

ADDENDUM DATED 10 OCTOBER 2017

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

This Addendum is circulated to shareholders (the “**Shareholders**”) of China Yuanbang Property Holdings Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2017 (the “**Annual Report**”). The purpose of this Addendum is to explain to Shareholders the rationale and provide Shareholders with the relevant information relating to, and seek Shareholders’ approval for, the proposed renewal of the Share Buyback Mandate (as defined herein) to be tabled as special business at the annual general meeting of the Company to be held at Room 334, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 26 October 2017 at 10:00 a.m. (the “**Annual General Meeting**”).

The notice of the Annual General Meeting and proxy forms are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Addendum, together with the Annual Report, the notice of the Annual General Meeting and the enclosed proxy forms to the purchaser or transferee or to the stockbroker, bank or agent through whom you effected the sale or transfer for onward transmission to the purchaser.

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



CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Company Registration Number: 39247)

(Incorporated in Bermuda on 4 December 2006)

ADDENDUM IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER TO SHAREHOLDERS	4
1. INTRODUCTION	4
2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE.....	5
3. AGM.....	16
4. DIRECTORS' RECOMMENDATION	17
5. RESPONSIBILITY STATEMENT	17
6. INSPECTION OF DOCUMENTS.....	17

DEFINITIONS

For the purpose of this Addendum, the following definitions have, where appropriate, been used:

“2016 AGM”	:	The AGM of the Company held on Thursday, 27 October 2016.
“2017 AGM” or “Annual General Meeting”	:	The AGM of the Company to be held at Room 334, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 26 October 2017 at 10:00 a.m..
“AGM”	:	An annual general meeting of the Company.
“Annual Report”	:	The annual report of the Company dated 29 September 2017 in respect of the financial year ended 30 June 2017.
“Average Closing Price”	:	The average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.
“Bermuda Act”	:	The Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time.
“Bye-laws”	:	The bye-laws of the Company, as amended, modified or supplemented from time to time.
“China Yuanbang Share Option Scheme”	:	The share option scheme approved by Shareholders on 28 June 2010, as amended, modified or supplemented from time to time.
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore), as amended, modified or supplemented from time to time.
“Company”	:	China Yuanbang Property Holdings Limited, a company incorporated in Bermuda as an exempted company with limited liability.
“day of the making of the offer”	:	The day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.
“Directors”	:	The directors of the Company as at the date of this Addendum.
“Group”	:	The Company and its subsidiaries.
“Latest Practicable Date”	:	25 September 2017, being the latest practicable date prior to the printing of this Addendum.
“Listing Manual”	:	The listing manual of the Main Board of the SGX-ST, as amended from time to time.

DEFINITIONS

“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“Market Purchases”	:	On-market purchases transacted on the SGX-ST through the ready market or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose.
“Maximum Price”	:	(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price.
“Memorandum”	:	The memorandum of association of the Company.
“NTA”	:	Net tangible assets.
“Off-Market Purchases”	:	Off-market purchases (if effected otherwise than on the SGX-ST or any other securities exchange on which the Shares may for the time being be listed and quoted) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, the Listing Manual, the Bermuda Act, the Memorandum and the Bye-laws.
“Ordinary Resolution”	:	The ordinary resolution in relation to the proposed renewal of the Share Buyback Mandate of the Company.
“PRC”	:	The People’s Republic of China.
“Securities and Futures Act”	:	Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Share Buyback”	:	The purchase or acquisition of Shares by the Company pursuant to the terms of the Share Buyback Mandate.
“Share Buyback Mandate”	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the Bermuda Act, the Memorandum, the Bye-laws, the Companies Act and the Listing Manual and such other laws and regulations as may for the time being be applicable.
“Share Transfer Agent”	:	B.A.C.S. Private Limited.
“Shareholders”	:	Registered holders of Shares.
“Shares”	:	Ordinary shares in the capital of the Company.
“subsidiary holdings”	:	Has the meaning ascribed to it under the Listing Manual.

DEFINITIONS

“Substantial Shareholder” : A substantial shareholder of the Company as defined under Section 2(6) of the Securities and Futures Act.

“Take-over Code” : The Singapore Code on Take-overs and Mergers.

Currencies and others

“RMB” : Renminbi.

“HKD” : Hong Kong dollars.

“S\$” : Singapore dollars.

“%” or “per cent.” : Percentage or per centum.

The terms “**depositor**” and “**depository agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

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

Certain names with Chinese characters have been translated into English names. Such translations are provided solely for the convenience of Singapore-based investors. They may not have been registered with the relevant PRC authorities and should not be construed as representations that the English names actually represent the Chinese characters.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Bermuda Act or any statutory modification thereof and not otherwise defined in this Addendum shall have the same meaning assigned to it in the Companies Act, the Bermuda Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Companies Act, the Listing Manual, the Take-over Code and the Bermuda Act) contained in this Addendum are of such laws and regulations as at the Latest Practicable Date.

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

Any reference to a time of a day in this Addendum is a reference to Singapore time unless otherwise stated.

Any discrepancies between the listed amounts and the totals in the tables in this Addendum are due to rounding.

Unless otherwise stated, the following exchange rates have been used in this Addendum:

S\$1.00: RMB4.902

HK\$1.00: RMB0.847

The exchange rates as set out above are used for illustration purposes only and should not be construed as a representation that the relevant amounts have been or could be converted at the rate above or at any other rate or at all.

LETTER TO SHAREHOLDERS



CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Company Registration Number: 39247)

(Incorporated in Bermuda on 4 December 2006)

Directors:

Lin Yeju (*Chairman and Non-Executive Director*)
Ouyang Sheng (*Executive Director and Chief Executive Officer*)
Zhou Jiangtao (*Executive Director*)
Teo Yi-Dar (*Lead Independent Director*)
Xia Weichang (*Independent Director*)
Chong Soo Hoon Sean (*Independent Director*)

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

10 October 2017

To: *The Shareholders of China Yuanbang Property Holdings Limited*

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The Directors wish to refer Shareholders to (a) the notice of the 2017 AGM and (b) the Ordinary Resolution 10 under the heading “Special Business” in relation to the proposed renewal of the Share Buyback Mandate of the Company.

The purpose of this Addendum is to provide Shareholders with the relevant information pertaining to the proposed renewal of the Share Buyback Mandate to be tabled at the 2017 AGM and to seek Shareholders’ approval at the 2017 AGM for the proposed renewal of the Share Buyback Mandate of the Company.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Addendum.

This Addendum has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Addendum is despatched to by the Company) or for any other purpose.

LETTER TO SHAREHOLDERS

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Bermuda Act, the Memorandum, the Bye-laws, the Companies Act, the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

The Bye-laws require the prior approval of the Shareholders to be sought if the Company wishes to purchase or acquire its own Shares for so long as the Shares are listed on the SGX-ST. At the 2016 AGM, the Shareholders had approved the renewal of the Share Buyback Mandate to allow the Company to purchase or otherwise acquire its own Shares. The Share Buyback Mandate will, unless renewed, expire on the date of the 2017 AGM.

Accordingly, approval is now being sought from the Shareholders for the renewal of the Share Buyback Mandate at the 2017 AGM. Ordinary Resolution 10 will be proposed, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its own Shares on the terms of the Share Buyback Mandate.

2.2 Rationale for the Proposed Renewal of the Share Buyback Mandate

The Directors constantly seek to increase Shareholders' value and to improve, among others, the return on equity of the Group. A Share Buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share Buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhance the earnings and/or the NTA value per Share.

The Directors further believe that Share Buybacks by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence.

If and when circumstances permit, the Directors will decide whether to effect the Share Buybacks via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out Share Buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.3 Terms of the Share Buyback Mandate

The authority and limitations placed on Share Buybacks are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

LETTER TO SHAREHOLDERS

The total number of Shares that may be purchased or acquired by the Company under the Share Buyback Mandate is limited to such number of Shares representing not more than ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2017 AGM at which the Share Buyback Mandate is approved. Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for the purposes of computing the ten per cent. (10%) limit. As at the Latest Practicable Date, the Company does not have any treasury shares or subsidiary holdings.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of HK\$138,800,000 (approximately RMB116,037,000) comprising 69,400,000 Shares, and assuming that no further Shares are issued on or prior to the 2017 AGM, not more than 6,940,000 Shares (representing ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the period in which it is in force.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the ten per cent. (10%) limit, Shareholders should note that Share Buybacks may not be carried out up to the full ten per cent. (10%) as authorised, or at all. In particular, no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2017 AGM at which the renewal of the Share Buyback Mandate is approved, up to the earliest of:

- (a) the conclusion of the next AGM of the Company following the passing of the resolution approving the renewal of the Share Buyback Mandate or the date by which such AGM is required to be held;
- (b) the date on which Share Buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is revoked or varied by ordinary resolution of the Company in general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in any general meeting of the Company, such as at the next AGM or at a special general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the Share Buyback Mandate, the Company is required to disclose details pertaining to Share Buybacks made during the previous twelve (12) months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of Market Purchases and/or Off-Market Purchases.

LETTER TO SHAREHOLDERS

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual and the Bermuda Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase in accordance with an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that the offers may relate to shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share Buybacks;
- (D) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (E) whether the Share Buybacks, if made, could affect the listing of the Shares on the SGX-ST;
- (F) details of any Share Buybacks made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

LETTER TO SHAREHOLDERS

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares purchased or acquired pursuant to the Share Buyback Mandate will be determined by the Directors. However, the maximum price to be paid for such Shares in either a Market Purchase or an Off Market Purchase (the “**Maximum Price**”) excluding related expenses of the purchase or acquisition, as determined by the Directors, is as follows:

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the average of the closing market prices of the Shares over the last five (5) Market Days, on which the transaction in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days (the “**Average Closing Price**”); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price.

2.3.5 Status of Purchased Shares under the Share Buyback Mandate

Under the Bermuda Act, a company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. The shares so purchased may either be cancelled (in which event, the company’s issued, but not its authorised, share capital will be diminished accordingly) or be held as treasury shares. Under the Bermuda Act, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares. However, the allotment of shares as fully paid bonus shares in respect of shares held by the company as treasury shares is allowed.

No purchase or acquisition by a company of its own shares whether to be held as treasury shares or for cancellation may be effected if, on the date on which the purchase or acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the purchase or acquisition would be, unable to pay its liabilities as they become due.

A company that acquires its own shares to be held as treasury shares may:

- (a) hold all or any of the shares;
- (b) dispose of or transfer all or any of the shares for cash or other consideration; or
- (c) cancel all or any of the shares.

Depending on the needs of the Company, the Directors will decide whether the Shares purchased pursuant to the Share Buyback Mandate will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares. It is presently intended by the Company that all or most of the Shares which are purchased or acquired by the Company under the Share Buyback Mandate will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

LETTER TO SHAREHOLDERS

2.4 Sources of Funds

Under the Bermuda Act, a purchase of shares may only be funded out of the capital paid up on the shares to be purchased, or out of the funds of the company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of shares made for the purpose of the purchase, and the premium payable on the purchase (i.e. the amount paid in excess of the nominal value of the shares to be purchased) must be provided for out of the funds of the company which would otherwise be available for dividend or distribution, or out of the company's share premium account before the shares are purchased. Any amount due to a shareholder by a company on a purchase of its own shares may be (a) paid in cash, (b) satisfied by the transfer of any part of the undertaking or property of the company having the same value, or (c) satisfied partly under (a) and partly under (b).

The Company intends to use internal resources and/or external borrowings to finance the Share Buybacks.

2.5 Financial Effects of the Share Buyback Mandate

It is not possible for the Company to realistically calculate or quantify the impact of Share Buybacks on the net asset value and earnings per Share as the resultant financial effects on the Company and the Group arising from Share Buybacks will depend on, among others, how the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

2.5.1 Purchase or Acquisition out of capital

Where the consideration (excluding related expenses) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased.

2.5.2 Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued and paid-up capital of the Company is HK\$138,800,000 (approximately RMB116,037,000) comprising 69,400,000 Shares. The Company does not hold any treasury shares as at the Latest Practicable Date. As at the Latest Practicable Date, no option has been granted under the China Yuanbang Share Option Scheme.

2.5.3 Financial effects

For illustrative purposes only, and on the basis of the assumptions set out below, the financial effects of the:

- (a) Share Buybacks by way of purchases made out of capital and held as treasury shares;
- (b) Share Buybacks by way of purchases made out of capital and cancelled;
- (c) Share Buybacks by way of purchases made out of profit and held as treasury shares;
and
- (d) Share Buybacks by way of purchases made out of profit and cancelled,

LETTER TO SHAREHOLDERS

based on the audited financial statements of the Group and the Company for the financial year ended 30 June 2017 are set out below. The following assumptions apply to the setting out of the financial effects:

- (i) in a Market Purchase, assuming that the Maximum Price is S\$0.175, which is one hundred and five per cent. (105%) of the Average Closing Price of the Shares over the five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 6,940,000 Shares is S\$1,214,500 (approximately RMB5,953,200).
- (ii) in an Off-Market Purchase, assuming that the Maximum Price is S\$0.199, which is one hundred and twenty per cent. (120%) of the Average Closing Price of the Shares over the five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 6,940,000 Shares is S\$1,381,060 (approximately RMB6,769,700).

(1) Purchases made entirely out of capital and held as treasury shares

	Company			Group		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
As at 30 June 2017						
Shareholders' equity (<i>RMB'000</i>)	463,534	457,581	456,764	666,858	660,905	660,088
NTA (<i>RMB'000</i>)	463,534	457,581	456,764	964,122	958,169	957,352
Current Assets (<i>RMB'000</i>)	337,997	332,044	331,227	4,601,286	4,595,333	4,594,516
Current Liabilities (<i>RMB'000</i>)	8,844	8,844	8,844	3,591,724	3,591,724	3,591,724
Working Capital (<i>RMB'000</i>)	329,153	323,200	322,383	1,009,562	1,003,609	1,002,792
Total Borrowings (<i>RMB'000</i>)	–	–	–	1,184,925	1,184,925	1,184,925
Cash & Cash Equivalent (<i>RMB'000</i>)	–	–	–	523,431	517,478	516,661
Net Loss (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,143)	(27,143)	(27,143)
Net Loss Attributable to Shareholders (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,733)	(27,733)	(27,733)
Number of Shares ('000)	69,400	62,460	62,460	69,400	62,460	62,460
Treasury Shares ('000)	–	6,940	6,940	–	6,940	6,940
Financial Ratios						
NTA per Share (<i>RMB dollars</i>)	6.68	7.33	7.31	13.89	15.34	15.33
Basic Loss Per Share (<i>RMB dollars</i>)	(0.06)	(0.07)	(0.07)	(0.40)	(0.44)	(0.44)
Gearing Ratio	–	–	–	0.69	0.70	0.70
Current Ratio (<i>times</i>)	38.22	37.54	37.45	1.28	1.28	1.28

LETTER TO SHAREHOLDERS

(2) Purchases made entirely out of capital and cancelled

	Company			Group		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
As at 30 June 2017						
Shareholders' equity (<i>RMB'000</i>)	463,534	457,581	456,764	666,858	661,905	660,088
NTA (<i>RMB'000</i>)	463,534	457,581	456,764	964,122	958,169	957,352
Current Assets (<i>RMB'000</i>)	337,997	332,044	331,227	4,601,286	4,595,333	4,594,516
Current Liabilities (<i>RMB'000</i>)	8,844	8,844	8,844	3,591,724	3,591,724	3,591,724
Working Capital (<i>RMB'000</i>)	329,153	323,200	322,383	1,009,562	1,003,609	1,002,792
Total Borrowings (<i>RMB'000</i>)	–	–	–	1,184,925	1,184,925	1,184,925
Cash & Cash Equivalent (<i>RMB'000</i>)	–	–	–	523,431	517,478	516,661
Net Loss (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,143)	(27,143)	(27,143)
Net Loss Attributable to Shareholders (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,733)	(27,733)	(27,733)
Number of Shares (<i>'000</i>)	69,400	62,460	62,460	69,400	62,460	62,460
Treasury Shares (<i>'000</i>)	–	–	–	–	–	–
Financial Ratios						
NTA per Share (<i>RMB dollars</i>)	6.68	7.33	7.31	13.89	15.34	15.33
Basic Loss Per Share (<i>RMB dollars</i>)	(0.06)	(0.07)	(0.07)	(0.40)	(0.44)	(0.44)
Gearing Ratio	–	–	–	0.69	0.70	0.70
Current Ratio (<i>times</i>)	38.22	37.54	37.45	1.28	1.28	1.28

(3) Purchases made entirely out of profits and held as treasury shares

	Company			Group		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
As at 30 June 2017						
Shareholders' equity (<i>RMB'000</i>)	463,534	457,581	456,764	666,858	660,905	660,088
NTA (<i>RMB'000</i>)	463,534	457,581	456,764	964,122	958,169	957,352
Current Assets (<i>RMB'000</i>)	337,997	332,044	331,227	4,601,286	4,595,333	4,594,516
Current Liabilities (<i>RMB'000</i>)	8,844	8,844	8,844	3,591,724	3,591,724	3,591,724
Working Capital (<i>RMB'000</i>)	329,153	323,200	322,383	1,009,562	1,003,609	1,002,792
Total Borrowings (<i>RMB'000</i>)	–	–	–	1,184,925	1,184,925	1,184,925
Cash & Cash Equivalent (<i>RMB'000</i>)	–	–	–	523,431	517,478	516,661
Net Loss (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,143)	(27,143)	(27,143)
Net Loss Attributable to Shareholders (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,733)	(27,733)	(27,733)
Number of Shares (<i>'000</i>)	69,400	62,460	62,460	69,400	62,460	62,460
Treasury Shares (<i>'000</i>)	–	6,940	6,940	–	6,940	6,940
Financial Ratios						
NTA per Share (<i>RMB dollars</i>)	6.68	7.33	7.31	13.89	15.34	15.33
Basic Loss Per Share (<i>RMB dollars</i>)	(0.06)	(0.07)	(0.07)	(0.40)	(0.44)	(0.44)
Gearing Ratio	–	–	–	0.69	0.70	0.70
Current Ratio (<i>times</i>)	38.22	37.54	37.45	1.28	1.28	1.28

LETTER TO SHAREHOLDERS

(4) Purchases made entirely out of profits and cancelled

	Company			Group		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
As at 30 June 2017						
Shareholders' equity (<i>RMB'000</i>)	463,534	457,581	456,764	666,858	661,905	660,088
NTA (<i>RMB'000</i>)	463,534	457,581	456,764	941,122	958,169	957,352
Current Assets (<i>RMB'000</i>)	337,997	332,044	331,227	4,601,286	4,595,333	4,594,516
Current Liabilities (<i>RMB'000</i>)	8,844	8,844	8,844	3,591,724	3,591,724	3,591,724
Working Capital (<i>RMB'000</i>)	329,153	323,200	322,383	1,009,562	1,003,609	1,002,792
Total Borrowings (<i>RMB'000</i>)	–	–	–	1,184,925	1,184,925	1,184,925
Cash & Cash Equivalent (<i>RMB'000</i>)	–	–	–	523,431	517,478	516,661
Net Loss (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,143)	(27,143)	(27,143)
Net Loss Attributable to Shareholders (<i>RMB'000</i>)	(4,316)	(4,316)	(4,316)	(27,733)	(27,733)	(27,733)
Number of Shares ('000)	69,400	62,460	62,460	69,400	62,460	62,460
Treasury Shares ('000)	–	–	–	–	–	–
Financial Ratios						
NTA per Share (<i>RMB dollars</i>)	6.68	7.33	7.31	13.89	15.34	15.33
Basic Loss Per Share (<i>RMB dollars</i>)	(0.06)	(0.07)	(0.07)	(0.40)	(0.44)	(0.44)
Gearing Ratio	–	–	–	0.69	0.70	0.70
Current Ratio (<i>times</i>)	38.22	37.54	37.45	1.28	1.28	1.28

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 30 June 2017 and is not necessarily representative of the Company or the Group's future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buyback before execution.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buyback Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.6 Listing Rules

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9:00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

LETTER TO SHAREHOLDERS

- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement will be made in the form prescribed by the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Buybacks at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three (3) quarters of its financial year, and one (1) month immediately preceding the announcement of the Company’s financial statements for the full financial year, as the case may be.

The Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities (excluding Shares held as treasury shares) is held by public shareholders. The “public”, as defined in the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons. As at the Latest Practicable Date, there are 20,613,300 Shares in the hands of the public (as defined in the Listing Manual), representing approximately thirty per cent. (30%) of the total number of issued Shares (excluding Shares held as treasury shares).

As at the Latest Practicable Date and assuming the Company undertakes Share Buybacks through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Buyback Mandate, approximately twenty-two per cent. (22%) of the issued Shares will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake Share Buybacks through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.7 Take-over Obligations

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.7.1 Obligation to Make a Take-Over Offer

Under Rule 14 of the Take-over Code, a person will be required to make a general offer for a public company if:

- (a) he acquires thirty per cent. (30%) or more of the voting rights of the company; or
- (b) he holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company and he increases his voting rights in the company by more than one per cent. (1%) in any six (6)-month period.

If the proportionate shareholding in the voting capital of the company of a shareholder and persons acting in concert with him increases as a result of the company buying back its shares, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the shareholder and persons acting in concert with him obtaining or consolidating effective control of the company, they may be obliged to make a take-over offer under Rule 14 of the Take-over Code.

LETTER TO SHAREHOLDERS

2.7.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, among others, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of the first-mentioned company;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of:
 - (i) the adviser and the persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions and companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

2.7.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

The circumstances under which Shareholders, including the Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

LETTER TO SHAREHOLDERS

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more; or
- (b) in the event that the voting rights of such Directors and their concert parties fall to between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares:

- (i) the voting rights of such Shareholder in the Company would increase to thirty per cent. (30%) or more; or
- (ii) if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the shareholdings of the Substantial Shareholders as recorded in the Company's register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Share Buybacks by the Company of the maximum limit of ten per cent. (10%) of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

To the best of their knowledge, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert with the Directors such that their respective interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buybacks are advised to consult their professional advisors and/or the Securities Industry Council of Singapore before they acquire any Shares during the period when the Share Buyback Mandate is in force.

LETTER TO SHAREHOLDERS

2.8 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the issued Shares, as recorded in the Register of Directors' Interests and the Register of Substantial Shareholders' Interests, respectively, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Lin Yeju	–	–	35,826,700 ⁽²⁾	51.62
Ouyang Sheng	–	–	–	–
Zhou Jiangtao	–	–	–	–
Teo Yi-Dar	–	–	–	–
Xia Weichang	–	–	–	–
Chong Soo Hoon Sean	–	–	–	–
Substantial Shareholders				
Chen Jianfeng	32,040,000	46.17	3,786,700 ⁽³⁾	5.45
Lin Yeju	–	–	35,826,700 ⁽²⁾	51.62
Proven Choice Group Limited ⁽⁴⁾	12,960,000	18.67	–	–
Wang Lin Jia	–	–	12,960,000	18.67

Notes:

- (1) Based on the Company's total issued Shares of 69,400,000 Shares as at the Latest Practicable Date. The Company does not have any treasury shares or subsidiary holdings as at the Latest Practicable Date.
- (2) Madam Lin Yeju is deemed to be interested in all the Shares that her spouse, Mr Chen Jianfeng, is interested in. Mr Chen Jianfeng has a direct interest of 32,040,000 Shares and a deemed interest of 3,786,700 Shares.
- (3) Shares held by DBS Vickers Securities (S) Pte Ltd.
- (4) Proven Choice Group Limited is an investment company incorporated in the British Virgin Islands. It is wholly-owned by Mr Wang Lin Jia who is not related to any of the Directors or Substantial Shareholders.

2.9 Shares purchased or acquired by the Company

The Company has not made any Share Buybacks in the twelve (12) months preceding the date of this Addendum.

2.10 Limits on Shareholdings

The Company does not have any limits on the shareholding of any Shareholder under its Bye-laws.

3. AGM

The 2017 AGM, notice of which is set out in pages 131 to 136 of the Annual Report, will be held at Room 334, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 26 October 2017 at 10:00 a.m. for the purpose of, among others, considering and, if thought fit, passing with or without modifications, Ordinary Resolution 10 on the proposed renewal of the Share Buyback Mandate of the Company.

LETTER TO SHAREHOLDERS

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate are in the best interests of the Company, and accordingly, recommend that Shareholders **vote in favour** of Ordinary Resolution 10 in respect of the proposed renewal of the Share Buyback Mandate at the 2017 AGM, which shall be tabled as special business.

5. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the Group and the proposed renewal of the Share Buyback Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum 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 Addendum in its proper form and context.

6. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the office of the Share Transfer Agent at 8 Robinson Road #03-00, ASO Building, Singapore 048544, during normal business hours from the date hereof up to and including the date of the 2017 AGM:

- (a) the Memorandum and Bye-laws of the Company; and
- (b) the Annual Report.

Yours faithfully

Lin Yeju

Chairman and Non-Executive Director

For and on behalf of the Board of Directors of
China Yuanbang Property Holdings Limited

