

CIRCULAR DATED 9 OCTOBER 2015

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

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

If you have sold or transferred all your ordinary shares in the capital of Longcheer Holdings Limited (“**Company**”) held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares which are not deposited with the CDP, you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale, for onward transmission to the purchaser or transferee.

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



## **CIRCULAR TO SHAREHOLDERS**

IN RELATION TO

**THE PROPOSED CONSOLIDATION OF EVERY TEN (10) ORDINARY SHARES OF US\$0.02 EACH IN THE CAPITAL OF THE COMPANY (INCLUDING TREASURY SHARES) INTO ONE (1) ORDINARY SHARE OF US\$0.20 IN THE CAPITAL OF THE COMPANY**

### **IMPORTANT DATES AND TIMES**

|   |   |   |
|---|---|---|
| Last date and time for lodgment of Proxy Form | : | 24 October 2015 at 10.15 a.m.   |
| Date and time of Special General Meeting      | : | 26 October 2015 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) |
| Place of Special General Meeting              | : | Anson IV, Level 2, M Hotel, 81 Anson Road, Singapore 079908   |

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless otherwise stated:

- Act** : The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time;
- Annual General Meeting** : The annual general meeting of the Company;
- Associate** : (a) In relation to any controlling Shareholder (being an individual) means:-
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) (any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
- (b) In relation to a controlling Shareholder (being a company) means any other company which its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- Bermuda Companies Act** : The Companies Act 1981 of Bermuda, as amended or modified from time to time;
- Board** : The Board of Directors of the Company, as at the date of this Circular;
- Books Closure Date** : The time and date to be determined by the Directors, at and on which the Register of Members and the share transfer books of the Company will be closed to determine the entitlements of Shareholders to the Post-Consolidation Shares pursuant to the Proposed Share Consolidation;
- Bye-laws** : The bye-laws of the Company as amended, supplemented or modified from time to time;
- CDP** : The Central Depository (Pte) Limited;
- Company** : Longcheer Holdings Limited;
- Control** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- Controlling Shareholder** : A person who (i) holds directly or indirectly 15% or more of the total number of issued Shares, excluding treasury shares, in the Company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder) or (ii) in fact exercises control over the Company;
- Director** : A director of the Company as at the date of this Circular;

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## DEFINITIONS

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|                                     |   |  |
|-------------------------------------|---|--|
| <b>EPS</b>                          | : | Earnings per Share;  |
| <b>Effective Trading Date</b>       | : | The date to be determined by the Directors as being the date when the Proposed Share Consolidation will become effective and the date on which the Shares will trade on the SGX-ST in board lots of 100 Post-Consolidation Shares; |
| <b>Executive Director</b>           | : | A director of the Company who performs an executive function;  |
| <b>FY</b>                           | : | Financial year ended or ending 30 June, as the case may be;  |
| <b>Group</b>                        | : | The Company and its Subsidiaries;  |
| <b>Independent Director</b>         | : | Any independent director of the Company as may be appointed from time to time;   |
| <b>Latest Practicable Date</b>      | : | 28 September 2015, being the latest practicable date prior to printing of this Circular;   |
| <b>Listing Manual</b>               | : | The listing manual of the SGX-ST and its relevant rule(s), as amended or modified from time to time;   |
| <b>Market Day</b>                   | : | A day on which SGX-ST is open for trading in securities;   |
| <b>MTP Requirement</b>              | : | A minimum trading price of S\$0.20 for Mainboard-listed stocks as a continuing listing requirement;  |
| <b>New Share Certificates</b>       | : | Physical share certificates in respect of the Post-Consolidation Shares;   |
| <b>Non-Executive Director</b>       | : | Any director of the Company, which shall include any Independent Director, who performs a non-executive function;  |
| <b>NTA</b>                          | : | Net tangible assets;   |
| <b>Old Share Certificates</b>       | : | Physical share certificates in respect of the Shares;  |
| <b>PRC</b>                          | : | The People's Republic of China;  |
| <b>Post-Consolidation Shares</b>    | : | Ordinary shares of par value US\$0.20 each in the issued and unissued capital of the Company (including Treasury Shares) after completion of the Proposed Share Consolidation;   |
| <b>Pre-Consolidation Shares</b>     | : | Existing ordinary shares of par value US\$0.02 each in the issued and unissued capital of the Company (including Treasury Shares);   |
| <b>Proposed Share Consolidation</b> | : | The proposed consolidation of every ten (10) Pre-Consolidation Shares into one (1) Post-Consolidation Share;   |
| <b>Securities Accounts</b>          | : | The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent;   |
| <b>SGM</b>                          | : | Special General Meeting of the Company;  |

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## DEFINITIONS

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|                                     |   |   |
|-------------------------------------|---|---|
| <b>SGX-ST</b>                       | : | The Singapore Exchange Securities Trading Limited;  |
| <b>Share Transfer Agent</b>         | : | Boardroom Corporate & Advisory Services (Pte) Ltd;  |
| <b>Shareholders</b>                 | : | Registered holders of the Shares;   |
| <b>Shares</b>                       | : | Ordinary shares in the share capital of the Company;  |
| <b>Subsidiaries</b>                 | : | Has the meaning ascribed to it in section 5 of the Act;   |
| <b>Substantial Shareholder</b>      | : | A person who has an interest or interests in one or more voting Shares and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares; |
| <b>Treasury Share</b>               | : | A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled;                             |
| <b>Currencies, Units and Others</b> |   |   |
| <b>% or per cent</b>                | : | Percentage or per centum;   |
| <b>RMB and RMB cents</b>            | : | PRC Renminbi and cents, respectively, being the lawful currency of PRC;   |
| <b>S\$ and cents</b>                | : | Singapore dollars and cents, respectively, being the lawful currency of Singapore; and  |
| <b>US\$ and cents</b>               | : | United States dollars and cents, respectively, being the lawful currency of the United States of America.   |

The terms **Depositor**, **Depository Agent** and **Depository Register** shall have the same meanings ascribed to them in Section 130A of the 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 the neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Bermuda Companies Act, the Listing Manual or any statutory modification thereof, and used in this Circular but not defined herein, shall have the meaning assigned to it under the Act, the Bermuda Companies Act, the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date. It should be noted that on 8 October 2014, the Companies (Amendment) Bill No. 25 of 2014 was passed by the Singapore Parliament to amend the Companies Act. Pursuant to the Companies (Amendment) Act 2014 (Commencement) Notification 2015 dated 2 June 2015, certain amendments to the Companies Act which are set out in the Companies (Amendment) Act 2014 has taken effect on 1 July 2015. It is expected that the remaining provisions of the Companies (Amendment) Act 2014 will take effect in the first quarter of 2016.

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## DEFINITIONS

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

All discrepancies in figures included in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, the following exchange rate has been used in this Circular: US\$1.00: RMB6.3772.

The exchange rate as set out above is 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.

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## LETTER TO SHAREHOLDERS

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### LONGCHEER HOLDINGS LIMITED

(Company Registration No. 35673)  
(Incorporated in Bermuda)

#### Board of Directors:

Dr. Du Junhong (Executive Director and Chairman)  
Mr. Deng Hua (Executive Director)  
Mr. Tao Qiang (Non-Executive Director)  
Mr. See Yen Tarn (Independent Director)  
Dr. Ow Chin Hock (Independent Director)  
Mr. David Hwang Soo Chin (Independent Director)

#### Registered Office:

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

9 October 2015

To: The Shareholders of the Company

Dear Sir / Madam,

#### 1. INTRODUCTION

- 1.1 The Board wishes to convene a Special General Meeting to be held at 10.15 a.m. on 26 October 2015 (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) to seek Shareholders' approval for the Proposed Share Consolidation.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Share Consolidation to be tabled at the SGM, notice of which is set out on page SGM-1 of this Circular.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

#### 2. THE PROPOSED SHARE CONSOLIDATION

##### 2.1 Details of the Proposed Share Consolidation

The Company is seeking the approval of Shareholders at the SGM to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every ten (10) Pre-Consolidation Shares into one (1) Post-Consolidation Share, fractional entitlements to be disregarded.

Accordingly, under the Proposed Share Consolidation, every ten (10) Pre-Consolidation Shares registered in the name of each Shareholder (not being a depositor), or standing to the credit of the Securities Account of each depositor, as at the Books Closure Date will be consolidated to constitute one (1) Post-Consolidation Share, fractional entitlements to be disregarded.

The Proposed Share Consolidation will take effect on the Effective Trading Date. An announcement will be made at the appropriate time of the Effective Trading Date.

**Shareholders should note that the number of Post-Consolidation Shares which they will be entitled to resulting from the Proposed Share Consolidation, based on their holdings of Shares as at the Books Closure Date, will be rounded down to the nearest whole Post-Consolidation Share and entitlements to any fractions of Post-Consolidation Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Post-Consolidation Shares arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company, including, but not limited to, aggregating and selling any or all of**

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## LETTER TO SHAREHOLDERS

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**the same and retaining the net proceeds for the benefit of the Company and/or a purchase by the Company of any or all of the fractional Post-Consolidation Shares and the proceeds thereof retained by the Company for its benefit.**

Each Post-Consolidation Share will rank *pari passu* in all respects with each other, and will be traded on the SGX-ST in board lots of 100 Post-Consolidation Shares.

As at the Latest Practicable Date, the Company has an issued and paid-up capital of US\$7,048,907 (approximately RMB44,952,289.7) comprising 352,445,350 Shares (excluding 44,218,750 Treasury Shares) of par value US\$0.02 each. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, following the implementation of the Proposed Share Consolidation (entitlements to fractional Post-Consolidation Shares arising are disregarded), the Company will have an issued and paid-up capital of US\$7,048,907 (approximately RMB44,952,289.7) comprising 35,244,535 Post-Consolidation Shares (excluding 4,421,875 Treasury Shares on a post-consolidated basis).

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' equity of the Group.

Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the SGM, Shareholders' holdings of the Post-Consolidation Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date for the Proposed Share Consolidation.

The Proposed Share Consolidation is not expected to cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to fractional rounding.

### 2.2 Rationale for the Proposed Share Consolidation

On 1 August 2014, the SGX-ST announced that it had introduced, with effect from March 2015, a minimum trading price of S\$0.20 for Mainboard-listed stocks as a continuing listing requirement (the "**MTP Requirement**").

The MTP Requirement was introduced to improve the overall quality and attractiveness of the securities market in Singapore, as well as to curb excessive speculation and market manipulation. On 10 February 2015, the SGX-ST further announced that the MTP Requirement would be introduced with effect from 2 March 2015, with issuers to be assessed for compliance with the MTP Requirement from 1 March 2016. Issuers that fail to fulfil the MTP Requirement at the first review date on 1 March 2016 or any of the subsequent quarterly reviews will be placed on the Watch-list. The assessment of whether an issuer has met the MTP Requirement will be based on the volume weighted average price of the issuer's shares for the six (6) months preceding the date of review. Issuers placed on the Watch-list on or after 1 March 2016 will have a 36-month period to exit from the Watch-list. Issuers who fail to exit from the Watch-list will be subject to delisting in accordance with the listing rules.

For the past six (6) months prior to the Company making the announcement on the Proposed Share Consolidation on 22 September 2015, the absolute price of the Shares had traded in a range between 0.066 Singapore cents and 0.118 Singapore cents. The volume weighted average price of the Shares was S\$0.1071. The highest and lowest market prices for each such month and the transacted volume of the Shares traded on the SGX-ST for each such month, up to the Latest Practicable Date, are as follows:



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## LETTER TO SHAREHOLDERS

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|             | Lowest<br>(Singapore<br>cents) | Highest<br>(Singapore<br>cents) | Volume of<br>traded shares<br>('000) | Percentage fluctuation<br>between the lowest<br>and highest market<br>price (%) |
|-------------|--------------------------------|---------------------------------|--------------------------------------|---|
| March 2014  | 0.08                           | 0.09                            | 930.9                                | 12.5  |
| April 2015  | 0.075                          | 0.088                           | 2,322.7                              | 17.3  |
| May 2015    | 0.072                          | 0.105                           | 4,002.4                              | 45.8  |
| June 2015   | 0.085                          | 0.107                           | 3,910.8                              | 25.9  |
| July 2015   | 0.086                          | 0.118                           | 43,987.7                             | 37.2  |
| August 2015 | 0.066                          | 0.092                           | 2,651.5                              | 39.4  |

The theoretical adjusted six (6)-month volume weighted average price of the Post-Consolidation Shares is S\$1.071.

In light of the above, the Company proposes to undertake the Proposed Share Consolidation to comply with the MTP Requirement.

**However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

### 2.3 Conditions for the Proposed Share Consolidation

The Proposed Share Consolidation is subject to:

- (a) the approval of the SGX-ST for the dealing in, listing of and quotation for the Post-Consolidation Shares on the SGX-ST; and
- (b) the approval of Shareholders by ordinary resolution of the Proposed Share Consolidation at the SGM.

On 2 October 2015, the Company announced that it had obtained in-principle approval from the SGX-ST for the listing of, dealing in, and quotation for all the Post-Consolidation Shares arising from the Proposed Share Consolidation, subject to, *inter alia*, Shareholders' approval at a SGM to be convened. Shareholders should note that the in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Company and/or its subsidiaries.

An announcement will be made by the Company to notify Shareholders in due course of the Books Closure Date and the Effective Trading Date.

### 2.4 Updating of Register of Members and Depository Register for the Post-Consolidation Shares

If Shareholders at the SGM approve the Proposed Share Consolidation, Shareholders' entitlements to the Post-Consolidation Shares will be determined on the Books Closure Date, and the Register of Members and the Depository Register will then be updated to reflect the number of Post-Consolidation Shares held by Shareholders (and Depositors, as the case may be) based on their shareholdings in the Company as at the Books Closure Date for the Proposed Share Consolidation. The Post-Consolidation Shares will begin trading in board lots of 100 Post-Consolidation Shares on the Effective Trading Date.

#### 2.4.1 Deposit of Share Certificates with CDP

Shareholders who hold Old Share Certificates in their own names and who wish to deposit the same with CDP and have their Post-Consolidation Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates with CDP, together

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## LETTER TO SHAREHOLDERS

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with duly executed instrument of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date. After the Books Closure Date, CDP will not accept any Old Share Certificates for deposit.

After the Books Closure Date, CDP will only accept the deposit of New Share Certificates and Shareholders who wish to deposit their Old Share Certificates with CDP must first deliver their Old Share Certificates to the Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., for cancellation and issue of New Share Certificates in replacement thereof as described below. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk as described below in Section 2.4.2 of this Circular.

### 2.4.2 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any further action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates with CDP as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours (9.00 a.m. to 5.00 p.m., Mondays to Fridays) and preferably, not later than five (5) Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Transfer Agent for the receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail or registered mail (at the election of the relevant Shareholder) to the registered addresses of the relevant Shareholders at their own risk within 10 Market Days after the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is the later. Upon receipt of the New Share Certificates, Shareholders may then proceed to deposit these New Share Certificates with CDP.

Shareholders shall deliver their respective Old Share Certificates to the Share Transfer Agent in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Transfer Agent for cancellation.

Shareholders should notify the Share Transfer Agent if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members of the Company.

### 2.4.3 Share Certificates Not Valid for Settlement of Trades on the SGX-ST

Shareholders who hold Old Share Certificates are reminded that their Old Share Certificates are not valid for settlement of trading in the Post-Consolidation Shares on the SGX-ST as the Shares are traded under a book-entry (scripless) settlement system, but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Transfer Agent. The New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title to Post-Consolidation Shares.

## **2.5 Trading Arrangements for the Shares and Odd Lots**

2.5.1 Subject to the approval for the Proposed Share Consolidation by Shareholders at the SGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Post-Consolidation Shares. Accordingly, 10 Pre-Consolidation Shares as at

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## LETTER TO SHAREHOLDERS

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5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Post-Consolidation Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Shares of par value US\$0.02 each will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

### 2.5.2 Trading Arrangements for Odd Lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be disregarded.

The Shares are currently traded in board lots of 100 Shares. Following the implementation of the Proposed Share Consolidation, the Securities Accounts of Depositors maintained with CDP may be credited with odd lots of Post-Consolidation Shares (that is, lots other than board lots of 100 Post-Consolidation Shares).

Shareholders who receive odd lots of Post-Consolidation Shares pursuant to the Proposed Share Consolidation and who wish to trade in such odd lots on the SGX-ST can trade with a minimum size of one (1) Post-Consolidation Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying shares. The market for trading of such odd lots of Post-Consolidation Shares may be illiquid. Shareholders who hold odd lots may find difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such odd lots of Post-Consolidation Shares.

### 2.6 **Financial Effects Of The Proposed Share Consolidation**

For illustrative purposes only and based on the latest unaudited consolidated financial statements of the Group for the financial year ended 30 June 2015, the financial effects of the Proposed Share Consolidation on the Company and the Group are set out below. The financial effects of the Proposed Share Consolidation have been prepared based on the following assumptions:

- (a) the computation does not take into account any expenses that may be incurred in relation to the Proposed Share Consolidation;
- (b) for the purposes of illustrating the financial effects of the Proposed Share Consolidation on share capital, gearing and NTA per Share, it is assumed that the Proposed Share Consolidation had been completed on 30 June 2015;
- (c) for the purposes of illustrating the financial effects of the Proposed Share Consolidation on the EPS of the Group, it is assumed that the Proposed Share Consolidation had been completed on 1 July 2014;
- (d) the NTA per Share is computed based on the 352,445,350 Shares of par value US\$0.02 each in issue as at 30 June 2015, and the EPS of the Group is computed based on the weighted average of 352,445,350 Shares of par value US\$0.02 each in issue as at 30 June 2015;
- (e) the financial effects of the Proposed Share Consolidation are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Share Consolidation on share capital, NTA per Share, EPS and gearing, nor do they represent the future financial performance and/or position of the Company and the Group immediately after the completion of the Proposed Share Consolidation; and
- (f) there will be no fractions of Post-Consolidation Shares arising from the Proposed Share Consolidation.

## LETTER TO SHAREHOLDERS

### 2.6.1 Share Capital

|                                  | <b>Before the Proposed<br/>Share Consolidation</b> |                     | <b>After the Proposed<br/>Share Consolidation</b> |                     |
|----------------------------------|--|---------------------|---|---------------------|
|                                  | RMB'000  | Number of<br>Shares | RMB'000   | Number of<br>Shares |
| Issued and paid-up share capital | 65,608   | 396,664,100         | 65,608  | 39,666,410          |

### 2.6.2 Consolidated NTA Attributable to the Owners of the Company

|                       | <b>Before the Proposed<br/>Share Consolidation</b> | <b>After the Proposed<br/>Share Consolidation</b> |
|-----------------------|--|---|
| NTA (RMB'000)         | 235,079  | 235,079   |
| Number of Shares      | 352,445,350  | 35,244,535  |
| NTA per Share (cents) | 66.7   | 66.7  |

### 2.6.3 EPS

|   | <b>Before the Proposed<br/>Share Consolidation</b> | <b>After the Proposed<br/>Share Consolidation</b> |
|---|--|---|
| Consolidated earnings<br>(after tax, minority interest and<br>extraordinary items) (RMB '000) | 31,325   | 31,325  |
| Number of Shares  | 352,445,350  | 352,445,35  |
| EPS (cents)   | 8.89   | 88.9  |

### 2.6.4 Gearing

The Proposed Share Consolidation will not have any effect on the gearing of the Company and of the Group.

## 3. **DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

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

### 3.1 Interests of Directors

Save as disclosed in the table below, none of the Directors has any interest, direct or indirect, in the share capital of the Company or any of its subsidiaries.

|                          | <b>Direct Interest</b> |      | <b>Deemed Interest</b> |       | <b>Total Interest</b> |       |
|--------------------------|------------------------|------|------------------------|-------|-----------------------|-------|
|                          | Number of<br>Shares    | %    | Number of<br>Shares    | %     | Number of<br>Shares   | %     |
| Dr. Du Junhong           | -                      | -    | 69,514,321             | 19.72 | 69,514,321            | 19.72 |
| Mr. Deng Hua             | -                      | -    | 10,189,795             | 2.89  | 10,189,795            | 2.89  |
| Mr. Tao Qiang            | -                      | -    | 9,404,349              | 2.67  | 9,404,349             | 2.67  |
| Dr. Ow Chin Hock         | 38,625                 | 0.01 | -                      | -     | 38,625                | 0.01  |
| Mr. David Hwang Soo Chin | 38,625                 | 0.01 | 300,000                | 0.09  | 338,625               | 0.10  |
| Mr. See Yen Tarn         | 38,625                 | 0.01 | -                      | -     | 38,625                | 0.01  |

## LETTER TO SHAREHOLDERS

### 3.2 Interests of Substantial Shareholders

As at the Latest Practicable Date, the shareholdings of the Substantial Shareholders are as follows:

|   | Direct Interest  |                  | Deemed Interest  |                  | Total Interest   |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Number of Shares | % <sup>(9)</sup> | Number of Shares | % <sup>(9)</sup> | Number of Shares | % <sup>(9)</sup> |
| Dr Du Junhong <sup>(1)</sup>                                  | -                | -                | 69,514,321       | 19.72            | 69,514,321       | 19.72            |
| Longdu Investment Limited <sup>(2)</sup>                      | -                | -                | 59,818,597       | 16.97            | 59,818,597       | 16.97            |
| Xin Hui <sup>(3)</sup>  | -                | -                | 30,022,190       | 8.52             | 30,022,190       | 8.52             |
| Tomorrow Electronic Co., Ltd <sup>(4)</sup>                   | 13,932,190       | 3.95             | 16,090,000       | 4.57             | 30,022,190       | 8.52             |
| Ho Chi Sing <sup>(5)</sup>                                    | -                | -                | 26,700,000       | 7.58             | 26,700,000       | 7.58             |
| Zhou Quan <sup>(6)</sup>                                      | -                | -                | 25,002,000       | 7.09             | 25,002,000       | 7.09             |
| IDG-Accel China Growth Fund Associates L.P. <sup>(7)</sup>    | -                | -                | 24,770,000       | 7.03             | 24,770,000       | 7.03             |
| IDG-Accel China Growth Fund GP Associates Ltd. <sup>(8)</sup> | -                | -                | 24,770,000       | 7.03             | 24,770,000       | 7.03             |

#### Notes:-

- (1) Dr. Du Junhong is deemed to be interested in the 69,514,321 Shares as follows:-
  - (i) 59,818,597 Shares held by Longdu Investment Limited (“**Longdu Investment**”) as Dr. Du is the sole shareholder and director of Longdu Investment.
  - (ii) 9,380,724 Shares held by Longpartner Investment Limited (“Longpartner Investment”), by virtue of Dr. Du’s shareholdings of 27.78% in the capital of Longpartner Investment.
  - (iii) 315,000 Shares held in trust by Triple Bonus Investment Pte. Limited.
- (2) Longdu Investment is deemed to be interested in 59,818,597 Shares held through DBS Nominees Pte Ltd and Raffles Nominees (Pte) Ltd.
- (3) Mr. Xin Hui is deemed to be interested in the 30,022,190 Shares held by Tomorrow Electronic Co., Ltd (“Tomorrow Electronic”) as Mr. Xin is the sole shareholder and director of Tomorrow Electronic.
- (4) Tomorrow Electronic is deemed to be interested in the 16,090,000 Shares held through DBS Nominees Pte. Ltd.
- (5) Mr. Ho Chi Sing is deemed to be interested in the shares held by the IDG-Accel China Growth Sub-Funds and IDG-Accel China Investors L.P. by virtue of his power to directly or indirectly control or influence the dealings of the IDG-Accel China Growth Sub-Funds and IDG-Accel China Investors L.P. in their dealing and exercise of the Shares and the voting rights thereof.
- (6) Mr. Zhou Quan is deemed to be interested in the Shares held by the IDG-Accel China Growth Sub-Funds and IDG-Accel China Investors L.P. by virtue of his power to directly or indirectly control or influence the dealings of the IDG-Accel China Growth Sub-Funds and IDG-Accel China Investors L.P. in the dealing and exercise of the Shares and the voting rights thereof.
- (7) IDG-Accel China Growth Fund Associates L.P. is deemed to be interested in the Shares held by IDGAccel China Growth Fund L.P. and IDG-Accel China Growth Fund-A L.P. (collectively, the “IDG-Accel China Growth Sub-Funds”) by virtue of its power to directly or indirectly control or influence the dealings of the IDG-Accel China Growth Sub-Funds in their dealing and exercise of the Shares and the voting rights thereof.
- (8) IDG-Accel China Growth Fund GP Associates Ltd. is deemed to be interested in the Shares held by the IDG-Accel China Growth Sub-Funds by virtue of its power to directly or indirectly control or influence the dealings of the IDG-Accel China Growth Sub-Funds in their dealing and exercise of the Shares and voting rights thereof.
- (9) Based on the number of issued shares (excluding treasury shares) of 352,445,350 as at the Latest Practicable Date.

### 3.3 Interests in the Proposed Share Consolidation

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company).

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## LETTER TO SHAREHOLDERS

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### 4. SPECIAL GENERAL MEETING

The Board is convening a SGM to be held at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) on 26 October 2015 at Anson IV, Level 2, M Hotel, 81 Anson Road, Singapore 079908 to seek the approval of the shareholders of the Company for the ordinary resolutions proposed in relation to the Proposed Share Consolidation. The Notice of SGM is set out on page SGM-1 of this Circular.

### 5. ACTION TO BE TAKEN BY SHAREHOLDERS

- 5.1 Shareholders (other than CDP) who are unable to attend the SGM and wish to appoint a proxy to attend and vote at the SGM on their behalf will find attached to this Circular a Shareholder Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the offices of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the holding of the SGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the SGM in place of his proxy if he finds that he is able to do so, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 5.2 Depositors whose names are shown in the records of CDP as at a time not earlier than forty-eight (48) hours before the time appointed for the SGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and may attend and vote at the SGM, as CDP's proxies, without the lodgement of any proxy form.
- 5.3 Such Depositors who are not individuals and Depositors who are unable to attend personally and wish to appoint a nominee to attend and vote on their behalf as CDP's proxies, will find attached to this Circular a Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the offices of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. not less than forty-eight (48) hours before the time appointed for the holding of the SGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person as CDP's proxy at the SGM in place of his nominee if he finds that he is able to do so.

### 6. DIRECTORS' RECOMMENDATION

The Directors, having carefully considered the terms and rationale of the Proposed Share Consolidation set out in Section 2 above, are of the view that the Proposed Share Consolidation is in the best interest of the Company and accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Share Consolidation.

**Shareholders are advised to read this Circular in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his professional adviser.**

### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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## LETTER TO SHAREHOLDERS

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

### 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the office of HEP Corporate Services Pte. Ltd., SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807, during normal business hours from the date of this Circular up to and including the date of the SGM:

- (i) The memorandum of association of the Company and the Bye-laws;
- (ii) The Company's annual report for FY2014; and
- (iii) The Company's unaudited full year financial statements and dividend announcement for the year ended 30 June 2015;

Yours faithfully

For and on behalf of  
**LONGCHEER HOLDINGS LIMITED**

Dr. Du Junhong  
Executive Director and Chairman  
9 October 2015

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## NOTICE OF SPECIAL GENERAL MEETING

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### LONGCHEER HOLDINGS LIMITED

(Company Registration No. 35673)  
(Incorporated in Bermuda)

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of Longcheer Holdings Limited ("**Company**") will be held at Anson IV, Level 2, M Hotel, 81 Anson Road, Singapore 079908 on 26 October 2015 at 10.15 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the following resolution as an ordinary resolution:

All references to the Circular in this Notice of Special General Meeting shall mean the Company's circular to Shareholders dated 9 October 2015 (the "**Circular**"). All capitalised terms not otherwise defined herein shall have the meanings given to them in the Circular.

#### **ORDINARY RESOLUTION: THE PROPOSED SHARE CONSOLIDATION**

That:

- (a) approval be and is hereby given for the consolidation of every ten (10) existing issued and unissued ordinary shares of par value US\$0.02 each (including treasury shares) in the authorised capital and the issued capital of the Company as at the Books Closure Date into one (1) ordinary share of par value US\$0.20 ("**Post-Consolidation Share**") with effect from the Effective Trading Date, and all fractional entitlements shall be disregarded (the "**Proposed Share Consolidation**");
- (b) the number of Post-Consolidation Shares to which each Shareholder is entitled resulting from the Proposed Share Consolidation, based on their shareholdings in the Company as at the Books Closure Date, shall be rounded down to the nearest whole Post-Consolidation Share, and all fractions of Post-Consolidation Shares to which Shareholders would otherwise be entitled to shall be dealt with in such manner and on such terms as the Directors in their absolute discretion may deem fit in the best interests of the Company, including without limitation, (i) aggregating and selling the same and retaining the net proceeds for the benefit of the Company and/or (ii) purchasing any or all of the fractions of Post-Consolidation Shares and retaining the proceeds thereof for the benefit of the Company;
- (c) the Directors be and are hereby authorised to fix the Books Closure Date and the Effective Trading Date, in each case in their absolute discretion as they deem fit;
- (d) the Directors and any one of them be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider expedient, necessary, desirable, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution; and
- (e) in this Ordinary Resolution:

"**Books Closure Date**" means the time and date to be determined by the Directors, at and on which the register of members and the share transfer books of the Company will be closed to determine the entitlements of shareholders of the Company to the Post-Consolidation Shares pursuant to the Proposed Share Consolidation;



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## NOTICE OF SPECIAL GENERAL MEETING

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“**Effective Trading Date**” means the date to be determined by the Directors, at and on which (i) the Proposed Share Consolidation shall become effective, and (ii) the Post-Consolidation Shares will trade on the Singapore Exchange Securities Trading Limited in board lots of 100 Post-Consolidation Shares.

By Order of the Board

Dr. Du Junhong  
Executive Director and Chairman  
9 October 2015

### Notes:

Unless The Central Depository (Pte) Limited (“**CDP**”) specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed as CDP’s proxies to vote on behalf of CDP at this special general meeting each of the Depositors who are individuals and whose names are shown in CDP’s records as at a time not earlier than forty-eight (48) hours prior to the time of the special general meeting. Therefore, such Depositors who are individuals can attend and vote at the special general meeting without the lodgement of any Depositor Proxy Form (as defined below).

A Depositor registered and holding Shares through CDP who is an individual but is unable to attend the special general meeting personally and wishes to appoint a nominee to attend and vote on his/her behalf as CDP’s proxy must complete, sign and return the proxy form which is despatched together with this Circular to Depositors (“**Depositor Proxy Form**”) completed by CDP in accordance with the instructions printed thereon and deposit the duly completed Depositor Proxy Form at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the special general meeting. Similarly, a Depositor who is a corporation and who wishes to attend the special general meeting must submit the Depositor Proxy Form for the appointment of nominees(s) to attend and vote at the special general meeting on its behalf as CDP’s proxy

If a Shareholder who is not a Depositor is unable to attend the special general meeting and wishes to appoint a proxy to attend and vote at the special general meeting in his stead, then he should complete and sign the proxy form despatched to Shareholders who are not Depositors (“**Shareholder Proxy Form**”) and deposit the duly completed Shareholder Proxy Form at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the special general meeting. Such proxy need not be a member of the Company.

To be effective, the Depositor Proxy Form or the Shareholder Proxy Form must be deposited by a Depositor or a Shareholder (as the case may be) at the office of the Company’s Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, no later than 10.15 a.m. on 24 October 2015.

The completion and return of the Depositor Proxy Form or the Shareholder Proxy Form will not prevent him from attending and voting in person at the special general meeting if he wishes to do so, in place of his/her/its proxy.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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