

DEBAO PROPERTY DEVELOPMENT LTD.
(Incorporated in Singapore on 16 August 2007)
(Registration Number: 200715053Z)

**DISPOSAL OF 100% SHAREHOLDINGS IN INFINITY REAL ESTATE HOLDINGS PTE.LTD
(TOGETHER WITH ITS WHOLLY-OWNED SUBSIDIARY, FOSHAN SANSHUI NENGRUN
PROPERTY DEVELOPMENT CO., LTD.) AND FOSHAN SANSHUI FANGAO LAND CO., LTD.
("TRANSACTION")**

1. INTRODUCTION

- 1.1** The board of directors ("**Board**" or "**Directors**") of Debao Property Development Ltd. ("**Company**" and together with its subsidiaries, "**Group**") wishes to announce that the Company has on 8 November 2016 entered into a sale and purchase agreement ("**SPA 1**") with Foshan Nanhai Fangao Renovation Services Co., Ltd. (佛山市南海区帆高装饰工程有限公司) ("**Fangao Renovation**") as vendors ("**Vendors**"); Shengyu (BVI) Limited (盛誉 (BVI) 有限公司) ("**Shengyu**") and Evergrande Real Estate Group Guangdong Real Estate Development Co.,Ltd (恒大地产集团广东房地产开发有限公司) ("**Guangdong Evergrande**") as purchasers ("**Purchasers**"); and Evergrande Real Estate Group Limited (恒大地产集团有限公司) as guarantor for Shengyu and Guangdong Evergrande, pursuant to which the Company shall dispose of its subsidiaries, namely:
- (i) Infinity Real Estate Holdings Pte. Ltd. ("**Infinity**"), together with its wholly-owned subsidiary, Foshan Sanshui Nengrun Property Development Co., Ltd. (佛山市三水区能润置地房地产开发有限公司)("Nengrun"); and
 - (ii) Foshan Sanshui Fangao Land Co., Ltd. (佛山市三水区帆高置业投资有限公司) ("**Fangao Land**"),
- (collectively, "**Subsidiaries**").
- 1.2** Pursuant to SPA 1, Fangao Renovation will dispose of 100% shareholdings in Fangao Land ("**Fangao Land Shares**") to Guangdong Evergrande.
- 1.3** In accordance with Clause 10.5 of SPA 1, the Company will enter into a sale and purchase agreement ("**SPA 2**") as vendor with Shengyu as purchaser for the sale of its 100% shareholdings in Infinity ("**Infinity Shares**").
- 1.4** Collectively, the Fangao Land Shares and Infinity Shares are referred to as "**Sale Shares**".
- 1.5** The Company wholly owns Infinity, which wholly owns Nengrun.
- 1.6** The Company also, through various wholly-owned subsidiaries, wholly own Fangao Land.
- 1.7** The aggregate consideration for the Transaction ("**Consideration**") shall be RMB2.023 billion.
- 1.8** The Transaction is deemed as a "major transaction" under Chapter 10 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Ltd ("**SGX-ST**") and is subject to the approval of the shareholders of the Company ("**Shareholders**") being obtained at an extraordinary general meeting to be convened as described in Paragraph 10 below.
- 1.9** Upon the completion of the Transaction ("**Completion**"), Infinity, Nengrun and Fangao Land will cease to be subsidiaries of the Company. As such, this announcement is also made pursuant to Rule 704(17)(c) of the Listing Manual.

2. INFORMATION ON SHENGYU, GUANGDONG EVERGRANDE AND THE SUBSIDIARIES

2.1 Shengyu

Shengyu was incorporated on 6 March 2007 in the British Virgin Islands as an investment holding company, part of the Evergrande Group headquartered in Guangzhou, which is in the business of real estate, finance, health, tourism, culture and sports. As at the date of this announcement, Shengyu has an issued and paid-up share capital of US\$50,000 comprising 50,000 ordinary shares.

2.2 Guangdong Evergrande

Guangdong Evergrande was incorporated on 19 December 2007 in Guangzhou City, Guangdong Province, PRC. It is a property development company, part of the Evergrande Group. As at the date of this announcement, Guangdong Evergrande has an issued and paid-up share capital of RMB50 million comprising 50 million ordinary shares.

2.3 Infinity

Infinity was incorporated on 2 August 2007 in Singapore as an investment holding company. As at the date of this announcement, Infinity has an issued and paid-up share capital of S\$162,000 comprising 162,000 ordinary shares.

Nengrun was incorporated on 4 April 2007 in Foshan City, Guangdong Province, PRC. The main business activity of Nengrun is property development. As at the date of this announcement, Nengrun has an issued and paid-up share capital of RMB752 million comprising 752 million ordinary shares.

Target Land A

Nengrun owns a piece of land of 993,680.3 square metres at Foshan Sanshui, Baini Town, Huoju Foshan Electrical and Electronic Industrial District (佛山市三水区白坭镇国家火炬计划佛山电器产业基地北区) (No. 87) (“**Target Land A**”). Target Land A is expected to be developed as villas, townhouses, high-rise residential areas and hotels in various phases.

Related Party Loan A and Mortgages

The following entities are related parties of the Vendors, (each an “**Related Party**” and collectively, “**Related Parties**”) who have entered into various facility agreements with banks for loans aggregating RMB611.32 million (“**Related Party Loan A**”). Pursuant thereto, various lots of Target Land A were mortgaged to the lenders to secure the said loans. As at the date of this announcement, Related Party Loan A remains outstanding.

The breakdown of Related Party Loan A is as follows:

No.	Related Party	Whether the company is a Group Entity	Loan (RMB)
1.	Foshan Nanhai Guihe Construction Engineering Co., Ltd. (佛山市南海区桂和建筑工程有限公司) (“ Guihe ”);	Wholly owned subsidiary of the Company	114 million
2.	Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd. (佛山市南海区益添贸易有限公司);	Wholly owned subsidiary of the Company	69 million

3.	Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd(佛山市南海区顺茂市政工程有限公司);	Wholly owned subsidiary of the Company	100 million
4.	Foshan Nanhai Yuzhi Landscaping Services Co., Ltd. (佛山市南海区雨知园林工程有限公司);	Wholly owned subsidiary of the Company	18.5 million
5.	Foshan Nanhai Guicheng Public Utilities Engineering Co., Ltd (佛山市南海区桂城市政工程有限公司);	Unrelated third party	99 million
6.	Foshan Nanhai Benji Public Utilities Engineering Co., Ltd (佛山市南海区本基市政工程有限公司);	Unrelated third party	84 million
7.	Guihe and Sihui Debao Jiangnan Mingju Development Co., Ltd. (四会市德宝江南名居房地产开发有限公司);	Wholly owned subsidiary of the Company	126.82 million
	Total:		611.32 million

Nengrun Loan

Nengrun had entered into two (2) loan agreements, one with a financial institution and another with a bank for an aggregate loan of RMB212 million (“**Nengrun Loan**”). Pursuant thereto, to secure the said loans, various lots of Target Land A were mortgaged to the lenders and personal guarantees were provided by parties, including, *inter alia*, Mr Yuan Le Sheng, the Company’s Executive Chairman and CEO. As at the date of this announcement, the Nengrun Loan remains outstanding.

Nengrun Liabilities

As at the date of this announcement, RMB120 million of expenses from projects undertaken by Nengrun (“**Project Expenses**”) remain outstanding.

Nengrun Guarantee

Hongye and Guihe, as Related Parties, had entered into various loan agreements with banks for an aggregate loan of RMB114 million (“**Related Party Loan B**”). Pursuant thereto, Nengrun had provided corporate guarantees to secure the said loan (“**Nengrun Guarantee**”). As at the date of this announcement, Related Party Loan B remains outstanding.

Prior to Completion, the Vendors shall procure the release of Nengrun as the guarantor of the Related Party Loan B and the discharge of the Nengrun Guarantee.

In the event that the Vendors are unable to complete the above, (i) the Vendors shall fully repay Related Party Loan B and procure the discharge of the Nengrun Guarantee prior to the fifth tranche payment of the Consideration, and (ii) the Company shall provide a corporate guarantee to the Purchasers prior to such full repayment of Related Party Loan B.

Infinity Loan and Infinity Pledge

On 4 April 2014, Infinity entered into a loan agreement with Famous Way Properties Limited (香港南丰基金) (“**Famous Way**”) for a loan of US\$50 million (“**Infinity Loan**”). Pursuant thereto, Infinity pledged its 100% shareholdings in Nengrun to Famous Way to secure the said loan (“**Infinity Pledge**”). The said sum of US\$50 million is used to pay up the unpaid share capital of Nengrun. As at the date of this announcement, the Infinity Loan remains outstanding.

2.4 Fangao Land

The Company, through wholly-owned subsidiaries (including Fangao Renovation), wholly own Fangao Land.

Fangao Land was incorporated on 5 January 2012 in Foshan City, Guangdong Province, PRC. The main business activity of Fangao Land is property development. As at the date of this announcement, Fangao Land has an issued and paid-up share capital of RMB1 million comprising 1 million ordinary shares.

Target Land B

Fangao Land owns a piece of land of 16,446.1 square metres at Foshan Sanshui, Baini Town, Huoju Foshan Electrical and Electronic Industrial District (佛山市三水区白坭镇国家火炬计划佛山电子电器产业基地北区) (No. 87-12 16446) (“**Target Land B**”). Target Land B is expected to be developed as hotel rooms and ancillary facilities.

Fangao Renovation Loan

On 30 December 2015 and 6 June 2016, Fangao Renovation entered into 2 facility agreements with the Industrial and Commercial Bank of China for loans of RMB2 million and RMB12 million, respectively (collectively, the “**Fangao Renovation Loan**”). Pursuant thereto, Fangao Renovation mortgaged land lot 11 of Target Land B (No. 20092100078) to the lender to secure the said loans. As at the date of this announcement, the Fangao Renovation Loan remains outstanding.

2.5 Value of the Disposed Subsidiaries

The net book value and net tangible asset value attributable to the Sale Shares are both RMB734,727,402, based on the latest unaudited consolidated financial statements of the Group for the nine months ended 30 September 2016 (“**3Q2016**”).

3. RATIONALE FOR THE TRANSACTION

3.1 The Company is of the view that the Transaction is in the best interests of the Company.

3.2 The Transaction is also an opportunity for the Company to divest its loss-making businesses

Infinity has been incurring significant losses since 2014, owing to high finance cost for the Infinity Loan. The accumulated net losses of Infinity amounted to S\$25,667,118 from 2007 to 2015 (based on the audited accounts of Infinity for these years).

Nengrun has been incurring significant losses since 2010, owing to high finance cost and administrative expenses. Save for its net profit of RMB58,701,413, RMB60,746,274 and RMB2,889,206 in the financial years ended 2011, 2013 and 2015 due to completion and hand-over of property units which are recognised. The accumulated net losses of Nengrun amounted to RMB30,829,446 from 2007 to 2015 (based on the audited accounts of Nengrun for these years).

Fangao Land has been incurring significant losses since 2012, as it did not have any operating income but bore a high land use tax. The accumulated net losses of Fangao Land amounted to RMB586,310 from 2012 to 2015 (based on the audited accounts of Fangao Land for these years).

The Transaction would allow the Company to rationalise its financial and capital resources since the Subsidiaries are loss-making and the Board is of the view that further investments or a continued investment in the Subsidiaries is unlikely to provide positive returns in the foreseeable future. The Transaction will also enable the Company to focus on its other profitable operations.

3.3 The Transaction also allows the Group to repay existing loan facilities given by financial institutions or banks, thereby allowing for savings in interest payments.

4. PRINCIPAL TERMS OF SPA 1

A summary of the principal terms of the Transaction as set out in SPA 1 is provided below.

4.1 Consideration

The Consideration of RMB2.023 billion is arrived at after arm's length negotiations and on a willing-buyer willing-seller basis, taking into account, *inter alia*, the following:

- (i) the value of Related Party Loan A, the Infinity Loan, the Related Party Loan A, the Nengrun Loan and the Project Expenses;
- (ii) the net book value and the net tangible asset value attributable to the Sale Shares as stated at paragraph 2.5 above.

The Consideration comprise the following:

- (i) payment of RMB731.75 million fully in cash;
- (ii) repayment of the outstanding Related Party Loan A and Fangao Renovation Loan of RMB625.32 million;
- (iii) repayment of the outstanding Infinity Loan of US\$50 million; and
- (iv) repayment of the outstanding Nengrun Loan of RMB212 million and Project Expenses of RMB120 million.

4.2 Payment Tranches

The payment of the Consideration shall be carried out in the manner set out below. All payments in USD equivalent shall be based on the central parity exchange rate of US\$ to RMB published by the Bank of China on the day before the date of payment .

In the event the Purchasers are unable to make payment in accordance with this paragraph due to the preparation of financial statements for the first, second and third quarters or such similar reasons, the due date for the relevant payment shall be extended for one (1) month accordingly.

For the purpose of this paragraph, the payment of the Consideration by the Purchasers to either the Company or Fangao Renovation shall suffice as payment to the Vendors.

- (i) Deposit

Within five (5) working days from the signing of SPA 1, Guangdong Evergrande shall pay a sum of RMB50 million ("**Deposit**") into a joint account set up by Fangao Renovation and Guangdong Evergrande.

Within three (3) working days from the fulfilment of Conditions 1 and 2, Fangao Renovation and Guangdong Evergrande shall transfer the Deposit amount to a bank account designated by Fangao Renovation. The bank interest generated from the Deposit in the said joint account shall belong to the Purchasers.

(ii) First Tranche

The first tranche of the Consideration shall be satisfied by the payment of US\$50 million to a bank account designated by Famous Way in accordance with Condition 3.

(iii) Second Tranche

Within one (1) month from the fulfilment of Conditions 4(a), 5 and 6, the second tranche of the Consideration shall be satisfied by:

- (a) the payment of Deposit in accordance with item (i) above; and
- (b) the payment by Shengyu to the Company of the USD equivalent of RMB209.4 million.

(iv) Third Tranche

Within two (2) months (but no later than three (3) months) from the fulfilment of Conditions 4, 5, 6 and 7, the third tranche of the Consideration shall be satisfied by payment of RMB625.32 million by the Purchasers to the Vendors, for the repayment of the Related Party Loan A and the Fangao Renovation Loan within five (5) working days of the receipt thereof

Within 20 working days from such repayment, the Vendors shall submit an application to the relevant government authority to discharge the mortgages or any other encumbrances on the Target Land. The Vendors shall, on the day after such discharge, deliver the original copy of the Land certificate to the Purchasers.

(v) Fourth Tranche

Within four (4) months from the fulfilment of Conditions 4, 5, 6 and 7, and upon the fulfilment of other obligations of the Vendors in paragraph 4.1 above, the fourth tranche of the Consideration shall be satisfied by the payment of the USD equivalent of RMB209.4 million by Shengyu to the Company.

(vi) Fifth Tranche

Within seven (7) months from the fulfilment of Conditions 4, 5, 6 and 7, upon the fulfilment of other obligations in Conditions 8 and 9, and upon the discharge of the Nengrun Guarantee, the fourth tranche of the Consideration shall be satisfied by the payment of the USD equivalent of RMB139.6 million by Shengyu to the Company.

(vii) Sixth Tranche

Within three (3) months from the fulfilment of Conditions 4, 5, 6 and 7, the Purchasers shall assume the liabilities of Nengrun of RMB332 million, which comprises outstanding Project Expenses of RMB120 million and an outstanding Nengrun Loan of RMB212 million. The Purchasers shall repay the Project Expenses in instalments in accordance with the agreement between Nengrun and the contractors and taking into consideration the construction progress. In the event the Project Expenses are less than RMB212 million, the difference shall constitute part of this sixth tranche of the Consideration to be paid by the Purchasers to the Vendors.

Accordingly, the sixth tranche of the Consideration shall be satisfied by the assumption of the abovementioned liabilities of Nengrun by the Purchasers, the discharge of guarantees provided by the Vendors and the Related Parties (including Mr Yuan Le Sheng (the Company's Chairman and CEO), Mr Zhong Yu Zhao (the Company's Executive Director), Mr Zhang Mao (the Company's Executive Director), and the fulfilment such other obligations under this paragraph.

(viii) Balance Tranche

Within 10 months from the fulfilment of Conditions 4, 5, 6 and 7, upon the fulfilment of all obligations of the Vendors in SPA 1 (or within five (5) working days from the rectification of any unfulfilled obligations, or acceptance of responsibility for such breach of SPA 2), the balance tranche of the Consideration shall be satisfied by the payment of the USD equivalent of RMB120.35 million by Shengyu to the Company.

4.3 Adjustment of Consideration

The Consideration may be adjusted with the occurrence of the following events:

- (i) In the event the land area of the Target Land is smaller than the land area of 1,010,126.3 square meters recorded on the State-Owned Land Land Use Certificate, the Purchasers shall reduce the Consideration to be paid in any of the tranches based on the rate of RMB 2,000 per square metre of shortfall in land area. Following Completion Date, in the event the gross floor area of the remaining land available for sale on the Target Land (not including the resettlement housing area and hotel area) is smaller than 666,797 square meters, the Purchasers shall reduce the Consideration to be paid in any of the tranches based on the rate of RMB 3,034 per square metre of shortfall in land area.
- (ii) In the event the Vendors fail to deliver receipts, bills or such other related documents or information, or fail to fully deliver any amounts, in accordance with SPA 1, the Purchasers shall (a) reduce the Consideration to be paid in any of the tranches by an amount equivalent to 55% of the shortfall in amount, or (b) recover such amount from the Consideration paid.

4.4 Conditions

The Completion is conditional upon, *inter alia*, the following matters being fulfilled or done on or prior to the date of Completion ("**Completion Date**"):

- (i) Within 15 working days from the signing of SPA 1, the Buyers shall complete its due diligence exercise on Infinity, Nengrun, Fangao Land, Target Land A and Target Land B (collectively, "**Target Land**").
- (ii) Within three (3) working days from the completion of the due diligence exercise, the Purchasers shall notify the Vendors in writing of its intention to fulfill its obligations in SPA 1 ("**Notification to Complete**"), to terminate the Transaction or to enter into further negotiations in relation thereto.
- (iii) Within three (3) working days from the signing of SPA 1, the Purchasers shall have the right to enter the Target Land.
- (iv) Within two (2) months from the Notification to Complete, the Company shall obtain such approvals (including but not limited to Shareholders' approval as it may require for the Transaction ("**Condition 1**").
- (v) Within five (5) working days from the Notification to Complete, the Company shall:
 - (a) provide an irrevocable undertaking in writing to Shengyu for the following:
 - a. upon the fulfilment of Condition 1, to transfer the Sale Shares, such transfer to be effected by a law firm designated by Shengyu; and
 - b. to sign and prepare all documents required for the disposal of Infinity; and

- (b) prepare all documents required for the resignation of the corporate representative(s), directors, secretary and supervisor(s) (where applicable) in Infinity,

(collectively, “**Condition 2**”).

- (vi) Upon the signing of SPA 1, the Company shall enter into negotiations with Famous Way with regard to the discharge of the Infinity Loan and the Infinity Pledge. Accordingly, the Company shall enter into a repayment agreement with Famous Way (“**Repayment Agreement**”) (or for Famous Way to provide a receipt of repayment). Within 10 working days from the signing of the Repayment Agreement and the fulfilment of Conditions 1 and 2, the Purchasers shall transfer US\$50 million to a joint bank account set up by Infinity, Famous Way and Shengyu (“**Joint Account**”), upon which Famous Way shall discharge the Infinity Pledge. Upon such discharge, the said sum of US\$50 million shall be paid to Famous Way from the Joint Account.

Alternatively, in the event Famous Way requires the immediate repayment of the Infinity Loan prior to discharge of the Infinity Pledge, within 10 working days from the signing of the Repayment Agreement and the fulfilment of Conditions 1 and 2, the Purchasers and Famous Way shall sign and prepare all documents required for the discharge of the Infinity Pledge through a lawyer designated by Shengyu (“**Designated Lawyer**”). Thereafter, the Purchasers shall pay US\$50 million to a bank account designated by Famous Way, upon which the Designated Lawyer shall discharge the Infinity Pledge.

In the event Famous Way does not accept either of the above arrangements, the Company, Shengyu and Famous Way shall enter into negotiations to resolve the matter for a period of up to six (6) months. If the matter is not resolved upon the expiry of the said period, SPA 1 shall be terminated and parties shall be released from all obligations thereunder.

(“**Condition 3**”)

- (vii) Within 15 working days from the Notification to Complete, the receipt of clearance from the SGX-ST and the receipt of Deposit, the following shall be fulfilled (“**Condition 4**”):
 - (a) Fangao Renovation shall transfer its 100% shareholdings in Fangao Land to Guangdong Evergrande and concurrently appoint the new corporate representative(s), directors and supervisor(s) in Fangao Land, such persons to be designated by Guangdong Evergrande;
 - (b) the documents required for the normal operation of Infinity, Nengrun and Fangao Land, including but not limited to the company seal, operative licence and accounts, shall be placed under the joint management of the Vendors and the Purchasers; and
 - (c) within two (2) days from the fulfilment of the above items, Fangao Renovation shall deliver Target Land B to Guangdong Evergrande in accordance with SPA 1.
- (viii) Within five (5) working days from the signing of the Repayment Agreement, and the payment of US\$50 million to the Joint Account (or upon the direct payment of US\$50 million to a bank account designated by Famous Way) in accordance with Condition 3, the Company shall:
 - (a) discharge the Infinity Pledge;

- (b) in accordance with Condition 2, hand over to the Designated Lawyer all documents required for the transfer of shares in Infinity and to complete such share transfer; and
- (c) appoint the corporate representative(s), directors, secretary or supervisor(s) (where applicable) nominated by Shengyu.

(“Condition 5”)

- (ix) Within three (3) working days from the fulfilment of Condition 5, the Company shall deliver Target Land A to the Purchasers in accordance with SPA 1 (**“Condition 6”**).
- (x) The day following the receipt of the second tranche payment of the Consideration, the documents required for the normal operation of Infinity, Nengrun and Fangao Land, which are jointly managed in accordance with Condition 4, shall be solely managed by the Purchasers (**“Condition 7”**).
- (xi) Within two (2) months from the Completion Date, the employees in the Subsidiaries shall be terminated (**“Condition 8”**).
- (xii) Within two (2) months from the Completion Date, the property management responsibilities of the Subsidiaries shall be vested in the Purchasers.

4.5 Completion

The following items are to be fulfilled on the Completion Date:

- (i) the transfer of Sale Shares being completed;
- (ii) the appointment by Infinity of the corporate representative(s), secretary, directors and supervisor (s) (if applicable) designated by the Purchasers;
- (iii) the appointment by Nengrun and Fangao Land of the corporate representative(s), directors and supervisor(s) designated by the Purchasers;
- (iv) the delivery of all original documents required for the normal operation of the Subsidiaries to the Purchasers including but not limited to the company seal, operative licence and accounts; and
- (v) the transfer of Target Land to the Purchasers.

The Completion Date shall be:

- (i) the day the above items are fulfilled; or
- (ii) in the event the above items are not fulfilled on the same day, the day the transfer of Sale Shares are completed.

4.6 Use of Net Proceeds

The net proceeds from the Transaction amount to approximately RMB791,456,000 (the **“Net Proceeds”**) after deducting expenses relating to the Transaction of approximately RMB22,685,000. The net proceeds over the book value attributable to the Transaction is approximately RMB688,353,000. The Group is expected to record a gain on the Sale Shares of RMB103,103,000.

The Company intends to use the Net Proceeds for general working capital purposes, and pending deployment thereof, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

5. FINANCIAL EFFECTS ON THE TRANSACTION

The financial effects of the Transaction on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Transaction. The financial effects of the Transaction set out below have been prepared based on the Group's audited consolidated financial statements for the financial year ended 31 December 2015 ("FY2015").

(a) Share Capital

The Transaction will not have any effect on the issued and paid up share capital of the Company.

(b) Net Tangible Assets ("NTA")

The effects of the Transaction on the audited consolidated NTA per share of the Group for FY2015, assuming that the Transaction had been effected on 31 December 2015, are summarised below:

	Before the Transaction	After the Transaction
NTA (S\$'000)	324,198	174,345
Number of Shares(' 000)	1,125,000	1,125,000
NTA per share (S\$)	0.29	0.15

(c) Earnings Per Share ("EPS")

The effects of the Transaction on the audited consolidated EPS of the Group for FY2015, assuming that the Transaction had been effected on 1 January 2015, are summarised below:

	Before the Transaction	After the Transaction
Consolidated net profit (S\$'000)	7,465	13,889
Weighted average number of shares ('000)	1,125,000	1,125,000
EPS (Singapore cents)	0.66	1.23

(d) Gearing

The effects of the Transaction on the gearing of the Group for FY2015, assuming that the Transaction had been effected on 31 December 2015, are summarised below:

	Before the Transaction	After the Transaction
Total debts (S\$'000)	586,840	333,862
Total equity (S\$'000)	326,158	176,304
Gearing ratio (times)	1.80	1.89

6. THE RELATIVE FIGURES AS SET OUT IN RULE 1006 OF THE LISTING MANUAL

6.1 Based on the latest unaudited consolidated financial statements for the nine months ended 30 September 2016 (“3Q2016”), the relative figures in respect of the Transaction, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. (S\$289,965,338 / S\$150,691,675)	52%
Rule 1006(b)	The net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not Meaningful ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares. (S\$414,917,300 / S\$17,999,925)	2305%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

- (1) “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (2) The Group made a loss of S\$9,849,047. Profit attributable to the Sale Shares is S\$2,364,395.
- (3) “market capitalisation” of the Company is determined by multiplying the number of shares in issue of 74,999,688 by the weighted average price of the shares of S\$0.24 transacted on the 7 November 2016, being the market day preceding the date of SPA 1.

6.2 As the relative figures under Rule 1006(a) and (c) exceed 20%, the Transaction constitutes a “**Major Transaction**” as defined under Chapter 10 of the Listing Manual of the SGX-ST and will be subject to the approval of Shareholders pursuant to Rule 1014 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company have any interest, direct or indirect, in the Transaction, other than through their respective shareholdings in the Company.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

A circular containing, inter alia, details of the Transaction and enclosing a notice of the extraordinary general meeting in connection therewith will be dispatched to Shareholders in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of SPA 1 is available for inspection during normal business hours at the Company's registered office at 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624 for a period of three (3) months from the date of this announcement.

By order of the Board

Mr Zhang Mao
Executive Director
8 November 2016