PHARMESIS INTERNATIONAL LTD.
(the "**Company**")
(Incorporated in the Republic of Singapore)
(Co. Registration No.: 200309641E)

THE PROPOSED ACQUISITION OF THE YING BIN PROPERTY LOCATED IN THE PEOPLE'S REPUBLIC OF CHINA AND THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF JIANGYOU NEAUTUS

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1 INTRODUCTION

The board of directors ("**Board**") of Pharmesis International Ltd. ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that 成都国嘉联合制药有限公司 (Chengdu Kinna Pharmaceutical Co., Ltd) (the "**Purchaser**"), a wholly-owned subsidiary of the Company, has on 6 May 2016 entered into three (3) separate conditional sale and purchase agreements (collectively, the "**SPAs**") to respectively acquire:

(a) two (2) units in a development under construction located at No. 8 Ying Bin Avenue, Jinniu District, Chengdu, Sichuan Province, the People's Republic of China ("**PRC**") (the "**Ying Bin Property**"); and

(b) an industrial complex under construction (the "**Industrial Complex**") located at Industrial Park of Jiangyou Municipality (江油工业园区) with the plot number 81-3-31-61 in Jiangyou, Mianyang, Sichuan Province, PRC ("**Land**"), through the acquisition of the entire issued and paid-up share capital (the "**Jiangyou Neautus Shares**") of 江油新荷花中药科技有限公司 (Jiangyou Neautus Traditional Chinese Medicine Technology Co. Ltd.) ("**Jiangyou Neautus**"),

(the Ying Bin Property together with the Jiangyou Neautus Shares, collectively the "**Assets**") (the "**Proposed Acquisitions**").

The Proposed Acquisitions are interested person transactions under Chapter 9 of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") which require the approval of the independent shareholders of the Company under Rule 906 of the Listing Manual. The Proposed Acquisitions, in aggregate, also constitute major transactions under Rule 1014 of the Listing Manual which require approval of the shareholders of the Company ("**Shareholders**").

2 BACKGROUND INFORMATION ON THE PURCHASER AND THE VENDORS

Purchaser

The Purchaser, which is wholly-owned by the Company, is a limited liability company incorporated in the PRC on 3 November 2003 and is engaged in the business of development, manufacture and sale of western medicines and health tonic products.

Chengdu Kinna Investment

The vendor of the Ying Bin Property is 成都国嘉投资股份有限公司 (Chengdu Kinna Investment Co., Ltd.) ("**Chengdu Kinna Investment**"). Chengdu Kinna Investment is a company limited

by shares incorporated in the PRC on 3 April 1996 and is engaged in the business of project investment (excluding finance, securities, futures), domestic wholesale and retail of commodity products, other than those which require special separate approval.

As at the date of this Announcement, Mr Jiang Yun (江云) ("**Mr Jiang**"), the Executive Chairman of the Board, has a 47.00% equity interest in the capital of Chengdu Kinna Investment. Mr Jiang is also the legal representative of Chengdu Kinna Investment. Hence, for the purposes of Chapter 9 of the Listing Manual, Chengdu Kinna Investment is regarded as an interested person of the Company.

For completeness of disclosure, Mr Wu Xuedan (吴学丹) ("**Mr Wu**"), an Executive Director and Chief Executive Officer of the Company, also has a 20.00% equity interest in the capital of Chengdu Kinna Investment. However, Chengdu Kinna Investment is not considered an "associate" of Mr Wu under Chapter 9 of the Listing Manual.

Sichuan Neautus

The vendor of the Jiangyou Neautus Shares is 四川新荷花中药饮片股份有限公司 (Sichuan Neautus Traditional Chinese Medicine Co., Ltd) ("**Sichuan Neautus**") (and together with Chengdu Kinna Investment, collectively the "**Vendors**"). Sichuan Neautus is a limited liability company incorporated in the PRC on 30 December 2001 and its principal business activities are research and development, cultivating of Chinese herbs, production, wholesale and retailing of herbs and related products and food.

As at the date of this Announcement, Mr Jiang has an aggregate interest in approximately 29.81% of the total equity interest in Sichuan Neautus, arising from (a) his direct interest in 9.36% of equity interest in the capital of Sichuan Neautus; and (b) his deemed interest in approximately 20.45% of equity interest in Sichuan Neautus, through his 47.00% equity interest in the capital of Chengdu Kinna Investment, which in turn holds a direct interest in 43.51% equity interest in the capital of Sichuan Neautus. Mr Jiang is also the legal representative and chairman of the board of Sichuan Neautus.

In the event that Mr Jiang's shareholding interests in Sichuan Neautus increases to 30.00% or more, Sichuan Neautus will be deemed to be an interested person for the purpose of Chapter 9 of the Listing Manual. Thus, to ensure compliance with Chapter 9 of the Listing Manual, the Company has elected to deem Sichuan Neautus as an interested person of the Company.

Hence, for the purposes of aggregation under Chapter 9 of the Listing Manual, Chengdu Kinna Investment and Sichuan Neautus, who are members of the same group, are regarded as the same interested person.

For completeness of disclosure, Mr Wu also has an indirect interest of approximately 8.70% in Sichuan Neautus through his 20.00% shareholding interest in Chengdu Kinna Investment. However, Sichuan Neautus is not considered an "associate" of Mr Wu under Chapter 9 of the Listing Manual.

3 INFORMATION AND VALUATION OF THE ASSETS

The Ying Bin Property

The Ying Bin Property is located at No. 8 Ying Bin Avenue, Jinniu District, Chengdu, Sichuan Province, PRC and is estimated to be delivered to the Purchaser by August 2016. The Ying Bin Property comprises two (2) units on the sixth storey of a building (Units 4-6-1 and 4-6-2), and

comprises a total area of approximately 918.02 square metres. The land usage rights for the Ying Bin Property expire on 6 October 2052. The Company intends to utilise the Ying Bin Property for its own use as a non-manufacturing industrial and auxiliary facility for its expanding operations.

The Jiangyou Neautus Shares and the Industrial Complex

Jiangyou Neautus is a limited liability company incorporated in the PRC on 26 October 2010 and is engaged in the business of research, development and sale of Chinese herbal medicine. Jiangyou Neautus is a wholly-owned subsidiary of Sichuan Neautus, and has the lawful right to use the Land pursuant to the 国有土地使用权证, 江国用(2015)第 0300765 号 (Stated-owned Land Use Right Certificate) issued by the People's Government of Jiangyou dated 26 March 2015, on which the Industrial Complex is located. The Land has a site area of approximately 34,153.6 square metres. The land usage rights for the Land expire on 22 June 2061.

The Industrial Complex which occupies the Land is currently under construction and part of the Industrial Complex (comprising a factory and a composite building) is estimated to be completed by April 2017. The Industrial Complex can be developed into seven (7) industrial buildings with various ancillary structures erected thereon, including a factory, a composite building, two (2) quality control buildings, a raw material warehouse and two (2) guardhouses, with a total gross floor area of approximately 28,644.69 square metres. The Company intends to utilise the Industrial Complex for its own use for the Group to expand its current production capacity and also to accommodate any potential new business operations.

In connection with the Proposed Acquisitions, the Company engaged an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**Valuer**"), to assess and determine the market value of the Assets. Based on the valuation reports in respect of the Ying Bin Property (the "**Ying Bin Property Valuation Report**") and the Jiangyou Neautus Shares (the "**Jiangyou Neautus Shares Valuation Report**"), both dated 6 May 2016, issued by the Valuer, the market values of the Assets as at 31 March 2016 and 31 December 2015 respectively were as follows:

(a) the Ying Bin Property: RMB 7,340,000; and

(b) the Jiangyou Neautus Shares: RMB 9,086,000.

The Ying Bin Property Valuation Report was prepared in accordance with the Royal Institution of Chartered Surveyors ("**RICS**") Valuation – Professional Standards published by the RICS, the Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards published by the HKIS and the International Valuation Standards published by the International Valuation Standards Council.

The Jiangyou Neautus Shares Valuation Report was prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and with International Valuation Standards issued by the International Valuation Standards Council.

The Valuer adopted the market value basis in arriving at the valuation of both the Ying Bin Property and Jiangyou Neautus Shares. Market value is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

4 RATIONALE FOR THE PROPOSED ACQUISITIONS

The directors of the Company ("**Directors**") are of the view that the Proposed Acquisitions are in the best interests of the Company and its Shareholders as:

(a) the acquisition of the Ying Bin Property will allow the Group to secure a location to utilise as a non-manufacturing and auxiliary facility which the Group requires for its expanding operations, as well as to accommodate its expanding staff force and centralise its back office support staff who are currently located in different offices for better management and control. The Group also considers that the acquisition of the Ying Bin Property will ensure continuity of the Group's operations as the Ying Bin Property will further be able to accommodate any future expansions plans of the Group; and

(b) in-line with the business strategies of the Company, the acquisition of the Industrial Complex will allow the Group to expand its current production capacity and also to accommodate any potential new business operations, as the Group is currently unable to increase the production capacity of its present factory in the PRC due to regulatory restrictions. The size and location of the Industrial Complex is suitable for the Group's operations and will ensure that the Group is able to continually serve its customers' requirements efficiently.

5 SALIENT TERMS OF THE SPAS

5.1 The Ying Bin Property SPAs

(a) Conditions precedent

The proposed acquisition of the Ying Bin Property is conditional on, *inter alia*, the following:

(i) the Company having received the requisite approval(s) from its Shareholders under Chapters 9 and 10 of the Listing Manual at an extraordinary general meeting to be convened by the Company ("**EGM**") for, *inter alia*, the proposed acquisition of the Ying Bin Property; and

(ii) completion of a satisfactory due diligence exercise by the Group on the Ying Bin Property in PRC from the technical, legal and financial perspectives, and the vendor of the Ying Bin Property having completed rectification from the technical, legal and financial perspectives, if any and where applicable.

If all the conditions stated above shall not have been fulfilled or waived before 31 July 2016 or such other extended date as the Group may agree in writing, whichever is later, the Group shall have the right to terminate the Ying Bin Property SPA(s) in accordance with the Ying Bin Property SPA(s).

(b) Purchase consideration

The aggregate tentative purchase consideration payable by the Group for the Ying Bin Property ("**Tentative Purchase Consideration**") shall be the sum of RMB 6,973,280, to be paid in one lump sum to the vendor of the Ying Bin Property before 31 July 2016.

The purchase consideration shall be calculated based on the per unit sale price of RMB 7,596 per square metre multiplied by the total construction area.

The Tentative Purchase Consideration amount is based on the aggregate estimated construction area of the Ying Bin Property of 918.02 square metres and is subject to adjustments as follows:

(i) in order to confirm the construction area used for calculating the purchase consideration, both parties will jointly appoint a qualified independent survey institution to appraise the total construction area of the Ying Bin Property and issue a survey report. Such survey report shall be issued and available for the parties' review by no later than 31 August 2016;

(A) if the final construction area figure provided in the survey report issued by the aforesaid survey institution ranges between 95% of the estimated construction area and 105% of the estimated construction area, the parties agree that the amount of the final purchase consideration ("**Final Purchase Consideration**") shall be calculated based on the final construction area provided in the survey report; and

(B) if the final construction area provided in the survey report exceeds 105% of the estimated construction area or is less than 95% of the estimated construction area, the parties may re-negotiate the relevant terms of the Ying Bin Property SPA(s), however either party shall then have the right to terminate the Ying Bin Property SPA(s) by serving a written notice to the other party and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by a party arising from an antecedent breach by the other party of the terms hereof; the vendor of the Ying Bin Property shall then refund to the Group the full amount that has been paid by the Group hereunder within the period as required by the Group;

(ii) once the survey report issued by the survey institution appointed by the parties is available (in no event shall be later than 31 August 2016), the parties shall re-calculate and confirm the amount of the Final Purchase Consideration based on the construction area figure provided in the survey report;

(A) if the final construction area provided in the survey report ranges between 95% of the estimated construction area and 105% of the estimated construction area, the Group shall pay for the shortfall or the vendor of the Ying Bin Property shall refund the difference between the Final Purchase Consideration and the Tentative Purchase Consideration, as the case may be; the parties agree that the shortfall or difference mentioned in this paragraph shall be paid or refunded by the relevant party within 15 days after the survey report is issued; and

(B) if the final construction area provided in the survey report exceeds 105% of the estimated construction area or is less than 95% of the estimated construction area, the parties may re-negotiate the relevant terms of the Ying Bin Property SPA(s) or either party shall have the right to terminate the Ying Bin Property SPA(s) in accordance with paragraph 5.1(b)(i)(B) above;

(iii) the vendor of the Ying Bin Property shall issue to the Purchaser the valid and legitimate tax invoice bearing the full amount of the corresponding payment made by the Purchaser within 7 days after receiving the payment from the Purchaser.

The Group intends to use internal sources of funds to finance the proposed acquisition of the Ying Bin Property.

(c) Transaction steps

(i) The vendor of the Ying Bin Property shall obtain the construction completion and acceptance certificate (竣工验收备案证明) for, *inter alia*, the Ying Bin Property and provide a certified true copy of the same in respect to the Group by no later than 31 August 2016.

(ii) Subject to the vendor of the Ying Bin Property having obtained the construction completion and acceptance certificate (竣工验收备案证明) of the Ying Bin Property, the vendor of the Ying Bin Property shall deliver the Ying Bin Property, together with all the items and materials relating to the Ying Bin Property, to the Group on 31 August 2016 (the "**Delivery Date**").

(iii) The vendor of the Ying Bin Property shall complete the initial title registration of, *inter alia*, the Ying Bin Property with the Real Estate Trade Centres within 365 days after the Delivery Date and shall provide a certified true copy of the initial title registration certificate of, *inter alia*, the Ying Bin Property to the Group within three (3) working days after the initial title registration is completed.

(iv) The vendor of the Ying Bin Property shall submit the title transfer application documents to the Real Estate Trade Centres and sure that the Group's title certificates be issued within 730 days after the initial title registration certificate of, *inter alia*, the Ying Bin Property is obtained (by no later than 31 August 2019).

(d) Other material terms

The vendor of the Ying Bin Property warrants that it has or will obtain the written consent on the transaction from the mortgagee of the Ying Bin Property (i.e. Shanghai Pudong Development Bank, Chengdu Branch (上海浦东发展银行股份有限公司成都分行)), and further discharge the existing mortgage on the Ying Bin Property before the title transfer is completed.

5.2 The Jiangyou Neautus Shares SPA

(a) Conditions precedent

The proposed acquisition of the Jiangyou Neautus Shares is conditional on, *inter alia*, the Company having received the requisite approval(s) from its Shareholders under Chapters 9 and 10 of the Listing Manual at the EGM for, *inter alia*, the proposed acquisition of the Jiangyou Neautus Shares. If such Company's Shareholders' approval shall not have been obtained on or before 31 July 2016 or such other date as the parties shall mutually agree in writing, the Jiangyou Neautus SPA shall cease and be terminated and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by a party arising from an antecedent breach by the other party of the terms in the Jiangyou Neautus SPA.

(b) Purchase consideration

The purchase consideration payable by the Group for the Jiangyou Neautus Shares shall be the sum of RMB 8,631,000 (the "**Consideration**") and is conditional on, *inter alia*, the following:

(i) the Company having received the requisite approval(s) from its Shareholders under Chapters 9 and 10 of the Listing Manual at the EGM for, *inter alia*, the proposed acquisition of the Jiangyou Neautus Shares;

(ii) the Group having received a letter from the vendor of the Jiangyou Neautus Shares according to which the loans or liabilities (if any) owing by Jiangyou Neautus to the vendor of the Jiangyou Neautus Shares in connection with an aborted construction project that Jiangyou Neautus had previously undertaken has been duly discharged, with the form and content of such letter to the satisfaction of the Group;

(iii) the State Administration for Industry and Commerce and its local counterpart ("**SAIC**") having issued the notice of de-registration (注销登记通知书) for the discharge of the pledge created by the vendor of the Jiangyou Neautus Shares in favour of Shanghai Pudong Development Bank, Chengdu Branch (上海浦东发展银行股份有限公司成都分行) over the Jiangyou Neautus Shares ("**Share Pledge**"), and the Share Pledge has in fact been duly de-registered in accordance with PRC laws; and

(iv) the issuance of the approval notice to Jiangyou Neautus by the SAIC according to which the Group has in fact been registered as the shareholder of Jiangyou Neautus holding all the Jiangyou Neautus Shares in accordance with PRC laws.

The Consideration set out above was determined based on the unaudited management accounts of Jiangyou Neautus as at 31 December 2015, taking the total assets minus total liabilities based on the balance sheet of Jiangyou Neautus and further minus the total amount that shall be undertaken by the vendor of the Jiangyou Neautus Shares for, *inter alia*, liabilities arising out of breaches in relation to the construction of the Industrial Complex and the liabilities in relation to an aborted construction project that Jiangyou Neautus had previously undertaken (the "**Consideration Formula**") (the "**Initial Consideration**").

After the signing of the Jiangyou Neautus Shares SPA, the vendor of the Jiangyou Neautus Shares shall, within the reasonable period required by the Group, provide to the Group or its financial consultants all the financial documents of Jiangyou Neautus (including without limitation the accounting books) for the purpose of the financial due diligence or auditing to be conducted by the financial consultants of the Group.

In the event that the figure re-calculated with the same Consideration Formula based on the audited management accounts of Jiangyou Neautus as at 31 December 2015 (the "**Final Consideration**"), as determined by the financial due diligence report or audit report issued by such financial consultants of the Group, is less than or more than the Initial Consideration, the Consideration shall be adjusted downward or upwards (as the case may be) to be equivalent to the Final Consideration. Such adjustment (the "**Adjustment**"), if any, shall be satisfied under the third instalment of the purchase consideration as set out below.

The purchase consideration is to be satisfied in four (4) instalments in the following manner:

(i) the first instalment equivalent to 50% of RMB 8,631,000 shall be paid by the Group to the vendor of the Jiangyou Neautus Shares within 15 days after the Completion Date (as defined below);

(ii) the second instalment equivalent to 30% of RMB 8,631,000 shall be paid by the Group to the vendor of the Jiangyou Neautus Shares within 45 days after the Completion Date (as defined below);

(iii) the third instalment equivalent to the amount of the Adjustment shall be paid by the Group to the vendor of the Jiangyou Neautus Shares, or returned by the vendor of the Jiangyou Neautus Shares to the Group, as the case may be, within 15 days after the issuance of the financial due diligence report or audit report by the financial consultants of the Group; and

(iv) the fourth instalment equivalent to 20% of RMB 8,631,000 shall be paid by the Group to the vendor of the Jiangyou Neautus Shares within 15 days after Jiangyou Neautus is issued the construction completion and acceptance certificate (竣工验收备案证明) in respect of the Industrial Complex.

The Group intends to use internal sources of funds to finance the proposed acquisition of the Jiangyou Neautus Shares.

(c) Registration and completion

(i) Within five (5) business days after the satisfaction of the condition in paragraph 5.2(a) above:

(A) the vendor of the Jiangyou Neautus Shares shall de-register the Share Pledge at the SAIC and obtain the notice of de-registration (注销登记通知书) for the discharge of the Share Pledge indicating that the Share Pledge has been duly de-registered in accordance with PRC laws; and

(B) the parties shall prepare the necessary documents respectively to complete the legal transfer of the Jiangyou Neautus Shares and resignation of the officers appointed by the vendor of the Jiangyou Neautus Shares.

(ii) Within 10 business days after the satisfaction of the condition in paragraph 5.2(a) above, the vendor of the Jiangyou Neautus Shares (or its nominee) shall:

(A) proceed to the SAIC with respect to the transfer of the Jiangyou Neautus Shares and the change of officers from those appointed by vendor of the Jiangyou Neautus Shares to those appointed by the Group; and

(B) obtain the new business licence of Jiangyou Neautus and the approval notice issued by the SAIC to Jiangyou Neautus according to which the Group has in fact been registered as the shareholder of Jiangyou Neautus holding all the Jiangyou Neautus Shares in accordance with

PRC laws (the date when the SAIC issues such approval notice being the "**Registration Date**").

(iii) On the fifth business day following the Registration Date (the "**Completion Date**"), the parties shall proceed with completion of the sale and purchase of the Jiangyou Neautus Shares ("**Completion**"). For the purpose of effecting Completion, the vendor of the Jiangyou Neautus Shares shall deliver all the seals, certificates, documents, and materials of Jiangyou Neautus and the Industrial Complex to the Group.

6 THE PROPOSED ACQUISITIONS AS INTERESTED PERSON TRANSACTIONS

As stated in Paragraph 2 of this Announcement, the Vendors are regarded as the same interested person of the Company for the purposes of Chapter 9 of the Listing Manual and the Proposed Acquisitions. Therefore, the Proposed Acquisitions constitute interested party transactions under Chapter 9 of the Listing Manual.

The aggregate purchase consideration for the Proposed Acquisitions of RMB15,604,280 represents approximately 16.45% of the latest audited consolidated net tangible assets of the Group of RMB94,843,000 as at 31 December 2015 ("**2015 Group NTA**"), as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**").

As the aggregate value of the Proposed Acquisitions is more than 5% of the 2015 Group NTA, for the purposes of Chapter 9 of the Listing Manual, approval of the independent shareholders of the Company is required for the Proposed Acquisitions.

7 OTHER INTERESTED PERSON TRANSACTIONS FOR THE CURRENT FINANCIAL YEAR

The total value of all interested person transactions entered into by the Group with the Vendors (excluding all transactions which are less than S$100,000) for the current financial year up to the date of this Announcement is approximately RMB2.6 million.

The total value of all interested person transactions entered into by the Group including transactions with the Vendors (excluding all transactions which are less than S$100,000) for the current financial year up to the date of this Announcement is approximately RMB18.2 million.

Save as disclosed above, there are no other interested person transactions since the beginning of the current financial year up to the date of this Announcement.

8 AUDIT COMMITTEE STATEMENT

The Company has appointed Asian Corporate Advisors Pte. Ltd. as the independent financial adviser ("**IFA**") to the Directors who are independent for the purposes of the Proposed Acquisitions as interested person transactions. The Audit Committee of the Company will obtain an opinion from the IFA before forming its view, which will be set out in the circular to be dispatched to Shareholders in due course.

9 RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

9.1 General

Under Chapter 10 of the Listing Manual, a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, Shareholders' approval must be obtained for the "major transaction". Pursuant to Rule 1005 of the Listing Manual, the SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

9.2 Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the aggregate consideration for the Proposed Acquisitions and based on the audited consolidated financial statements of the Group for FY2015 are set out below.

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this transaction is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets to be acquired compared with Group's net profits	Not applicable as the Assets will be used by the Group for its operations and no profits are attributable to the Assets.
Rule 1006(c) – the aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	30%
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 as no equity securities will be issued as consideration for the Proposed Acquisitions.
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	Not applicable as the Company is not a mineral, oil and gas company.

9.3 Major Transaction

As the relative figures computed on the bases above exceed 20% as at the date of this Announcement, the Proposed Acquisitions constitute a "major transaction" as defined in Chapter 10 of the Listing Manual and are accordingly subject to approval by Shareholders at the EGM.

10 FINANCIAL EFFECTS

The financial effects of the Proposed Acquisitions on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Group after the completion of the Proposed Acquisitions.

The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015, being the end of the most recently completed financial year.

(a) Net tangible assets ("**NTA**") per Share

Had the Proposed Acquisitions been effected on 31 December 2015, the Proposed Acquisitions would have had the following financial effects on the Group's NTA per share as at 31 December 2015:

For FY2015	**Before Proposed Acquisitions**	**After Proposed Acquisitions**
Net tangible assets (RMB'000)	94,843	95,298
Number of Shares ('000)	23,000	23,000
Net tangible assets per Share (RMB)	4.12	4.14

(b) Earnings per Share ("**EPS**")

Had the Proposed Acquisitions been effected on 1 January 2015, the Proposed Acquisitions would have had the following financial effects on the Group's EPS for FY2015:

For FY2015	**Before Proposed Acquisitions**	**After Proposed Acquisitions**
Group profit after tax (RMB'000)	2,449	2,449
Weighted average number of Shares ('000)	20,748	20,748
Earnings per share (RMB cents)	11.8	11.8

11 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED ACQUISITIONS

Save as disclosed in this Announcement, to the best knowledge of the Directors, none of the other Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisitions.

12 SERVICE AGREEMENTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Acquisitions. As such, no service agreements will be entered into with any new director of the Company in connection with the transactions.

13 FURTHER INFORMATION

13.1 Documents for inspection

Copies of the SPAs, Ying Bin Property Valuation Report and Jiangyou Neautus Shares Valuation Report are available for inspection during normal business hours at the registered office of the Company at 5 Kallang Sector #03-02, Singapore 349279 for a period of three (3) months from the date of this Announcement.

13.2 Circular

A circular ("**Circular**") setting out, *inter alia*, the details of the Proposed Acquisitions and such other information as prescribed under Chapters 9 and 10 of the Listing Manual, together with a notice of the EGM to be convened, will be despatched by the Company to its Shareholders in due course. The Proposed Acquisitions are conditional, *inter alia*, on the Company obtaining approval of its Shareholders (other than Mr Jiang and Mr Wu and their associates, who will abstain from voting) at the EGM to be convened.

14 CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Jiang Yun
Executive Chairman

6 May 2016