment for Minority Interest						
Attributable NPV (US\$)						

Summary of Valuation Methods (Value Discounted to July 2016)	2019	2020	2021
Discounted Cash Flow Valuation (US\$)	460,445,795		
EV/EBITDA Multiple @ 8.7 X Valuation	462,954,877	740,337,486	1,007,726,304
PE Multiple @ 9.2 X Valuation	463,247,829	732,756,056	1,017,356,337

Valuation - Multiples (US\$)	2017	2018	2019	2020	2021
EV/EBITDA Multiple			8.7	8.7	8.7
Enterprise Value			942,758,753	1,794,279,083	3,052,901,993
Net Debt			45,146,225	-	-
Equity Value			897,612,528	1,794,279,083	3,052,901,993
<u>Equity Valuation Discounted to July 2016 @ 25% Discount Rate</u>			<u>513,823,393</u>	<u>821,684,224</u>	<u>1,118,453,168</u>
Adjustment for Minority Interest			(50,868,516)	(81,346,738)	(110,726,864)
Attributable Valuation			462,954,877	740,337,486	1,007,726,304
PE Multiple			9.2	9.2	9.2
PE Valuation			898,180,526	1,775,904,759	3,082,076,130
<u>Future PE Valuation Discounted to July 2016 @ 25% Discount Rate</u>			<u>514,148,534</u>	<u>813,269,763</u>	<u>1,129,141,328</u>
Adjustment for Minority Interest			(50,900,705)	(80,513,707)	(111,784,991)
Attributable Valuation			463,247,829	732,756,056	1,017,356,337

Source: Insyte

We value a commercialized Green Rubber Plc at US\$460m based on a discounted cash flow valuation. The DeLink production process is highly profitable in terms of margin and should earn high returns on capital. Our key assumptions in the valuation above are that the company can scale to over 380,000 TPA production capacity by 2021 using free cash flow generation alone, and that the company can sell its compound for \$2,200 per ton by year 2021, which we believe is fair given that competing rubber compound can sell today for higher than this level, even during the current environment of depressed rubber prices globally. We however note that Green Rubber management believes they will be able to sell their product at a price higher than \$2,200.

We also assume US\$15m of capex required per 30,000 TPA of production capacity as guided by the company. Green Rubber's strength is that its innovative DeLink process is highly capital efficient in terms of investment in manufacturing equipment. We also assume that no income taxes are paid as a base case due to the likelihood of the company receiving tax incentives or other offsetting green subsidies in Malaysia and likely other geographies.

As a cross-check of our DCF valuation, we note that our valuation implies a 2019 PE multiple of only 9.2x and a 2019 EV/EBITDA multiple of 8.7x. We believe that a commercialized Green Rubber Plc will be of substantial value to industry acquirers in the rubber, plastics, and recycling industries. The company could also potentially crystallize our valuation above via a future IPO once its business model has gained further traction. Risks to our valuation include the cost of waste rubber being higher than expected, Green Rubber selling prices being lower than expected, tax rates being higher than expected, and a slower than expected capacity expansion roll-out. We are happy to provide our financial model upon request.

Key Board Members & Management

Datuk Dr. Vinod Sekhar **Executive Chairman, Acting CEO**

Vinod Sekhar is currently Chairman and Group Chief Executive of the Petra Group, Chairman and Founder of Green Rubber Global, and the Hon. Consul General to Malaysia for St Vincent and The Grenadines. He is also the first Asian and only the third non-American to be conferred the Global Green award.

Vinod is the son of Tan Sri Dr. B.C. Sekhar – who is responsible for the invention of DeLink and Deproton, two ground-breaking technologies in the elastomer industry which have been significant milestones in eliminating environmental hazards.

Vinod began his business career while still in college where he started the Vincent Siefer Clothing Co. and formed the Sitavani Foundation, which focuses its attention on the education of children and on child development programs. In 1990, he formed the STI Group with partners and was responsible for some groundbreaking businesses such as the world's smallest optic engine, the first circular abrasive discs, Southeast Asia's first commercial Internet company, and a variety of other technology innovations. The multimedia arm of the group was also responsible for the first Malaysian joint venture to produce a movie at Disney MGM Studios in Orlando, Florida (Tarzan: The Epic Adventures). After 1997, STI merged with other international interests and the Petra Group was created.

Bruce Davey **Executive Deputy Chairman**

Bruce Davey started his career as a chartered accountant and has been Deputy Chairman and partner of the Petra Group for over a decade. A well-seasoned entrepreneur, he is also the chairman of Icon Productions – a company he cofounded with Mel Gibson. As Chairman of Icon Productions, Bruce built Icon into one of the largest independent film companies, creating new distribution channels for his products globally. From spearheading creative initiatives to managing operational and financial matters, Bruce has led Icon Productions to produce over twenty films and TV series. He also won the 1996 Academy Award for Best Picture for "Braveheart", and the 1998 BAFTA Award for Best Children's Film for "FairyTale: A True Story".

Lord Peter Mandelson
Non-Executive Director (To Be Appointed)

Lord Peter Mandelson is a former UK cabinet minister who was responsible for the creation of 'New Labour'. He is also the architect of Labour's electoral victory under Tony Blair, and was the Trade Commissioner of the European Union.

Professor George Kohlrieser
Director

Prof. Kohlrieser is an organizational and clinical psychologist. He is Professor of Leadership and Organizational Behaviour at IMD and consultant to several global companies including Accenture, Alcan, Amer Sports, Barclays Global Investors, Cisco, Coca-Cola, HP, IBM, IFC, Morgan Stanley, Motorola, Nestlé, Nokia, Roche, Sara Lee, Tetra Pak, and Toyota. His research, teaching, and consulting activities are focused on high performance leadership, high performance teamwork, conflict management, change management, dialogue and negotiation, coaching, stress management, work life balance, and personal and professional development. He has also won numerous awards, including most recently the prestigious BrandLaureate International Brand Personality Award for his contribution in the field of high performance communication from the Asia Pacific Brand Foundation (2010) and the global ecch Renewable and sustainable energy, technology and development Hot Topic Case Award (2011).

Jayan Sekhar
Executive Director, Technology Application & Product Development

Jayan Sekhar is responsible for developing the strategy and roll-out plan for the initial Green Rubber plants planned in Malaysia, and potentially GCC and the UK over the next 18 months. Over the past 10 years, Jayan has worked primarily in private equity with partners in India and the Middle East developing projects in infrastructure and Oil, Gas and related industries, worked with major Middle East groups including the Kanoo Group in Bahrain and the OMCI Group and Al Bilad in Saudi Arabia.

Jack Clipsham
Director – Finance (To Be Appointed)

Jack trained with Ernst and Whinney and initially gained corporate finance experience with Guinness Mahon, the merchant bank. He subsequently returned to the profession, first becoming a Partner with Pannell Kerr Forster, before spending 10 years as a Corporate Finance Partner with BDO Stoy Hayward where he led both the growth of their Southern Region Corporate Finance team and the development of the UK firm's inbound and outbound corporate finance services in East and South East Asia. He then spent 4 years as a Partner at Mazars, as Head of Corporate Finance, Asia Pacific, based in Hong Kong. Since August 2013, Jack has been the CFO of iGene Sdn Bhd, a PE backed provider of Digital Autopsy services, where he is part of the Senior Management team implementing the company's strategic initiatives, including undertaking a Series C fund raising and progressing an AiM IPO.

Jack has significant experience of M&A transactions, raising private equity and debt funding and Capital Market listings. In particular, he has a strong track record as a Reporting Accountant undertaking pre-investment, pre-acquisition due diligence and AIM Listings of both UK domestic and overseas companies. Throughout his career he has been focused on developing, small and medium market cap companies in a variety of business sectors.

Steve Nieto
Director

Steven Nieto, a 15-year veteran of the rubber industry, joined Green Rubber in January 2008 as Senior Vice President, Americas. Prior to that, he spent seven years with Excel Polymers LLC. Excel is the world's largest independent rubber compounder. At Excel, he was most recently Vice President of Global Sourcing and Business Development. During his tenure with Excel he also managed the Performance Additives and Rolls businesses and led the globalization of the company. Before joining Excel, Nieto spent 23 years with PPG Industries in a variety of positions. He holds a Bachelor of Science Degree in Chemical Engineering from the University of New Mexico. He is a member of the American Chemical Society and the American Institute of Chemical Engineers.

Mooreyameen Mohamad
Head of Business Development

Mooreyameen Mohamad is currently the special assistant to the chairman of the Petra Group, Datuk Dr Vinod Sekhar, and head of business development for the group. He graduated in 1998 as a mechanical engineer from University of Edinburgh (on a Shell scholarship), and started his career with Shell in Kuala Lumpur as a Technical Service Engineer. While with Shell, he spent over 12 years in various roles in the Lubricants division: from business development to supply chain planning. After a short break, he joined a Kuala Lumpur business radio station called BFM89.9 and produced prime time shows with live interviews, live call-in segments, and covered major current affairs and social issues in the country, also regularly published on local online news portals. In 2013 he was nominated by the US State Department for the International Visitor Leadership Program (IVLP). Later in the year, he joined PETRONAS Base Oil as Sales and Marketing Manager for the East in Kuala Lumpur, and has spoken at base oil industry conferences in Singapore and London.

Mujahidin Zulkiffli
Head of Public Engagement

Mujahidin Zulkiffli joined the group as Special Assistant to Chairman and Head of Public Engagement of Petra Group, the holding company of Green Rubber. He brings with him more than a decade of managerial experience with multinationals like HSBC and AIG in the fields of customer relations and global operations in banking and insurance. At HSBC, he worked on various projects involving UK Credit Services and back-office operations. He managed Customer Credit Services and Business Credit Services; focusing in risk management which significantly reduced bad debts in 2006 and 2007.

Side Note: Past Legal Cases

We believe it's important to note that Green Rubber management has been upfront and clear with the authors of this report regarding certain past legal cases. We note that based on our analysis, all of these issues have since been resolved. Thus we believe these past issues are unlikely to have any material impact on the prospects of the company.

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