

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)

(Registration Number: 37749)



(I) PROPOSED DISTRIBUTION

(II) PROPOSED BYE – LAW AMENDMENT

(III) PROPOSED CAPITAL REDUCTION – SHARE PREMIUM

(IV) PROPOSED CAPITAL REDUCTION – PAR VALUE

(EACH AS DEFINED BELOW AND COLLECTIVELY, THE “PROPOSED CORPORATE EXERCISES”)

1. Introduction

- 1.1 The board of directors of Pan Hong Holdings Group Limited (the “**Company**” and the board of directors, the “**Directors**”) is pleased to announce that the Company proposes to distribute to the shareholders of the Company (the “**Shareholders**”) all the ordinary shares in the issued share capital of Sino Harbour Holdings Group Limited (“**Sino Harbour**” and the ordinary shares, the “**SH Shares**”) held by the Company (the “**Proposed Distribution**”) as at the Books Closure Date (defined in paragraph 1.2 below). As at the date of this Announcement, the Company holds 1,800,000,000 SH Shares, representing approximately 73.05% of the total issued share capital of Sino Harbour.
- 1.2 The Proposed Distribution will be effected by way of a dividend *in specie* to the Shareholders in proportion to their respective shareholdings in the Company, on the basis of 3.51349 SH Shares for each ordinary share in the issued share capital of the Company (a “**PH Share**”) held by Shareholders as at a books closure date to be determined by the Directors for the purpose of determining the entitlement of Shareholders (the “**Books Closure Date**”) under the Proposed Distribution, fractional entitlements to be disregarded.
- 1.3 In order to effect the Proposed Distribution, it is proposed that, subject to Shareholders' approval, the Company carries out the following:
- (a) amend the Bye-laws of the Company (the “**Bye-laws**”) to reflect the simplified solvency test under Bermuda law relating to the payment of dividends (the “**Proposed Bye-law Amendment**”); and
 - (b) undertake a capital reduction exercise to reduce its share premium account and utilize the credit thereby arising for the purposes of the Proposed Distribution (the “**Proposed Capital Reduction – Share Premium**”).
- 1.4 Additionally, the Company is also proposing, subject to Shareholders' approval, to reduce the par value of each PH Share from HK\$0.60 to HK\$0.10 (the “**Proposed Capital Reduction – Par Value**”). The purpose of this exercise is set out in paragraph 7 below.
- 1.5 The Proposed Corporate Exercises are subject to Shareholders' approval and all other approvals set out in paragraph 9 below.

- 1.6 No consideration will be payable in respect of the SH Shares. The SH Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is effected.

2. Background

- 2.1 On 25 October 2010, the Company announced that it would be carrying out a spin-off of its residential and commercial property development businesses in the cities located in the Jiangxi Province, The People's Republic of China (the "**Jiangxi Property Business**") and seek a primary listing of the Jiangxi Property Business on The Stock Exchange of Hong Kong Limited (the "**HKEX**").
- 2.2 On 30 June 2011, the Company further announced that it had undergone a reorganisation (the "**Reorganisation**") pursuant to which Sino Harbour became the holding company of the Jiangxi Property Business.
- 2.3 As part of the Reorganisation, the Company had provided an undertaking to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") that in the event the Company's interest in the Jiangxi Property Business falls below 50% and the Company and its subsidiaries (the "**Group**") are not able to meet the requirements for listing on the Main Board of the SGX-ST, the Company will delist from the SGX-ST and an exit offer will be made to the Shareholders (the "**Relevant Undertaking**").
- 2.4 If the Proposed Distribution is effected, the Company will cease to hold any shares in Sino Harbour and consequently, the Company will cease to hold any interest in the Jiangxi Property Business.
- 2.5 In this regard, the Company had informed the SGX-ST of its intention to effect the Proposed Distribution and explained the rationale behind it so as to seek a waiver of the Company's obligations under the Relevant Undertaking. The Company obtained a waiver from the SGX-ST on 23 May 2017 of the Company's obligations under the Relevant Undertaking subject to the Company making an announcement on the rationale of the Proposed Distribution and how it would be beneficial to the Shareholders.

3. Information on Sino Harbour Holdings Group Limited

Sino Harbour, formerly named Sino Harbour Property Group Limited, is a property developer focused on the second and third tier cities in the People's Republic of China and is headquartered in the People's Republic of China. To better efforts being made in diversifying Sino Harbour's business and better reflect or align with the business nature and principal activities of Sino Harbour, Sino Harbour changed its name to Sino Harbour Holdings Group Limited with effect from 24 August 2015.

While Sino Harbour is currently principally engaged in the business of property development, it has been exploring and seeking new opportunities to broaden revenue and improve profitability, including expanding its pharmaceutical inspection business.

4. Rationale for the Proposed Distribution

Unlocking Value for Shareholders

PH Shares are currently trading on the SGX-ST at a very significant discount to the market value of the Company's effective equity stake in Sino Harbour and the net asset value of Sino Harbour and its sub-group which is attributable to the Company, as illustrated below:

- (a) **Market Capitalisation of the Company:** Based on the last traded price of the PH Shares on the SGX-ST on 24 August 2017, being S\$0.199, and the total issued share capital of the Company being 512,311,024 PH Shares (excluding the treasury shares), the market capitalization of the Company as at 24 August 2017 is approximately S\$101.95 million.
- (b) **Market Capitalisation of Sino Harbour:** Based on the last traded price of the SH Shares on the HKEX on 24 August 2017, being HK\$0.415, and the total issued share capital of Sino Harbour, being 2,464,000,000 SH Shares, the market capitalization of Sino Harbour as at 24 August 2017 is approximately HK\$1.023 billion, or approximately S\$177.92 million (based on an exchange rate of S\$1 = HK\$5.7474).
- (c) **Market Value of Company's Effective Equity Stake in Sino Harbour:** The Company has an effective equity stake of 73.05% in Sino Harbour. Accordingly, as at 24 August 2017, the market value of the Company's effective equity stake in Sino Harbour is approximately S\$129.97 million. As an illustration only, and by putting all other assets and liabilities of the Company and of Sino Harbour aside, the market capitalisation of the Company as at 24 August 2017 is only approximately 78.44% of the market value of the Company's effective equity stake in Sino Harbour.
- (d) **Net Asset Value of Sino Harbour:** Based on the last audited financial results of Sino Harbour made up to 31 March 2017 which was released on the HKEX, the net asset value (less non-controlling interests) of Sino Harbour and its sub-group is RMB 1,369,794,000, or approximately S\$279.92 million (based on an exchange rate of S\$1 = RMB 4.8935). Accordingly, the net asset value of Sino Harbour and its sub-group which is attributable to the Company is approximately S\$204.48 million. The market capitalisation of the Company as at 24 August 2017 is only approximately 49.86% of the net asset value of Sino Harbour and its sub-group which is attributable to the Company.

The above illustrates that the PH Shares are currently trading on the SGX-ST at a very significant discount to (i) the market value of the Company's effective equity stake in Sino Harbour and (ii) the net asset value of Sino Harbour and its sub-group which is attributable to the Company.

The historical trading liquidity of PH Shares has generally been lower than that of SH Shares. The average daily traded volume of the PH Shares and SH Shares over the last one (1)-month, three (3)-month, six (6)-month, 12 months, two (2) years, three (3) years and since the listing of SH Shares on the HKSE up to and including the last trading day prior to this Announcement are as follows:

Periods prior to this Announcement	Company		Sino Harbour	
	Average Daily Traded Volume ⁽¹⁾	% of share capital ⁽²⁾	Average Daily Traded Volume ⁽¹⁾	% of share capital ⁽³⁾
1 month	84,039	0.02%	3,909,304	0.16%
3 months	88,102	0.02%	3,767,212	0.15%
6 months	49,005	0.01%	3,496,694	0.14%
12 months	64,962	0.01%	3,986,721	0.16%
2 years	76,953	0.02%	4,888,878	0.20%
3 years	82,716	0.02%	4,051,042	0.16%
Since the listing of SH Shares ⁽⁴⁾	76,602	0.01%	2,193,586	0.09%

Source: Bloomberg L.P.

Notes:

- (1) The average daily traded volume is computed based on the respective total trading volume of PH Shares and SH Shares for all market days for the relevant periods prior to this Announcement, divided by the total number of market days during the respective periods.
- (2) Based on 512,311,024 PH Shares, being the total number of PH Shares in issue (excluding treasury shares) as at the date of this Announcement.
- (3) Based on 2,464,000,000 SH Shares, being the total number of SH Shares in issue as at the date of this Announcement.
- (4) SH Shares were listed on the HKEX on 22 July 2011.

In view of the above, the Directors believe that the Proposed Distribution will unlock shareholder value by enabling Shareholders to directly participate in the ownership of securities held in two separately listed entities, being the Company and Sino Harbour.

Upon completion of the Proposed Distribution, Shareholders will have the discretion and the flexibility to separately decide on their shareholdings in the Company and in Sino Harbour depending on their individual investment objectives. In particular, Shareholders would then have direct control over the SH Shares. Further details on how the SH Shares may be dealt with by Shareholders upon completion of the Proposed Distribution will be set out in the Circular (as defined in paragraph 12.1 below).

5. The Proposed Bye-law Amendment and the Proposed Capital Reduction – Share Premium

5.1 As mentioned above, the Company is required to take the following steps to enable the Proposed Distribution to be effected:

- (a) amend the Company's Bye-laws, specifically, Bye-law 138 to reflect the simplified solvency test under Bermuda law relating to the payment of dividends; and
- (b) undertake a capital reduction to reduce its share premium account and utilize the credit thereby arising for the purposes of the Proposed Distribution.

5.2 **Proposed Bye-Law Amendment:** The existing Bye-law 138 of the Company's Bye-laws states that *"No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts."*

The existing Bye-law 138 is proposed to be deleted in its entirety and the following is proposed to be substituted therefor: *"No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities."*

The proposed amendment is to reflect the position under Bermuda law following amendments made to the Companies Act of Bermuda 1981 (the "**Companies Act**") pursuant to the Companies Amendment (No. 2) Act 2011 which revised the statutory solvency test set out in Section 54 of the Companies Act (and which is intended to be reflected in Bye-law 138).

The first branch of the solvency test under Section 54 of the Companies Act is the cash flow test and the second branch is the balance sheet test. Previously, the balance sheet test was measured with reference to the difference between the realisable value of a company's assets and the aggregate of its liabilities and its issued share capital and share premium accounts. Following the introduction of the Companies Amendment (No. 2) Act 2011, the appropriate

measure is now between the realisable value of the company's assets and its liabilities and there is no longer any reference to the company's issued share capital and share premium accounts.

- 5.3 **Proposed Capital Reduction – Share Premium:** Based on the last unaudited financial results of the Company made up to 30 June 2017, the book value of the SH Shares which are to be distributed to the Shareholders pursuant to the Proposed Distribution is RMB 285,452,000. As at 30 June 2017, the total reserves of the Company amounted to RMB 286,038,000, comprising:

	(RMB'000)
Share premium	203,250
Treasury shares	(12,817)
Contributed surplus	59,579
Retained earnings	36,026
	<hr/>
	286,038

As the Company does not have sufficient distributable reserves for the purpose of the Proposed Distribution, the Company will have to reduce its share premium in order to effect the Proposed Distribution. Under Bermuda law, a company can only reduce its share premium by way of a capital reduction.

Accordingly, in order for the Company to utilise its share premium account for the Proposed Distribution, the Company proposes to carry out a capital reduction exercise to reduce its share premium account. The credit arising from such reduction (amounting to RMB 203,250,000) will then be transferred to a distributable reserve, and this amount, together with the existing distributable reserves (amounting to RMB 82,788,000 (after netting off against treasury shares amounting to RMB 12,817,000)), aggregating RMB 286,038,000, can be utilised in the Proposed Distribution for distribution to the Shareholders.

Upon effecting the Bye-law Amendment, and subject to the approvals set out in paragraph 9 being obtained, these reserves may be distributed to the Shareholders pursuant to the Proposed Distribution.

6. The Proposed Distribution

- 6.1 Shareholders holding PH Shares at the Books Closure Date will be entitled to the Proposed Distribution (the “**Entitled Shareholders**”).
- 6.2 As at the date of this Announcement, the Company holds 1,800,000,000 SH Shares, representing approximately 73.05%¹ of the total issued share capital of Sino Harbour. Assuming that the Company does not purchase, sell or otherwise acquire or dispose of any SH Shares on or before the Books Closure Date:
- (a) 1,800,000,000 SH Shares, with a book value of RMB 285,452,000 representing approximately 73.05% of the total issued share capital of Sino Harbour, will be distributed pursuant to the Proposed Distribution; and
 - (b) following the Proposed Distribution, the Company will cease to hold any shares in Sino Harbour and consequently, the Company will cease to hold any interest in the Jiangxi Property Business.
- 6.3 As at the date of this Announcement, the total number of PH Shares in issue (excluding treasury shares) is 512,311,024 PH Shares and the Company holds 1,800,000,000 SH Shares.

¹ Based on a total number of 2,464,000,000 SH Shares in issue as at the date of this Announcement.

Accordingly, the Proposed Distribution will be effected by way of a dividend *in specie* of SH Shares to Entitled Shareholders on the basis of 3.51349 SH Share for each PH Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded. Any resulting fractional shares will be aggregated and sold for the benefit of the Company, or otherwise dealt with in such manner and on such terms and conditions as the Directors deem fit.

For illustrative purposes only, a Shareholder who holds:

- (a) 1,000 PH Shares as at the Books Closure Date, would receive 3,513 SH Shares; and
- (b) 5,000 PH Shares as at the Books Closure Date, would receive 17,567 SH Shares.

The actual number of SH Shares to be received by each Entitled Shareholder will depend on the total number of issued PH Shares held by the Entitled Shareholder as at the Books Closure Date for the Proposed Distribution.

- 6.4 The board lot size of SH Shares is 2,000 shares. Securities of less than one board lot are known as odd lots in Hong Kong. According to the website of the HKEX, odd lots are not accepted by the HKEX's trading system for auto-matching, but there is a special lot market in the system for odd lots trading. Exchange Participants (EPs)² may post their odd lot orders onto a designated screen on the trading system for matching by other EPs. In general, share prices of odd lots are slightly lower than that of the same security in the board lot market due to their lower liquidity.

Shareholders who receive odd lots of SH Shares pursuant to the Proposed Distribution and who wish to trade such odd lots on the HKEX may trade through the Exchange Participants.

To facilitate the trading of odd lots of SH Shares arising from the Proposed Distribution, the Company intends to arrange odd lot matching services for all SH Shareholders (including Shareholders who will hold the SH Shares directly pursuant to the Proposed Distribution) for a specific period of time immediately after the Proposed Distribution is effected. Details of the odd lot matching services will be set out in the Circular (as defined in paragraph 12.1 below).

6.5 Overseas Shareholders

The Proposed Distribution to Shareholders whose registered addresses as at the Books Closure Date (as recorded in the Register of Members of the Company or in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP")) are outside Singapore (the "**Overseas Shareholders**") may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Company.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the SH Shares will not be distributed to Overseas Shareholders who have not at least three (3) market days prior to the Books Closure Date provided the Company's Share Transfer Agent (B.A.C.S. Private Limited) at 8 Robinson Road #03-00 ASO Building Singapore 048544 or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing.

Arrangements will be made for the distribution of SH Shares which would otherwise have been

² An Exchange Participant is a corporation who may trade on or through the HKEX and is licensed under the Securities and Futures Ordinance to carry on securities/futures/options dealing activity on the HKEX.

distributed to such Overseas Shareholders to be distributed to such person(s) as the Directors may appoint, who shall sell these SH Shares at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Shareholders according to the respective SH Shares they would otherwise have been entitled to as at the Books Closure Date in full satisfaction of their rights to the SH Shares.

However, where the net proceeds to which any particular Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Overseas Shareholders.

For the avoidance of doubt, even if an Overseas Shareholder has provided a Singapore address as aforesaid, the distribution of SH Shares to him will be subject to compliance with applicable securities laws outside Singapore to the extent reasonably practicable. Nevertheless, the right of a Shareholder to vote at the SGM (as defined in paragraph 9(a) below) will not be affected solely because such Shareholder is an Overseas Shareholder.

7. The Proposed Capital Reduction – Par Value

- 7.1 The Company is proposing to reduce the par value of each PH Share from HK\$0.60 per PH Share to HK\$0.10 per PH Share (the “**Proposed Capital Reduction – Par Value**”).
- 7.2 Under Bermuda law, shares of a Bermuda company may not be issued at a price which is less than the par value of the shares. The Proposed Capital Reduction – Par Value will provide the Company with greater flexibility to issue new Shares in the future should fund raising opportunities or requirements arise and facilitate corporate actions which may require the issuance of new Shares.
- 7.3 The Proposed Capital Reduction – Par Value will also increase the distributable reserves of the Company thereby giving the Company greater flexibility in relation to its dividend policy and distributions as the amount of credit arising from the Proposed Capital Reduction – Par Value shall be transferred to a distributable reserve of the Company (however, whether or not the Company will make any other distribution and the timing and amount of distribution to be paid will depend on the Company's earnings, financial position including cash flow position and future capital requirements, future plans and other relevant factors). **As at the date of this Announcement, other than the Proposed Distribution, Shareholders should note that there are currently no plans to make any other distribution.**

8. Financial Effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution

- 8.1 For illustrative purposes only, the financial effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution are prepared on the following assumptions:
 - (a) the financial effects on the share capital, Shareholders' funds and reserves, net tangible assets (“**NTA**”) per PH Share and Net Debt Ratio as at 30 June 2017 (end of the latest financial period) have been prepared on a pro forma basis as if (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution had been completed on 30 June 2017; and

- (b) the return on equity ("**ROE**") and earnings per PH Share ("**EPS**") have been prepared on a pro forma basis as if (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution had been completed on 1 April 2016.

The said financial effects are purely for illustrative purposes only, are not reviewed nor audited by the auditors, and do not reflect the actual or probable financial position or earnings of the Group after the completion of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution. For the avoidance of doubt, the said financial effects do not take into consideration the administrative costs and professional fees arising from the Proposed Corporate Exercises.

8.2 Share Capital

The effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution on the share capital of the Company as at the date hereof are as follows:

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
Authorised Share Capital				
Number of Shares	850,000,000	850,000,000	850,000,000	850,000,000
Par Value (HK\$)	0.60	0.60	0.10	0.10
Total (HK\$'000)	510,000	510,000	85,000	85,000
Issued and Paid-up Capital				
Number of Shares (less treasury shares)	512,311,024	512,311,024	512,311,024	512,311,024
Par Value (HK\$)	0.60	0.60	0.10	0.10
Total (HK\$'000)	307,387	307,387	51,231	51,231

8.3 Shareholders' Funds and Reserves

The Shareholders' funds and reserves of the Company and the Group before and after (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution (based on the latest unaudited consolidated financial statements of the Company and the Group as at 30 June 2017) are as follows:

Company

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
Share Capital (less treasury shares) (RMB'000)	300,629	300,629	50,105	50,105
Share Premium (RMB'000)	203,250	-	-	-
Other Reserves ⁽¹⁾ (RMB'000)	95,605	298,855	549,379	263,927
Total Shareholders' Funds (RMB'000)	599,484	599,484	599,484	314,032

Group

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
Share Capital (less treasury shares) (RMB'000)	300,629	300,629	50,105	50,105
Share Premium (RMB'000)	203,250	-	-	-
Other Reserves ⁽¹⁾ (RMB'000)	1,165,395	1,368,645	1,619,169	595,118 ⁽²⁾
Total Shareholders' Funds (RMB'000)	1,669,274	1,669,274	1,669,274	645,223

Notes:

- (1) For the purposes of this calculation, "Other Reserves" refers to the Company's or the Group's reserves, as the case may be, except for Share Premium as at 30 June 2017.
- (2) Following the Proposed Distribution, Sino Harbour and its subsidiaries will cease to be subsidiaries of the Company and will be deconsolidated from the Group.

8.4 ROE

The effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution on the return on equity for the Group are as follows:

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
Net Profit ⁽¹⁾ (RMB'000)	100,937	100,937	100,937	48,573 ⁽²⁾
Shareholders' equity (RMB'000)	1,669,274	1,669,274	1,669,274	645,223 ⁽²⁾

Return on equity (%)	6.1%	6.1%	6.1%	7.5%
-----------------------------	------	------	------	------

Notes:

- (1) For the purposes of this calculation, "Net Profit" means profit after tax and non-controlling interest for the financial year ended 31 March 2017 and does not take into account the administrative costs and expenses of the Company for undertaking the Proposed Corporate Exercises.
- (2) Following the Proposed Distribution, Sino Harbour and its subsidiaries will cease to be subsidiaries of the Company and will be deconsolidated from the Group.

8.5 NTA per PH Share

The effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution on the NTA per PH Share for the Group are as follows:

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
NTA attributable to owners of the Company (RMB'000)	1,669,274	1,669,274	1,669,274	645,223 ⁽¹⁾
Number of issued and paid-up PH Shares (less treasury shares) ('000)	512,311	512,311	512,311	512,311
NTA per PH Share (RMB)	3.26	3.26	3.26	1.26

Notes:

- (1) Following the Proposed Distribution, Sino Harbour and its subsidiaries will cease to be subsidiaries of the Company and will be deconsolidated from the Group.

8.6 EPS

The effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution on the EPS for the Group are as follows:

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
Net Profit ⁽¹⁾ (RMB'000)	100,937	100,937	100,937	48,573 ⁽²⁾
Number of issued and paid-up PH Shares (less treasury shares) ('000)	512,311	512,311	512,311	512,311
Earnings per PH Share (RMB cents)	19.7	19.7	19.7	9.5

Notes:

- (1) For the purposes of this calculation, "Net Profit" means profit after tax and non-controlling interest for the financial year ended 31 March 2017 and does not take into account the administrative costs and expenses of the Company for undertaking the Proposed Corporate Exercises.
- (2) Following the Proposed Distribution, Sino Harbour and its subsidiaries will cease to be subsidiaries of the Company and will be deconsolidated from the Group.

8.7 Net Debt Ratio

The effects of (i) the Proposed Capital Reduction – Share Premium, (ii) the Proposed Capital Reduction – Par Value and (iii) the Proposed Distribution on the net debt ratio of the Group are as follows:

	Before Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and before Proposed Capital Reduction – Par Value and Proposed Distribution	After Proposed Capital Reduction – Share Premium and Proposed Capital Reduction – Par Value and before Proposed Distribution	After Proposed Capital Reduction – Share Premium, Proposed Capital Reduction – Par Value and Proposed Distribution
Net Debt ⁽¹⁾ (RMB'000)	1,127,115	1,127,115	1,127,115	200,193 ⁽²⁾
Shareholders' funds (RMB'000)	1,669,274	1,669,274	1,669,274	645,223 ⁽²⁾
Net debt ratio (times)	0.68	0.68	0.68	0.31

Note:

- (1) Net Debt = accounts payable + accruals, receipts in advance and other payables + amount due to related parties + total bank loans – (cash and bank balances + pledged deposits)
- (2) Following the Proposed Distribution, Sino Harbour and its subsidiaries will cease to be subsidiaries of the Company and will be deconsolidated from the Group.

9. Approvals

The Proposed Corporate Exercises are subject to the following:

- (a) the Shareholders' approval at a special general meeting of the Company (“**SGM**”) for the following matters, by way of special resolutions for items (i), (ii) and (iii) below and an ordinary resolution for item (iv) below:
 - (i) the Proposed Bye-law Amendment;
 - (ii) the Proposed Capital Reduction – Share Premium;
 - (iii) the Proposed Capital Reduction – Par Value; and
 - (iv) the Proposed Distribution, being subject to and conditional upon Shareholders' approval obtained for items (i) and (ii) above; and
- (b) the satisfaction of all regulatory approvals which may be required in connection with the Proposed Corporate Exercises.

10. Interests of Directors and Substantial Shareholders

- 10.1 None of the Directors has any interest, direct or indirect, in any of the Proposed Corporate Exercises (other than through their respective shareholdings in the Company).

11. Financial Adviser

The Company has appointed RHB Securities Singapore Pte. Ltd. as its financial adviser in respect of the Proposed Distribution.

12. Further Information

- 12.1 A circular to Shareholders (the “**Circular**”) in relation to the Proposed Corporate Exercises, together with a notice of the SGM to be convened, will be despatched to Shareholders in due course.
- 12.2 The Books Closure Date will be announced via SGXNET in due course.
- 12.3 In the meantime, Shareholders are advised to refrain from taking any action in relation to their PH Shares which may be prejudicial to their interests until they or their advisers have considered the information in the Circular, as well as the recommendations to be set out in the Circular.

13. Directors' Responsibility Statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are fair and accurate in all material respects as at the date of this Announcement and there are no material facts the omission of which would make any statement in this Announcement misleading in any material respects.

Where information in this 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 this Announcement in its proper form and context.

By Order of the Board

Wong Lam Ping
Executive Chairman

25 August 2017