



CHINA MINING INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands on 30 September 2004)

(Company Registration Number: CT-140095)

- **EXPIRY OF THE LONG STOP DATE OF THE AMENDED AND RESTATED CONDITIONAL SALE AND PURCHASE AGREEMENT ON 30 JUNE 2018**
- **PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF THE GROUP TO INCLUDE THE NEW AGRICULTURE BUSINESS, WHICH WOULD RESULT IN A CHANGE IN THE RISK PROFILE OF THE GROUP**
- **PROPOSED ACQUISITION OF 63.11% OF THE REGISTERED CAPITAL OF HENAN ZHONGNONG HUASHENG AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD., THE CONSIDERATION FOR WHICH WILL BE SATISFIED BY THE ISSUE AND ALLOTMENT OF 143,076,923 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.26 PER CONSIDERATION SHARE**
- **PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM MR. GUO YINGHUI AND HIS CONCERT PARTIES**
- **PROPOSED CHANGE OF NAME OF THE COMPANY TO “ZHONGNONG HUASHENG INTERNATIONAL LIMITED” AND THE PROPOSED ADOPTION OF THE NAME “中农华盛国际有限公司” AS THE COMPANY’S DUAL FOREIGN NAME**

The board of directors (each, a “**Director**” and collectively, the “**Board**”) of China Mining International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to update the shareholders of the Company (the “**Shareholders**”) of certain developments in relation to the Group.

1. EXPIRY OF THE LONG STOP DATE OF THE AMENDED AND RESTATED CONDITIONAL SALE AND PURCHASE AGREEMENT ON 30 JUNE 2018

The Board refers to the following announcements:

- (a) the announcement dated 1 April 2014 in which the Company announced that it had entered into a conditional sale and purchase agreement with China Geological Exploration Holdings Limited and Guide True Limited pursuant to which the Company agreed to purchase 100% of the issued and paid-up share capital of China Minerals Energy Limited;
- (b) the announcement dated 31 December 2014 in which the Company announced that due to certain material developments, it had entered into an amended and restated conditional sale and purchase agreement with China Geological Exploration Holdings Limited, Guide True Limited, China Shoushan Wealth Management Group Co., Limited and Violet Enterprises (Canada) Inc. to amend and restate in its entirety the terms of the original agreement and to supersede and replace the original agreement;
- (c) the announcement dated 30 June 2015 in which the Company announced that the parties have agreed to extend the long stop date for the fulfilment of the conditions precedent in the amended and restated conditional sale and purchase agreement to 30 June 2016 or such other date as the parties may mutually agree in writing;
- (d) the announcement dated 30 June 2016 in which the Company announced that the parties have agreed to extend the long stop date for the fulfilment of the conditions precedent in the amended and restated conditional sale and purchase agreement to 30 June 2017 or such other date as the parties may mutually agree in writing; and

- (e) the announcement dated 30 June 2017 in which the Company announced that the parties have agreed to extend the long stop date for the fulfilment of the conditions precedent in the amended and restated conditional sale and purchase agreement to 30 June 2018 or such other date as the parties may mutually agree in writing,

and wishes to announce that the parties have mutually agreed not to further extend the long stop date for the fulfilment of the conditions precedent in the amended and restated conditional sale and purchase agreement.

As such, following the expiry of the long stop date on 30 June 2018, the Group will no longer actively undertake any business activities related to the exploration, mining and trading, including mining consultancy, of mineral resources save that it will continue to hold its shareholding interests in its exploration and mining assets and joint ventures.

2. PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF THE GROUP TO INCLUDE THE NEW AGRICULTURE BUSINESS, WHICH WOULD RESULT IN A CHANGE IN THE RISK PROFILE OF THE GROUP

- 2.1. The Group is currently engaged in the business of investment holding and property development as well as the exploration and mining of mineral resources (the **“Existing Core Business”**). The Group is proposing to expand the scope of the Existing Core Business to include, *inter alia*, the undertaking and investing in activities related to agricultural cultivation and production, and the agriculture industry and the ecotourism industry generally (collectively, the **“New Agriculture Business”**), as and when appropriate opportunities arise (the **“Proposed Business Diversification”**).
- 2.2. The rationale for the Proposed Business Diversification includes seizing the opportunity to participate in the growth prospects of the agricultural industry, diversified returns and long term growth, as well as the market challenges facing the Existing Core Business.
- 2.3. As the Proposed Business Diversification will result in a change in the risk profile of the Group, the Proposed Business Diversification is subject to Shareholders’ approval. Further details on the Proposed Business Diversification, including the management strategy and risk factors relating to the New Agriculture Business and the Proposed Business Diversification, will be set out in the circular to be issued to the shareholders (the **“Circular”**).

3. PROPOSED ACQUISITION OF 63.11% OF THE REGISTERED CAPITAL OF HENAN ZHONGNONG HUASHENG AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD., THE CONSIDERATION FOR WHICH WILL BE SATISFIED BY THE ISSUE AND ALLOTMENT OF 143,076,923 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.26 PER CONSIDERATION SHARE

3.1. The Proposed Acquisition

The Board also wishes to announce that the Company has entered into a conditional share transfer agreement dated 18 July 2018 (the **“SPA”**) with Mr. Guo Yinghui (the **“Seller”**) pursuant to which the Seller shall procure that Zhongnong Huasheng (Beijing) Agricultural Development Investment Co., Ltd. (**“ZNHSBJ”**) sells, and the Company shall procure that its nominee acquires, 63.11% of the registered capital (the **“Sale Shares”**) of Henan Zhongnong Huasheng Agricultural Science and Technology Co., Ltd. (the **“Target”** and together with its subsidiaries, the **“Target Group”**) for a consideration of S\$37,200,000.00 (the **“Consideration”**), which is to be fully satisfied by the issue and allotment to the Seller’s nominee of 143,076,923 new ordinary shares in the capital of the Company (**“Shares”**) deemed fully paid-up (the **“Consideration Shares”** and each, a **“Consideration Share”**) at an issue price of S\$0.26 per Consideration Share (the **“Proposed Acquisition”**). The Proposed Acquisition constitutes an interested person transaction under Chapter 9 and a major transaction under Chapter 10 of the listing manual (the **“Listing Manual”**) of the Singapore Exchange Securities Trading Limited (the **“SGX-ST”**) for which approval from the independent Shareholders is required. Further details on the Proposed Acquisition will be set out in the Circular.

3.2. Information on the Seller

The Seller is the Executive Chairman of the Board and the Company, and a substantial shareholder of the Company. Accordingly, the Seller is an interested person for the purpose of the Proposed Acquisition.

3.3. Information on the Target Group

The Target was incorporated in Zhengzhou, Henan, the People's Republic of China (the "PRC") on 27 August 2013 and as at the date hereof, has a registered capital of RMB77.25 million. ZNHSBJ holds 63.11% of the Target, with the remaining 36.89% being held by Everbright Zhengzhou Venture Capital Investment Fund Partnership (Limited Partnership), a private equity investment fund. The Target has four wholly-owned subsidiaries: Henan Central Agriculture and Commerce Co., Ltd., Zhengzhou Rundong Fruit Forest Co., Ltd., Gongyi Zhongnong Huasheng Agricultural Science and Technology Co., Ltd. and Henan Zhongnong Huasheng Ecotourism Co., Ltd. ("**Henan Ecotourism**"). The Target Group is engaged in two business segments, namely, agriculture and ecotourism.

3.3.1. Agriculture Business Segment

In respect of the agriculture business segment, the Target Group is mainly engaged in the cultivation and wholesale of the fruit and seedling of a specific genotype of soft seed pomegranate known as the Heyin Soft Seed Pomegranate at Xinyang County, Gaoshan Town, Zhengzhou City, Henan Province, the PRC. The Heyin Soft Seed Pomegranate is a geographical indication product, and best cultivated in regions at or around a geographical longitude of approximately 35° north. A geographical indication product is a product that has a specific geographical origin and possesses qualities or a reputation that are due to that origin. Having reviewed publicly available information, the Board believes that pomegranates have anti-oxidant properties and are a good source of vitamins, especially vitamin A, C and E, and that pomegranates have several health benefits including maintaining effective and healthy blood circulation, reducing inflammation and reducing the risk of coronary diseases.

The Target Group has established distribution channels in the PRC through link-ups with major fruit distributors, including but not limited to DOLE (都乐) and Joy Wing Mau (鑫荣懋), and through distribution platforms including but not limited to Tmall (天猫), JD.com (京东), RT-Mart (大润发), Carrefour (家乐福) and Walmart (沃尔玛), as well as through the establishment of distribution centres in, amongst others, Beijing, Shanghai, Guangzhou, Zhengzhou, Wuhan, Changsha, Nanjing, Shenyang and Xi'an. The Target Group markets its products under the following trademarks which have been registered with the Trademark Office of the State Administration for Industry and Commerce of the PRC: "子满堂" for premium grade products, and "果蔚", "玛拉卡" and "WSCA 中农华盛" for its other products. The Target Group has also applied for and obtained patents in respect of two utility models: a type of grafted pomegranate fast cutting surface mould and a type of fruit tree ridging machine.

For the purpose of cultivating its agriculture products, the Target Group has entered into several land circulation arrangements with the local farming communities (represented by their respective local committees) who hold the relevant land contract management rights.

3.3.2. Ecotourism Business Segment

Through Henan Ecotourism, the Target Group is in the midst of constructing and converting some of the natural caves at the existing premises of its agricultural business into hotel accommodation. It is also in the process of installing ecotourism displays, such as flower beds and vegetable gardens, and organizing farming and fishing activities. Through all these efforts, the Target Group aims to cater to the inflow of tourists and accord them with ecologically sound farm to table dining experiences.

3.4. Value of the Sale Shares

3.4.1. Valuation Report

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, was appointed by the Company to perform a valuation on 100% of the equity interest of the Target (the "**Valuation Report**"), whereby 100% of the equity interest of the Target was valued at RMB806,557,000.00 (approximately

S\$164,940,081.80) as at 31 March 2018, being the date of the valuation. The Valuation Report was prepared on a fair value basis and in accordance with IFRS 13 – Fair Value Measurement and the International Valuation Standards issued by the International Valuation Standards Council, and taking into consideration, *inter alia*, the nature of the business and the historical performance of the enterprise, and the financial and business risk of the enterprise including the continuity of income and the projected future results. In arriving at the assessed value, the independent valuer mainly considered the core business of the Target and did not make provisions for other non-operating cash flow items such as interest income and exchange rate gain/loss in the valuation model.

3.4.2. Value of the Sale Shares

As at 31 March 2018, both the book value and net tangible asset value of the Sale Shares is RMB183,582,136 (approximately S\$37,542,359). The open market value of the Sale Shares is not available as the shares of the Target are not publicly traded.

3.5. **Principal Terms of the Proposed Acquisition**

3.5.1. Share Transfer

Under the terms of the SPA, the Buyer will procure the acquisition of, and the Seller will procure the sale of, the Sale Shares free from all encumbrances and together with all rights, benefits and entitlements attaching thereto.

3.5.2. Consideration

The Consideration is S\$37,200,000.00 which was determined pursuant to commercial negotiations between the independent Directors and the Seller in good faith and on an arm's length basis, taking into account the following factors:

- (a) the valuation of 63.11% of the equity interest of the Target which, based on the Valuation Report, is RMB509,018,122.70 (approximately S\$104,093,685.62) whereby the Consideration represents a discount of approximately 64.26% to such valuation;
- (b) the fact that the agriculture business of the Target Group has passed the cultivation-intensive phase of its early development and has now entered into the relatively less risky phase of commercial growth and harvesting; and
- (c) the Target Group's profitability for the financial year ended 31 December 2017 ("**FY2017**") where the Target Group achieved a profit after tax of RMB3,738,934.35 (approximately S\$764,608.25).

The Consideration shall be fully satisfied by the issue and allotment to the Seller's nominee of 143,076,923 Consideration Shares at an issue price of S\$0.26 per Consideration Share and constituting approximately 49.38% of the enlarged issued and paid-up share capital of the Company on completion of the Proposed Acquisition. The Consideration Shares shall be issued free from encumbrances and rank *pari passu* in all respects with and carry all rights similar to existing Shares except that they will not rank for any dividend, right, allotment or other distributions the record date of which falls on or before the date on which the Proposed Acquisition is completed (the "**Completion Date**").

The VWAP per Share on 17 July 2018 (being the full market day immediately preceding the signing of the SPA) is S\$0.29 (the "**VWAP Price**"). Accordingly, the issue price of S\$0.26 per Consideration Share represents a discount of 10.00% to the VWAP Price.

3.5.3. Conditions Precedent

The conditions precedent to completion of the Proposed Acquisition includes the following (the "**Conditions Precedent**"):

- (a) the Buyer being satisfied with its due diligence investigations into the financial, legal, tax and business matters of the Target Group;
- (b) receipt of in-principle approval from the SGX-ST for the listing of and quotation for the Consideration Shares on the Mainboard of the SGX-ST and such other approval, authorisation, clearance or waiver from the SGX-ST under Chapter 9 and Chapter 10 of the Listing Manual having been obtained (and such approval, authorisation, clearance or waiver not having been withdrawn or revoked on or prior to the Completion Date) and if such approval, authorisation, clearance or waiver is granted subject to conditions, such conditions being acceptable to the Buyer;
- (c) the issue and allotment of, and the subscription for, the Consideration Shares not being prohibited by any statute, order, rule or regulation;
- (d) the receipt by each company within the Target Group of all applicable third party consents, approvals or waivers in connection with the SPA, including in relation to the change of control of each company within the Target Group;
- (e) all the representations and warranties of the Buyer and the Seller being true and accurate in all respects as at the date of the SPA and as at the Completion Date;
- (f) the Securities Industry Council (“**SIC**”) having granted a waiver (the “**Whitewash Waiver**”) (and such waiver not having been withdrawn or revoked on or prior to the Completion Date) to Mr. Guo Yinghui and his concert parties (the “**Concert Party Group**”) which would (but for such waiver) incur an obligation to make a mandatory general offer for Shares not already owned or controlled by them under, and/or to comply with the requirements of, Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) upon completion of the Proposed Acquisition on condition that the Proposed Whitewash Resolution (as defined below) has been duly passed, and if such waiver is subject to any condition(s) or restriction(s) imposed by the SIC, such condition(s) and/or restriction(s) being reasonably acceptable to the Concert Party Group;
- (g) the receipt of approval (such approval not having been withdrawn or revoked on or prior to the Completion Date) at an extraordinary general meeting to be convened for: (1) the Proposed Business Diversification from the Shareholders; (2) the Proposed Acquisition and the issue and allotment of the Consideration Shares in accordance with the terms of the SPA from the independent Shareholders; (3) the Proposed Whitewash Resolution from the independent Shareholders; and
- (h) Ms. Zhang Xiaoying having entered into a service agreement with the Target for an initial term of three (3) years commencing from the Completion Date and on such other terms and conditions as may be agreed between the Buyer and the Seller.

3.5.4. Completion

Completion of the Proposed Acquisition and the issue and allotment of the Consideration Shares to the Seller’s nominee will take place on the date falling five (5) business days after all of the Conditions Precedent are satisfied, fulfilled or waived (as the case may be) or on any other day as the Buyer and the Seller may mutually agree in writing in accordance with the terms of the SPA.

3.6. **Interested Person Transaction**

3.6.1. Interested Person Transaction

The Seller is the Executive Chairman of the Board and the Company, and a substantial shareholder of the Company. Accordingly, the Seller is an interested person, and the Proposed Acquisition between the Company and the Seller is an interested person transaction.

3.6.2. Materiality Thresholds under Chapter 9 of the Listing Manual

Based on the Group’s latest audited financial statements for FY2017, the net tangible assets (“**NTA**”) of the Group as at 31 December 2017 was approximately RMB89,341,000.00 (approximately S\$18,270,143.15).

The consideration for the Proposed Acquisition represents approximately 203.61% of the Group's latest audited NTA. Accordingly, pursuant to Rule 906 of the Listing Manual, the Proposed Acquisition is an interested person transaction for which approval of the independent Shareholders is required.

During FY2017 up to the date hereof, the Group has not entered into any interested person transactions save for the Proposed Acquisition.

3.7. Financial Effects of the Proposed Acquisition

3.7.1. Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after completion of the Proposed Acquisition. The financial effects of the Proposed Acquisition on the Company as set out below are based on the Group's latest audited financial statements for FY2017 and the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that completion of the Proposed Acquisition took place on 31 December 2017; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the loss per share ("LPS") have been computed assuming that completion of the Proposed Acquisition took place on 1 January 2017.

3.7.2. Share Capital

As at the date hereof, the Company has 146,688,500 Shares in issue (excluding treasury shares) with a share capital of S\$1,173,508.00. On completion of the Proposed Acquisition, the Company will have 289,765,423 Shares in issue (excluding treasury shares) with a share capital of S\$2,318,123.38.

3.7.3. NTA per Share

	Before the Proposed Acquisition	On Completion
NTA ⁽¹⁾ attributable to the Shareholders (RMB'000)	89,341	257,452
Number of Shares (excluding treasury shares) ('000)	146,689	289,765
NTA per Share (RMB cents)	60.9	88.8

Note:-

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

3.7.4. LPS

	Before the Proposed Acquisition	On Completion
Loss after taxation and non-controlling interests (RMB'000)	(16,015)	(13,655)
Weighted average number of Shares (excluding treasury shares) ('000)	146,689	289,765
LPS (RMB cents)	(10.92)	(4.71)

3.7.5. Gearing

	Before the Proposed Acquisition	On Completion
Net borrowings / (cash) ⁽¹⁾ as at 31 December 2017 (RMB'000)	(15,675)	(10,142)
Shareholders' equity (RMB'000)	89,341	257,452
Gearing (times)	0	0

Note:-

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.

3.8. Relative Figures Under Chapter 10 of the Listing Manual

The relative figures of the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual and based on the Group's latest announced financial statements for the financial period which commenced on 1 January 2018 and ended on 31 March 2018 ("1Q2018") are set out as follows:

	Bases Under Rule 1006	Relative Figure
(a)	The NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	N.A.
(b)	The net loss ⁽¹⁾⁽²⁾ attributable to the assets acquired or disposed of, compared with the Group's net loss ⁽¹⁾ .	3.32%
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares (excluding treasury shares)	87.45% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	97.54% ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil & gas company, but not to an acquisition of such assets.	N.A.

Notes:-

- (1) Net loss means loss before income tax, minority interest and extraordinary items.
- (2) Based on the net loss attributable to the Sale Shares of RMB25,363.91 (approximately S\$5,186.89) and the net loss attributable to the Group for 1Q2018 of RMB764,000.00 (approximately S\$156,237.22).
- (3) Based on the Consideration of S\$37,200,000.00 and the market capitalisation of the Company being S\$42.54 million, which is calculated based on the weighted average price of S\$0.29 per Share on 17 July 2018 (being the market day preceding the date of the SPA) and 146,688,500 Shares in issue (excluding treasury shares) as at 18 July 2018 (being the date of the SPA).

Accordingly, the Proposed Acquisition is a major transaction pursuant to Chapter 10 of the Listing Manual.

3.9. Rationale for and Benefits of the Proposed Acquisition

The Proposed Acquisition is in line with the Proposed Business Diversification and will, if successfully implemented, be the Group's first strategic exposure and entry into the agriculture industry (in particular, the New Agriculture Business). The Board is of the view that the Proposed Acquisition (as well as the Proposed Business Diversification) is in the best interests of the Company and the Shareholders as a whole as the Proposed Acquisition and the Proposed Business Diversification represent a good opportunity for the Company based on the growth potential and prospects of the agriculture industry, the benefits of diversified returns and long term growth as well as the market challenges faced by the Existing Core Business.

4. THE PROPOSED WHITEWASH RESOLUTION

4.1. Potential Dilutive Effect

For illustrative purposes only, the potential dilutive effects of the Proposed Acquisition on existing Shareholders after completion of the Proposed Acquisition and assuming the issue and allotment of the Consideration Shares to the Seller's nominee is set out below:

	Before the Proposed Acquisition		On Completion of the Proposed Acquisition	
	Number of Shares	% of Existing Issued Share Capital ⁽¹⁾	Number of Shares	% of Enlarged Share Capital ⁽²⁾
Guo Yinghui	17,985,000	12.26	17,985,000	6.21
<u>Concert Parties</u>				
Feng Li	14,560,000	9.93	14,560,000	5.02
China Focus	17,680,000	12.05	17,680,000	6.10
Seller's nominee	-	-	143,076,923	49.38
<u>Concert Party Group</u>	50,225,000	34.24	193,301,923	66.71
<u>Independent Shareholders</u>	96,463,500	65.76	96,463,500	33.29
Total	146,688,500	100.00	289,765,423	100.00

Notes:-

- (1) Based on the existing issued and paid-up share capital of the Company of 146,688,500 Shares (excluding treasury shares) as at the date hereof.
- (2) Based on the enlarged issued and paid-up share capital of the Company of 289,765,423 Shares (excluding treasury shares) assuming the issue and allotment of 143,076,923 Consideration Shares to the Seller's nominee on completion of the Proposed Acquisition.

Independent Shareholders should note that the issue and allotment of the Consideration Shares to the Seller's nominee on completion of the Proposed Acquisition will result in the Concert Party Group holding over 49.00% of the enlarged voting rights in the Company. Therefore, the Concert Party Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

4.2. Whitewash Waiver

An application will be made to the SIC for a waiver to be granted to the Concert Party Group which would (but for such waiver) incur an obligation to make a mandatory general offer for Shares not already owned or controlled by them under, and/or to comply with the requirements of, Rule 14 of the Code upon completion of the Proposed Acquisition.

4.3. Proposed Whitewash Resolution

The independent Shareholders will therefore be asked to vote, by way of a poll, to waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Code upon completion of the Proposed Acquisition and the issue and allotment of the Consideration Shares to the Seller's nominee which results in the Concert Party Group incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code. Further details on the Proposed Whitewash Resolution will be set out in the Circular.

5. THE PROPOSED CHANGE OF NAME

Subject to the relevant approvals having been obtained, the Directors are proposing to change the Company's name from "China Mining International Limited" to "Zhongnong Huasheng International Limited (中农华盛国际有限公司)" (the "**Proposed Change of Name**"). The Board is of the view that the Proposed Change of Name will better reflect the Group's broader scope of business activities including the Group's new venture into the New Agriculture Business. An application has been made to the Cayman Islands Registrar of Companies to reserve the name "Zhongnong Huasheng International Limited". Further details on the Proposed Change of Name will be set out in the Circular.

6. APPOINTMENT OF AN INDEPENDENT FINANCIAL ADVISER

Hong Leong Finance Ltd has been appointed as the independent financial adviser (the "**IFA**") to advise the independent Directors in respect of the Proposed Acquisition and the Proposed Whitewash Resolution. The letter from the IFA to the independent Directors setting out the IFA's advice in full will be set out in the Circular.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed above, and save for their respective interests in the Shares, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the Proposed Business Diversification, the Proposed Acquisition, the Proposed Whitewash Resolution or the Proposed Change of Name.

8. SERVICE CONTRACTS

With effect from the Completion Date, Ms. Zhang Xiaoying will be appointed to the Board as an executive director of the Company. Ms. Zhang Xiaoying will also enter into a service agreement with the Target. The terms and conditions of such service agreement will be set out in the Circular.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, on any weekday (public holidays excepted), at the registered office of the Company's Singapore Share Transfer Agent, KCK CorpServe Pte. Ltd., at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 from the date of this announcement up to the date of the extraordinary general meeting:

- (a) the constitution of the Company;
- (b) the annual report of the Company for FY2017;
- (c) the SPA; and
- (d) the Valuation Report.

On behalf of the Board
Li Bin
Chief Executive Officer and Executive Director

Singapore, 18 July 2018