

**CIRCULAR DATED 16 JANUARY 2018**

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

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

If you have sold or transferred all your shares in the share capital of Pan Hong Holdings Group Limited (the “**Company**”), you should immediately forward this Circular, together with the Notice of Special General Meeting and the accompanying Proxy Forms, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



**汎港控股**  
PAN HONG HOLDINGS

## **PAN HONG HOLDINGS GROUP LIMITED**

(Incorporated in Bermuda on 20 December 2005)  
(Company Registration Number: 37749)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

- (I) THE PROPOSED DIVIDEND *IN SPECIE* OF UP TO 1,800,000,000 SINO HARBOUR SHARES TO ENTITLED SHAREHOLDERS IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY (THE “PROPOSED DISTRIBUTION”);**
- (II) THE PROPOSED BYE-LAW AMENDMENT;**
- (III) THE PROPOSED CAPITAL REDUCTION; AND**
- (IV) THE PROPOSED SHARE PREMIUM REDUCTION.**

**FINANCIAL ADVISER TO THE COMPANY  
IN RELATION TO THE PROPOSED DISTRIBUTION**



**RHB Securities Singapore Pte. Ltd.**

**RHB SECURITIES SINGAPORE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198701140E)

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Forms	:	6 February 2018 at 2.30 p.m.
Date and time of Special General Meeting	:	8 February 2018 at 2.30 p.m.
Venue of Special General Meeting	:	Marie II Room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516

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## **IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS**

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The distribution of this Circular and the Proposed Distribution to Overseas Shareholders may be prohibited or restricted by law (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Overseas Shareholders are required to inform themselves of, and to observe, any such prohibition or restriction at their own expense and without liability to the Company. It is the responsibility of Overseas Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which may be required to be observed and/or the payment of any issue, transfer or other taxes which may be due in such jurisdiction.

This Circular may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised nor to any person to whom it is unlawful to make such offer or invitation.

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## **IMPORTANT NOTICE TO SCRIP SHAREHOLDERS**

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Scrip Shareholders should note that entitlements to the Sino Harbour Shares will be determined on the basis of their holdings of Pan Hong Shares appearing in the Register of Members as at the Books Closure Date.

Scrip Shareholders who have not already done so are requested to take the necessary action to ensure that the Pan Hong Shares owned by them are registered in their names or in the names of their nominees in the Register of Members by the Books Closure Date.

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## DEFINITIONS

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

<b>“Announcement”</b>	:	The announcement dated 25 August 2017 released by the Company in relation to the Proposed Corporate Exercises, details of which are set out in paragraph 1.1 of this Circular
<b>“ASP”</b>	:	Average selling price
<b>“Bermuda Companies Act”</b>	:	The Companies Act of Bermuda 1981, as amended or modified from time to time
<b>“Books Closure Date”</b>	:	The time and date, to be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, at and on which the Register of Members and the share transfer books of the Company will be closed for the purpose of determining the entitlements of Shareholders to Sino Harbour Shares pursuant to the Proposed Distribution
<b>“Bye-laws”</b>	:	The bye-laws of the Company
<b>“CCASS”</b>	:	Central Clearing and Settlement System, a securities settlement system operated by the HKSCC for clearing and settlement of securities transactions on the HKEX
<b>“CCASS Investor Participant”</b>	:	A person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
<b>“CCASS Participant”</b>	:	A CCASS broker participant, a CCASS custodian participant or a CCASS Investor Participant
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 16 January 2018
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
<b>“Company” or “PH”</b>	:	Pan Hong Holdings Group Limited
<b>“Date of Completion”</b>	:	The date, to be determined by the Directors and announced by the Company, on which the Proposed Distribution is completed
<b>“Depositor Proxy Form”</b>	:	A form for a Depositor to appoint proxy(ies) to attend and vote at the SGM on behalf of the Depositor

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## DEFINITIONS

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<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“Distribution Ratio”</b>	:	The distribution ratio of 3.51349 Sino Harbour Shares for each Pan Hong Share that will apply for purpose of the Proposed Distribution, details of which are set out in paragraph 1.1(b) of this Circular
<b>“Effective Date”</b>	:	The effective date of the Proposed Capital Reduction and the Proposed Share Premium Reduction, if approved, being 26 February 2018 or such other date as the Directors may determine in accordance with the Bermuda Companies Act
<b>“Entitled Shareholders”</b>	:	Shareholders holding Pan Hong Shares at the Books Closure Date
<b>“EPS”</b>	:	Earnings per Pan Hong Share
<b>“Exchange Participant”</b>	:	A licensed person or registered institution who may trade on or through the HKEX and is licensed under the Securities and Futures Ordinance to carry on securities/futures/options dealing activity on the HKEX. A list of Exchange Participants is available at “Participant Information” of “Exchange and Clearing House Participants” under “Market Operations” of the HKEX website at <a href="https://www.hkex.com.hk">https://www.hkex.com.hk</a>
<b>“Financial Adviser”</b>	:	RHB Securities Singapore Pte. Ltd., being the financial adviser to the Company in relation to the Proposed Distribution
<b>“GFA”</b>	:	Gross floor area
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“HKEX”</b>	:	The Stock Exchange of Hong Kong Limited
<b>“HKSCC”</b>	:	Hong Kong Securities Clearing Company Limited
<b>“HK\$”</b>	:	Hong Kong dollars
<b>“Hong Kong Branch Registrar”</b>	:	Boardroom Share Registrars (HK) Limited, being the Hong Kong branch share registrar and transfer office of SH
<b>“Jiangxi Property Business”</b>	:	Residential and commercial property development businesses previously carried out by the Company in the cities located in the Jiangxi Province, the PRC, details of which are set out in paragraph 2.1 of this Circular

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## DEFINITIONS

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<b>“Latest Practicable Date”</b>	:	3 January 2018, being the latest practicable date prior to the printing of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Member Proxy Form”</b>	:	A form for a Shareholder (not being a Depositor) to appoint proxy(ies) to attend and vote at the SGM on behalf of such Shareholder
<b>“Net Debt Ratio”</b>	:	Net debt to equity ratio
<b>“Notice of Special General Meeting”</b>	:	The notice of SGM in respect of the Proposed Corporate Exercises set out on pages 37 to 40 of this Circular
<b>“NAV”</b>	:	Net asset value
<b>“NTA”</b>	:	Net tangible assets
<b>“Overseas Shareholders”</b>	:	Shareholders whose registered addresses as at the Books Closure Date, as recorded in the Register of Members or in the Depository Register maintained by CDP, as the case may be, for the service of notice and documents, are outside Singapore
<b>“Pan Hong Shares”</b>	:	Ordinary shares in the issued and paid-up share capital of the Company
<b>“PRC”</b>	:	The People’s Republic of China
<b>“Proposed Bye-law Amendment”</b>	:	The proposed amendments to the Bye-laws to reflect the simplified solvency test under Bermuda law relating to the payment of dividends, details of which are set out in paragraph 5.2 of this Circular
<b>“Proposed Capital Reduction”</b>	:	The proposed reduction of the par value of each Pan Hong Share from HK\$0.60 to HK\$0.10 and utilization of the credit thereby arising for the purposes of the Proposed Distribution, details of which are set out in paragraph 5.3 of this Circular
<b>“Proposed Corporate Exercises”</b>	:	Proposed Distribution, Proposed Bye-law Amendment, Proposed Capital Reduction and Proposed Share Premium Reduction

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## DEFINITIONS

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<b>“Proposed Distribution”</b>	:	The proposed dividend <i>in specie</i> of up to 1,800,000,000 Sino Harbour Shares to Entitled Shareholders on the basis of the Distribution Ratio, in proportion to their shareholdings in the Company
<b>“Proposed Share Premium Reduction”</b>	:	The proposed reduction of the Company’s share premium account and utilization of the credit thereby arising for the purposes of the Proposed Distribution, details of which are set out in paragraph 5.3 of this Circular
<b>“Proxy Forms”</b>	:	Collectively, the Depositor Proxy Form and the Member Proxy Form
<b>“Register of Members”</b>	:	The register of members of the Company kept in accordance with Section 65 of the Bermuda Companies Act
<b>“Relevant Undertaking”</b>	:	The undertaking given by the Company to the SGX-ST during the Reorganisation, details of which are set out in paragraph 2.2 of this Circular
<b>“Reorganisation”</b>	:	The reorganisation exercise previously carried out by the Company in 2011, pursuant to which SH became the holding company of the Jiangxi Property Business, details of which are set out in paragraph 2.1 of this Circular
<b>“RMB”</b>	:	The currency of the PRC
<b>“ROE”</b>	:	Return on equity
<b>“Scrip Shareholders”</b>	:	Shareholders whose Pan Hong Shares are not deposited with CDP and whose registered address as at the Books Closure Date, as recorded in the Register of Members for the service of notice and documents, are in Singapore
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP, but not including a securities sub-account maintained with a Depository Agent
<b>“SGM”</b>	:	The special general meeting of the Company to be held on 8 February 2018 at 2.30 p.m., notice of which is given in the Notice of Special General Meeting set out on pages 37 to 40 of this Circular (or any adjournment thereof)
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“SH”</b>	:	Sino Harbour Holdings Group Limited



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## DEFINITIONS

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“Shareholder”	:	A person who is registered as the holder of Pan Hong Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholder” shall, in relation to such Pan Hong Shares, mean the person named as a Depositor in the Depository Register and whose Securities Account is credited with Pan Hong Shares
“Singapore Share Transfer Agent”	:	B.A.C.S. Private Limited
“Sino Harbour Share Certificates”	:	Share certificates in respect of Sino Harbour Shares to be dispatched to Entitled Shareholders pursuant to the Proposed Distribution, details of which are set out in paragraph 6.7 of this Circular
“Sino Harbour Shares”	:	Ordinary shares in the issued and paid-up share capital of SH
“sq m”	:	Square meter
“Substantial Shareholder”	:	In relation to the Company, a person who has an interest in one or more voting shares in the Company, and the total votes attached to such shares represent not less than 5.0% of the total votes attached to all the voting shares in the Company
“%” or “per cent.”	:	Percentage or per centum
“S\$” and “cents”	:	Singapore dollars and cents, respectively

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*.

Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

Reference to persons shall include corporations and limited liability partnerships.

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 Bermuda Companies Act or the Companies Act or any amendment or modification thereof and not otherwise defined in this

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## DEFINITIONS

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Circular shall, where applicable, have the same meaning ascribed to it under the Bermuda Companies Act or the Companies Act or such amendment or modification thereof, as the case may be.

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

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

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof (if any) are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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## INDICATIVE TIMETABLE

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The following are the indicative dates and times for the Proposed Corporate Exercises:

Last date and time for lodgement of Proxy Forms for the SGM	:	6 February 2018 at 2.30 p.m.
Date and time of the SGM	:	8 February 2018 at 2.30 p.m.
Expected date for publishing notice of the Effective Date	:	9 February 2018
Expected Effective Date	:	26 February 2018
Expected date of announcement of the Books Closure Date	:	26 February 2018
Expected last date and time of “cum” trading of the Pan Hong Shares on the SGX-ST	:	1 March 2018 at 5.00 p.m.
Expected commencement of “ex” trading of the Pan Hong Shares on the SGX-ST	:	2 March 2018 at 9.00 a.m.
Expected Books Closure Date	:	6 March 2018 at 5.00 p.m.
Expected Date of Completion	:	On or around 29 March 2018
Expected date for distributing the Sino Harbour Shares in scrip form to Entitled Shareholders	:	On or around 29 March 2018
Expected date on which designated broker starts to provide odd-lot matching services for sale and purchase of odd lots of Sino Harbour Shares	:	3 April 2018 at 9.00 a.m.
Expected date on which designated broker ceases to provide odd-lot matching services for sale and purchase of odd lots of Sino Harbour Shares	:	11 May 2018 at 4.00 p.m.

**Note:**

The timetable above is only indicative, and is subject to change. As at the Latest Practicable Date, the Company does not expect the above timetable to be modified. However, the Company may, with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Company will publicly announce the actual dates of the events through a SGXNET announcement to be posted on the website of the SGX-ST at <http://www.sgx.com>.

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## LETTER TO SHAREHOLDERS

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汎港控股  
PAN HONG HOLDINGS

### PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)  
(Company Registration Number: 37749)

#### Directors

Wong Lam Ping (*Executive Chairman*)  
Wang Cuiping (*Executive Director*)  
Chan Kin Sang (*Non-Independent and Non-executive Director*)  
Sim Wee Leong (*Lead Independent Director*)  
Dr Choo Kian Koon (*Independent Director*)  
Dr Zheng Haibin (*Independent Director*)

#### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

16 January 2018

To: The Shareholders of Pan Hong Holdings Group Limited

Dear Sir / Madam

- (I) **THE PROPOSED DIVIDEND *IN SPECIE* OF UP TO 1,800,000,000 SINO HARBOUR SHARES TO ENTITLED SHAREHOLDERS IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY (THE “PROPOSED DISTRIBUTION”)**
- (II) **THE PROPOSED BYE-LAW AMENDMENT**
- (III) **THE PROPOSED CAPITAL REDUCTION**
- (IV) **THE PROPOSED SHARE PREMIUM REDUCTION**

#### 1. INTRODUCTION

1.1 **Proposed Corporate Exercises.** On 25 August 2017, Pan Hong Holdings Group Limited announced that:

- (a) the Company proposes to distribute to the Shareholders as at the Books Closure Date all the Sino Harbour Shares held by the Company;

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## LETTER TO SHAREHOLDERS

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- (b) the Proposed Distribution will be effected by way of a dividend *in specie* to the Shareholders in proportion to their respective shareholdings in the Company, on the basis of 3.51349 Sino Harbour Shares for each Pan Hong Share (“**Distribution Ratio**”)<sup>1</sup> held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded;
- (c) in order to effect the Proposed Distribution, it is proposed that, subject to Shareholders’ approval, the Company carries out the following:
  - (i) amend the Bye-laws to reflect the simplified solvency test under Bermuda law relating to the payment of dividends; and
  - (ii) undertake a reduction of its share premium account and utilize the credit thereby arising for the purposes of the Proposed Distribution;
- (d) the Company is also proposing, subject to Shareholders’ approval, to reduce the par value of each Pan Hong Share from HK\$0.60 to HK\$0.10<sup>2</sup>;
- (e) the Proposed Corporate Exercises are subject to the satisfaction of the approvals set out in paragraph 7 of this Circular; and
- (f) no consideration will be payable for the Sino Harbour Shares. The Sino Harbour Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the Date of Completion.

Save for Overseas Shareholders who will be receiving a cash payment in accordance with paragraph 6.6 of this Circular, any rights to distributions from SH will accrue to the Entitled Shareholders only on and from the Date of Completion. Entitled Shareholders will have no right to such distributions from SH where the books closure date for determining entitlements to such distributions falls prior to the Date of Completion.

A copy of the Announcement is available on the website of the SGX-ST at <http://www.sgx.com>.

- 1.2 **Supplemental Announcement.** On 12 January 2018, the Company announced that the Proposed Distribution will also be subject to the Company undertaking a capital reduction exercise to reduce the par value of each Pan Hong Share from HK\$0.60 to HK\$0.10 so that the credit thereby arising may be utilised for the purposes of the Proposed Distribution.
- 1.3 **SGM.** The Directors are convening the SGM to seek Shareholders’ approval for the Proposed Corporate Exercises. The Notice of Special General Meeting is set out on pages 37 to 40 of this Circular.

<sup>1</sup> Please refer to paragraph 6.2 of this Circular for more details on the Distribution Ratio.

<sup>2</sup> Please refer to paragraph 1.2 of this Circular for more details.

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## LETTER TO SHAREHOLDERS

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- 1.4 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to, as well as to seek Shareholders' approval at the SGM for, the Proposed Corporate Exercises.
- 1.5 **SGX-ST.** The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

### 2. BACKGROUND

- 2.1 **Jiangxi Property Business.** On 25 October 2010, the Company announced that it would be carrying out a spin-off of its residential and commercial property development businesses in the cities located in the Jiangxi Province, the PRC (the "**Jiangxi Property Business**") and seek a primary listing of the Jiangxi Property Business on the HKEX.

On 30 June 2011, the Company further announced that it had undergone a reorganisation (the "**Reorganisation**") pursuant to which SH became the holding company of the Jiangxi Property Business.

- 2.2 **Undertaking to the SGX-ST.** As part of the Reorganisation, the Company had provided an undertaking to the SGX-ST that in the event the Company's interest in the Jiangxi Property Business falls below 50% and the Group is not able to meet the requirements for listing on the Main Board of the SGX-ST, the Company will delist from the SGX-ST and an exit offer will be made to the Shareholders (the "**Relevant Undertaking**").

If the Proposed Distribution is effected, the Company will cease to hold any shares in SH and consequently, the Company will cease to hold any interest in the Jiangxi Property Business.

- 2.3 **Waiver from the SGX-ST.** In this regard, the Company had informed the SGX-ST of its intention to effect the Proposed Distribution and explained the rationale behind it, namely, to unlock value for the Shareholders (see paragraph 4 of this Circular), and sought a waiver of the Company's obligations under the Relevant Undertaking.

On the bases of the rationale set out in paragraph 4 of this Circular, and *inter alia*, representation by the board of Directors that the remaining business of the Group excluding SH and its sub-group is expected to be able to continue operating as a going concern after the Proposed Distribution is effected, the Company obtained a waiver from the SGX-ST on 23 May 2017 of the Company's obligations under the Relevant Undertaking subject to the Company making an announcement on the rationale of the Proposed Distribution and how it would be beneficial to the Shareholders.

For illustrative purposes, the remaining business of the Group, assuming that the Proposed Distribution had completed on 1 November 2017<sup>3</sup>, will comprise (i) pre-sales from residential properties ("**Relevant Pre-Sales**") and (ii) future projects ("**Relevant Future Projects**"), details as set out below:

<sup>3</sup> We have assumed completion of the Proposed Distribution on 1 November 2017 as the Relevant Pre-Sales and Relevant Future Projects have been calculated based on information updated as at 1 November 2017.

## LETTER TO SHAREHOLDERS

### Relevant Pre-Sales

Based on (a) the unaudited interim financial statement and dividend announcement for the six months ended 30 September 2017 of the Group announced on 13 November 2017 (in particular on page 12); and (b) the unaudited interim results for the six months ended 30 September 2017 of SH announced on 13 November 2017 (in particular on page 17), the Relevant Pre-Sales are as follows:

Description	Estimated total GFA released for sale (total units)	Estimated total GFA pre-sold (total units)	Percentage of pre-sold	Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2017 <sup>(1)</sup>	Pre-sale value not handed over to buyers as at 30 September 2017 <sup>(1)</sup> (RMB)	ASP per sq m <sup>(2)</sup>	Expected completion date
Pan Hong Run Yuan Phase 2	96,720 sq m (750 units)	83,998 sq m (652 units)	87%	83,998 sq m (652 units)	725.3 million	RMB8,635	Second quarter of 2019

Notes:

- (1) Pre-sale value not handed over to buyers is computed as follows: Beginning period pre-sales plus new pre-sales during the period less those handed over to buyers as at 30 September 2017.
- (2) ASP per sq m is computed as follows: Pre-sale value not handed over to buyers divided by pre-sale GFA not handed over to buyers.

### Relevant Future Projects

Based on (a) the annual report of the Group for the financial year ended 31 March 2017 announced on 11 July 2017 (in particular on page 135); and (b) the annual report of SH for the financial year ended 31 March 2017 announced on 27 June 2017 (in particular on page 194), the Relevant Future Projects are as follows:

Description	Location	Type	Site Area in respect of entire project	Planned GFA <sup>(1)</sup>	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered <sup>(2)</sup>	Expected Completion Date
Huzhou Delong Project	Taihu Meixi, Huzhou Development Zone, Zhejiang Province, the PRC	Commercial and others ("C")	54,452 sq m	C: 16,165 sq m	C: Expiring on 4 November 2050	64%	N.A.	Under planning

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## LETTER TO SHAREHOLDERS

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Description	Location	Type	Site Area in respect of entire project	Planned GFA <sup>(1)</sup>	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered <sup>(2)</sup>	Expected Completion Date
Huzhou Runhe Project	South of Jiashan Road of Southwest District, on the east of Jinji Hill Site, on the north of the New District 2nd Road, Huzhou City, Zhejiang Province, the PRC	Residential (“R”) and C	118,274 sq m	R: 163,496 sq m C: 11,620 sq m	R: Expiring on 16 August 2085 C: Expiring on 16 August 2055	100%	N.A.	Under planning

*Notes:*

- (1) The “Planned GFA” is based on the best estimate by the management. These figures may change as the projects progress.
- (2) Not available as the Relevant Future Projects have not been launched for sale.

In this regard, the Company confirms that details on the Relevant Future Projects as set out above are correct as at 1 November 2017.

### 3. INFORMATION ON SH

3.1 SH, formerly named Sino Harbour Property Group Limited, was listed on the HKEX on 22 July 2011. SH is a property developer focused on the second and third tier cities in the PRC and is headquartered in the PRC. To better efforts being made in diversifying SH’s business and better reflect and align with the business nature and principal activities of SH, SH changed its name to Sino Harbour Holdings Group Limited with effect from 24 August 2015.

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

3.2 **Summary of Financial Information of SH.** A summary of the following information in respect of SH is set out below:

- (a) audited consolidated profit and loss statement for each of the last three financial years ended 31 March 2015, 2016 and 2017;
- (b) unaudited consolidated profit and loss statement for the six months ended 30 September 2017;
- (c) audited consolidated statement of financial position as at 31 March 2017; and
- (d) latest unaudited consolidated statement of financial position as at 30 September 2017.



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## LETTER TO SHAREHOLDERS

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### Consolidated Profit and Loss Statements

RMB'000	FY2015 <i>(audited)</i>	FY2016 <i>(audited)</i>	FY2017 <i>(audited)</i>	6 months ended 30 Sep 2017 <i>(unaudited)</i>
Revenue	500,874	597,023	693,512	79,998
Gross profit	135,514	80,284	134,098	15,255
Operating profit	145,666	124,172	129,766	9,313
Profit before tax	144,447	122,848	122,964	8,989
Profit after tax	89,873	93,105	73,674	1,134

### Consolidated Statements of Financial Position

RMB'000	As at 31 Mar 2017 <i>(audited)</i>	As at 30 Sep 2017 <i>(unaudited)</i>
Non-current assets	817,209	816,468
Current assets	2,350,437	2,547,972
Total assets	3,167,646	3,364,440
Non-current liabilities	684,601	888,629
Current liabilities	885,791	898,985
Total liabilities	1,570,392	1,787,614
Total equity	1,597,254	1,576,826

Being a company listed on the HKEX, all material information about SH that would affect the value of Sino Harbour Shares is expected to have been announced by SH on the HKEX website from time to time in accordance with the Main Board Listing Rules of the HKEX.

More information on SH is available on the HKEX website. The link to SH's announcement page on the HKEX website is  
<https://www.hkex.com.hk/eng/csm/news.htm?LangCode=en&mkt=hk&StockCode=1663>.

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## LETTER TO SHAREHOLDERS

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### 4. RATIONALE FOR THE PROPOSED DISTRIBUTION

**Unlocking Value for Shareholders.** Pan Hong Shares have generally been trading on the SGX-ST at a discount to the market value of the Company's effective equity stake in SH, the adjusted NAV of PH<sup>(4)</sup> and the NAV of SH and its sub-group which is attributable to the Company, as illustrated in the table below<sup>(1)</sup>.

Reference periods	As at the last Market Day prior to the Announcement	As at the Market Day immediately after the Announcement	As at the Latest Practicable Date
Market capitalisation of PH (S\$ million)	101.95	148.57	171.62
Market capitalisation of SH (S\$ million) <sup>(2)</sup>	173.90	171,81	272.38
Market value of PH's stake in SH (S\$ million) <sup>(3)</sup>	127.04	125.51	198.98
<b>Market capitalisation of PH as a percentage of the market value of PH's stake in SH</b>	<b>80.25%</b>	<b>118.37%</b>	<b>86.25%</b>
Adjusted NAV of PH (S\$ million) <sup>(4)</sup>	259.22	257.69	331.16
<b>Market capitalisation of PH as a percentage of PH's adjusted net assets</b>	<b>39.33%</b>	<b>57.65%</b>	<b>51.82%</b>
NAV of SH as at 30 September 2017 (S\$ million) <sup>(5)</sup>	276.21	276.21	276.21
NAV of SH attributable to PH (S\$ million) <sup>(3)</sup>	201.77	201.77	201.77
<b>Market capitalisation of PH as a percentage of the NAV of SH attributable to PH</b>	<b>50.53%</b>	<b>73.63%</b>	<b>85.06%</b>

Notes:

- (1) Based on the closing price of Pan Hong Shares or Sino Harbour Shares on the relevant day, where applicable.
- (2) Based on an exchange rate of S\$1 = HK\$5.8800.
- (3) Based on PH's effective equity stake of 73.05% in SH.
- (4) Based on the aggregate of the Group's NAV after the Proposed Corporate Exercises of RMB646.46 million (please refer to paragraph 8.3 of this Circular for further details), or approximately S\$132.18 million (based on an exchange rate of S\$1 = RMB4.8907) and the market value of the Company's effective stake in SH on the relevant day converted to S\$ based on an exchange rate of S\$1 = HK\$5.8800.
- (5) Based on an exchange rate of S\$1 = RMB4.8907.

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Based on the table above:

- (a) **Market Value of the Company's Effective Equity Stake in SH:** The Company has an effective equity stake of 73.05% in SH. For illustrative purposes only, the market capitalisation of the Company was approximately 80.25%, 118.37% and 86.25% of the market value of the Company's effective equity stake in SH as at the last Market Day prior to the Announcement, the Market Day immediately after the Announcement and as at the Latest Practicable Date respectively.
- (b) **Adjusted NAV of the Group:** The unaudited NAV of the Group as at 30 September 2017 was RMB1,654.73 million or approximately S\$338.34 million (based on an exchange rate of S\$1 = RMB4.8907) (excluding non-controlling interests). For illustrative purposes only, substituting SH's contribution to the Group's NAV of RMB1,008.27 million or approximately S\$206.16 million (based on an exchange rate of S\$1 = RMB4.8907) with the market value of the Company's effective equity stake in SH as at the respective reference periods, the adjusted NAV of the Group is approximately S\$259.22 million, S\$257.69 million and S\$331.16 million as at the last Market Day prior to the Announcement, the Market Day immediately after the Announcement and the Latest Practicable Date respectively. Therefore, the market capitalisation of the Company was approximately 39.33%, 57.65% and 51.82% of the adjusted NAV of the Group as at the last Market Day prior to the Announcement, the Market Day immediately after the Announcement and as at the Latest Practicable Date respectively.
- (c) **NAV of SH attributable to PH:** Based on the last unaudited financial results of SH made up to 30 September 2017, the NAV (less non-controlling interests) of SH and its sub-group is RMB1,350.84 million, or approximately S\$276.21 million (based on an exchange rate of S\$1 = RMB4.8907). Accordingly, the NAV of SH and its sub-group which is attributable to the Company is approximately S\$201.77 million. The market capitalisation of the Company was approximately 50.53%, 73.63% and 85.06% of the NAV of SH and its sub-group which is attributable to the Company as at the last Market Day prior to the Announcement, the Market Day immediately after the Announcement and as at the Latest Practicable Date respectively.

The above illustrates that the Pan Hong Shares were generally trading on the SGX-ST at a discount to the market value of the Company's effective equity stake in SH, the adjusted NAV of PH and the NAV of SH and its sub-group which is attributable to the Company.

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The historical trading liquidity of Pan Hong Shares has generally been lower than that of Sino Harbour Shares. The average daily traded volume of the Pan Hong Shares and Sino Harbour Shares over the last one (1)-month, three (3)-months, six (6)-months, 12 months, two (2) years, three (3) years and since the listing of Sino Harbour Shares on the HKEX up to and including 24 August 2017 (being the last Market Day prior to the Announcement) are as follows:

<b>Periods prior/up to 24 August 2017</b>	<b>Company</b>		<b>SH</b>	
	<b>Average Daily Traded Volume<sup>(1)</sup> (Shares)</b>	<b>Percentage of PH share capital<sup>(2)</sup> (%)</b>	<b>Average Daily Traded Volume<sup>(1)</sup> (Shares)</b>	<b>Percentage of SH share capital<sup>(3)</sup> (%)</b>
Last 1 month	84,039	0.02	3,909,304	0.16
Last 3 months	88,102	0.02	3,767,212	0.15
Last 6 months	49,005	0.01	3,496,694	0.14
Last 12 months	64,962	0.01	3,986,721	0.16
Last 2 years	76,953	0.02	4,888,878	0.20
Last 3 years	82,716	0.02	4,051,042	0.16
Since the listing of Sino Harbour Shares <sup>(4)</sup>	76,602	0.01	2,193,586	0.09

Source: Bloomberg L.P.

*Notes:*

- (1) The average daily traded volume is computed based on the respective total trading volume of Pan Hong Shares and Sino Harbour Shares for all market days for the relevant periods prior to and including 24 August 2017, divided by the total number of market days during the respective periods.
- (2) Based on 512,311,024 Pan Hong Shares, being the total number of Pan Hong Shares in issue (excluding treasury shares) as at 24 August 2017.
- (3) Based on 2,464,000,000 Sino Harbour Shares, being the total number of Sino Harbour Shares in issue as at 24 August 2017.
- (4) Sino Harbour Shares were listed on the HKEX on 22 July 2011.

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

Upon completion of the Proposed Distribution, Shareholders will have the discretion and the flexibility to separately decide on their shareholdings in the Company and in SH depending on their individual investment objectives. In particular, Shareholders would then have direct control over the Sino Harbour Shares distributed to them. Further details on how the Sino Harbour Shares may be dealt with by Shareholders upon completion of the Proposed Distribution are set out in paragraph 6.7 of this Circular.

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### 5. DETAILS OF THE PROPOSED BYE-LAW AMENDMENT, THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED SHARE PREMIUM REDUCTION

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

- (a) carry out the Proposed Bye-law Amendment;
- (b) undertake the Proposed Capital Reduction; and
- (c) undertake the Proposed Share Premium Reduction.

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

If the Proposed Bye-law Amendment is approved by Shareholders, Bye-law 138 will read as follows (the amendments shown as deletions below):

*“No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than ~~the aggregate of its liabilities and its issued share capital and share premium accounts.~~”*

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

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

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5.3 **Details of the Proposed Capital Reduction and the Proposed Share Premium Reduction.** Based on the last unaudited financial results of the Company made up to 30 September 2017, the book value of the Sino Harbour Shares which are to be distributed to the Entitled Shareholders pursuant to the Proposed Distribution is RMB285,452,000. As at 30 September 2017, the total reserves of the Company amounted to RMB275,744,000, comprising:

	<u>(RMB'000)</u>
Share premium	203,250
Treasury shares	(12,817)
Contributed surplus	59,579
Retained earnings	<u>25,732</u>
	<u><u>275,744</u></u>

As the Company does not have sufficient distributable reserves for the purpose of the Proposed Distribution, the Company will have to undertake a capital reduction pursuant to Section 46 of the Bermuda Companies Act to reduce the par value of each Pan Hong Share and to reduce its share premium and utilise the credit thereby arising in order to effect the Proposed Distribution.

The Proposed Capital Reduction and the Proposed Share Premium Reduction will involve the following:

- (a) the issued and paid-up share capital of the Company will be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.50 on each of the shares with a par value of HK\$0.60 in the share capital of the Company in issue on the Effective Date (the “**Proposed Capital Reduction**”) so that each issued share with a par value of HK\$0.60 shall be treated as one (1) fully paid up share with a par value of HK\$0.10 as at the Effective Date and any liability of the holder of such shares to make any further contribution to the share capital of the Company on each such share shall be treated as satisfied;
- (b) subject to and forthwith upon the Proposed Capital Reduction taking effect, all the authorised but unissued shares with a par value of HK\$0.60 each in the share capital of the Company (which shall include the authorised but unissued shares resulting from the Proposed Capital Reduction) will be cancelled and the authorised share capital of the Company of HK\$510,000,000 will be diminished by such amount representing the amount of shares so cancelled, and forthwith upon such cancellation, the authorised share capital of the Company will be increased to HK\$510,000,000 by the creation of such number of shares with a par value of HK\$0.10 each as shall represent the difference between 5,100,000,000 shares with a par value of HK\$0.10 each and the number of shares with a par value of HK\$0.10 in issue after the Proposed Capital Reduction;

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- (c) the share premium account of the Company will be reduced by cancelling the entire sum standing to the credit of the share premium account as at 30 September 2017, being an amount equivalent to RMB203,250,000 (the “**Proposed Share Premium Reduction**”);
- (d) subject to and forthwith upon the Proposed Capital Reduction and the Proposed Share Premium Reduction taking effect, the credit arising from the Proposed Capital Reduction, in the sum equivalent to RMB250,524,000, and the credit arising from the Proposed Share Premium Reduction, in the sum equivalent to RMB203,250,000, be credited to the contributed surplus account of the Company and the sum equivalent to RMB285,452,000 in the contributed surplus account of the Company be utilised towards the Proposed Distribution for distribution to the Entitled Shareholders; and
- (e) any credit balance in the contributed surplus account of the Company be utilised in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws.

### 5.4 Other benefits of the Proposed Capital Reduction and the Proposed Share Premium Reduction.

- (a) **Greater flexibility to issue new shares.** Under Bermuda law, shares of a Bermuda company may not be issued at a price which is less than the par value of the shares. The Proposed Capital Reduction will provide the Company with greater flexibility to issue new shares in the future should fund raising opportunities or requirements arise and facilitate corporate actions which may require the issuance of new shares.
- (b) **Greater flexibility in relation to dividend policy and distributions.** The Proposed Capital Reduction and the Proposed Share Premium Reduction will also increase the distributable reserves of the Company, thereby giving the Company greater flexibility in relation to its dividend policy and distributions as the total amount of the credit arising from the Proposed Capital Reduction and the Proposed Share Premium Reduction shall be transferred to the contributed surplus account of the Company and any balance remaining in the contributed surplus account of the Company following utilisation of the amount of RMB285,452,000 in the Proposed Distribution may be utilised in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws. However, whether or not the Company will make any other distribution and the timing and amount of any other distribution will depend on the Company’s earnings, financial position including cash flow position and future capital requirements, future plans and other relevant factors. **As at the Latest Practicable Date, other than the Proposed Distribution, Shareholders should note that there are currently no plans to make any other distribution.**

## 6. DETAILS OF THE PROPOSED DISTRIBUTION

- 6.1 **Entitled Shareholders.** Shareholders holding Pan Hong Shares at the Books Closure Date will be entitled to the Proposed Distribution.

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6.2 **Details of the Proposed Distribution.** As at the Latest Practicable Date, the Company holds 1,800,000,000 Sino Harbour Shares with a book value of RMB285,452,000, representing approximately 73.05%<sup>4</sup> of the total issued share capital of SH, which will be distributed pursuant to the Proposed Distribution. On the basis that the Company distributes all the Sino Harbour Shares that it holds pursuant to the Proposed Distribution, the Company will cease to hold any shares in SH and consequently, the Company will cease to hold any interest in the Jiangxi Property Business.

As at the Latest Practicable Date, there are a total of 512,311,024 Pan Hong Shares in issue (excluding treasury shares) and the Company holds 1,800,000,000 Sino Harbour Shares. Accordingly, on the premise that, save for the Proposed Corporate Exercises, the Company will not acquire or dispose of any Sino Harbour Shares from the Latest Practicable Date to the Date of Completion, the Proposed Distribution will be effected by way of a dividend *in specie* of all the Sino Harbour Shares held by the Company to Entitled Shareholders on the basis of 3.51349 Sino Harbour Shares for each Pan Hong Share held by an Entitled Shareholder as at the Books Closure Date, fractional entitlements to be disregarded. Any resulting fractional shares will be aggregated and sold for the benefit of the Company, or otherwise dealt with in such manner and on such terms and conditions as the Directors deem fit.

For illustrative purposes only, a Shareholder who holds:

- (a) 1,000 Pan Hong Shares as at the Books Closure Date would receive 3,513 Sino Harbour Shares pursuant to the Proposed Distribution; and
- (b) 5,000 Pan Hong Shares as at the Books Closure Date would receive 17,567 Sino Harbour Shares pursuant to the Proposed Distribution.

The actual number of Sino Harbour Shares that each Entitled Shareholder will receive pursuant to the Proposed Distribution will depend on the total number of Sino Harbour Shares held by the Company on the Books Closure Date and the total number of Pan Hong Shares held by the Entitled Shareholder as at the Books Closure Date.

6.3 **No Payment Required.** Entitled Shareholders will not be required to pay any consideration for the Sino Harbour Shares to be distributed to them pursuant to the Proposed Distribution.

6.4 **Tax Treatment.** Please refer to paragraph 9 of this Circular for details relating to the tax treatment of the Proposed Distribution in the hands of Entitled Shareholders.

6.5 **Shareholders' Entitlements to the Sino Harbour Shares.**

- (a) **Books Closure Date.** Subject to the satisfaction of the approvals set out in paragraph 7 of this Circular, the Company will announce the Books Closure Date as soon as practicable in order to determine the Shareholders' entitlements to the Sino Harbour Shares pursuant to the Proposed Distribution.

<sup>4</sup> Based on a total number of 2,464,000,000 Sino Harbour Shares in issue as at the Latest Practicable Date.



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- (b) **Entitlements to Sino Harbour Shares.** Pursuant to the Proposed Distribution, an Entitled Shareholder will receive 3.51349 Sino Harbour Shares for each Pan Hong Share held by him as at the Books Closure Date, fractional entitlements to be disregarded, except that Sino Harbour Shares which would otherwise be distributed to Overseas Shareholders pursuant to the Proposed Distribution will be dealt with in the manner described in paragraph 6.6 of this Circular entitled “Overseas Shareholders”. The actual number of Sino Harbour Shares that each Entitled Shareholder will receive pursuant to the Proposed Distribution will depend on the total number of Sino Harbour Shares held by the Company on the Books Closure Date and the total number of Pan Hong Shares held by the Entitled Shareholder as at the Books Closure Date.
- (c) **Shareholders (being Depositors) whose Pan Hong Shares are deposited with CDP.** In the case of Shareholders (being Depositors), entitlements to the Sino Harbour Shares will be determined on the basis of the number of Pan Hong Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date. Shareholders (being Depositors) are requested to take the necessary action to ensure that the Pan Hong Shares owned by them are credited to their Securities Accounts by the Books Closure Date.
- (d) **Scrip Shareholders whose Pan Hong Shares are not deposited with CDP.** In the case of Scrip Shareholders, entitlements to the Sino Harbour Shares will be determined on the basis of their holdings of Pan Hong Shares appearing in the Register of Members as at the Books Closure Date.

Scrip Shareholders who have not already done so are requested to take the necessary action to ensure that the Pan Hong Shares owned by them are registered in their names or in the names of their nominees in the Register of Members by the Books Closure Date.

- (e) **Investors whose Pan Hong Shares are held through a finance company and/or a Depository Agent.** In the case of investors who hold Pan Hong Shares through a finance company and/or a Depository Agent, entitlements to the Sino Harbour Shares will be determined on the basis of the number of Pan Hong Shares held by the finance companies and/or the Depository Agents on behalf of such investors as at the Books Closure Date. Following the Books Closure Date, the share certificates in respect of the Sino Harbour Shares attributed to such investors pursuant to the Proposed Distribution will be sent to the relevant finance companies and/or the Depository Agents, and the relevant finance companies and/or the Depository Agents will update their records accordingly.

6.6 **Overseas Shareholders.** The Proposed Distribution to Overseas Shareholders as at the Books Closure Date may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Company.

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

Arrangements will be made for the Sino Harbour Shares which would otherwise have been distributed to such Overseas Shareholders to be distributed to such person(s) as the Directors may appoint, who shall sell these Sino Harbour Shares at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Shareholders on the basis of the respective number of Sino Harbour Shares they would otherwise have been entitled to, in full satisfaction of their rights to the Sino Harbour Shares pursuant to the Proposed Distribution.

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

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

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

- 6.7 Posting of Sino Harbour Shares Certificates and Trading of Sino Harbour Shares.** Subject to the satisfaction of the approvals set out in paragraph 7 of this Circular and payment of the stamp duty by the Company (if applicable), the Sino Harbour Share Certificates will be sent to Entitled Shareholders whose registered addresses as at the Books Closure Date, as recorded in the Register of Members or in the Depository Register maintained by CDP, as the case may be, for the service of notice and documents, are in Singapore, by ordinary mail at their own risk to the registered addresses of the Entitled Shareholders as recorded in the Register of Members or in the Depository Register maintained by CDP, as the case may be. With regard to posting by ordinary mail, the sole responsibility of the Company is to ensure that mails are correctly addressed to the registered addresses of the respective Entitled Shareholders as recorded in the Register of Members or in the Depository Register maintained by the CDP, as the case may be. Save for this, the Company assumes no responsibility and disclaims all liabilities in respect of such posting.

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Entitled Shareholders are advised that upon receipt of the relevant Sino Harbour Share Certificates, each Entitled Shareholder should personally, or arrange to have its duly authorized representative(s), visit the offices of B.A.C.S. Private Limited, the Singapore Share Transfer Agent, at 8 Robinson Road #03-00 ASO Building Singapore 048544, between 9.00 am and 5.00 pm on Mondays to Fridays (save for Singapore public holidays), for purposes of providing a signature specimen.

When providing the signature specimen, each Entitled Shareholder will be required to produce the relevant identification documents referred to below. Where the Entitled Shareholder is an individual, he will be required to provide the original of his passport or identification card. Where the Entitled Shareholder is a body corporate, its authorised representative(s) will be required to produce (i) a certified true copy of its Business Registration Certificate or the equivalent and (ii) a certified true copy of its board minutes or the equivalent giving the requisite authority to its authorised representative(s) to execute transfer form(s) for share transfer(s) on its behalf. To facilitate matters for Entitled Shareholders, details of the actual procedure and documentation required, together with answers to a set of frequently asked questions, will be set out in a note which will be sent to all Entitled Shareholders together with the relevant Sino Harbour Share Certificates.

**Please note that Entitled Shareholders who wish to trade their Sino Harbour Shares on the HKEX (see below for further details) will not be able to do so until they have provided B.A.C.S. Private Limited with such a signature specimen, accompanied by the relevant identification documents.**

The Entitled Shareholders who wish to trade their Sino Harbour Shares on the HKEX should ensure that they have:

- (i) set up a CCASS Investor Participant stock account with HKSCC<sup>5</sup>; or
- (ii) a stock account with a designated CCASS Participant, either through a brokerage in Hong Kong or a brokerage in Singapore which offers such services.

**Entitled Shareholders who wish to trade their Sino Harbour Shares on the HKEX should consult their stockbrokers or other professional advisers on the logistical details for the setting up of such stock account.**

For the deposit of Sino Harbour Share Certificate(s) into CCASS or to effect the sale of their Sino Harbour Shares on the HKEX, Entitled Shareholders should execute the transfer form found on the reverse of a Sino Harbour Share Certificate or a transfer form which is customarily in use in Hong Kong (and which can be obtained from brokerages in Hong Kong). The duly executed transfer form must be delivered by such Entitled Shareholder, together with his Sino Harbour Share Certificate(s), to his brokerage for his brokerage to deposit the Sino Harbour Share Certificate(s) into CCASS for credit to the relevant stock account.

<sup>5</sup> Shareholders should note the admission criteria and application procedures for opening a CCASS Investor Participant account, which is available on the website of the HKEX at [http://www.hkex.com.hk/eng/prod/ctr/sec\\_clrsett/ipacctsvc/how\\_to\\_apply.htm](http://www.hkex.com.hk/eng/prod/ctr/sec_clrsett/ipacctsvc/how_to_apply.htm)

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For the fees that are applicable to security transactions on the HKEX, please refer to [http://www.hkex.com.hk/services/rules-and-forms-and-fees/fees/securities-\(hong-kong\)/trading/transaction?sc\\_lang=en](http://www.hkex.com.hk/services/rules-and-forms-and-fees/fees/securities-(hong-kong)/trading/transaction?sc_lang=en).

Entitled Shareholders should note that the transaction costs of dealings in Sino Harbour Shares on the HKEX as described above and any other costs, including fees levied by the Entitled Shareholders' own brokers, nominees or custodians (where relevant), will be borne by the relevant Entitled Shareholders. Such fees levied by brokers, nominees or custodians in respect of trades of shares on the HKEX differ depending on the broker, nominee or custodian chosen by an Entitled Shareholder. In particular, brokerage commission in respect of trades of Shares on the HKEX is freely negotiable between the parties<sup>6</sup>.

Entitled Shareholders who require clarification with respect to the aforementioned procedure can contact the Singapore Share Transfer Agent or the Hong Kong Branch Registrar at the contact details indicated below:

- Singapore Share Transfer Agent: main@zicoholdings.com or +65 6593 4848
- Hong Kong Branch Registrar: srinfo.hk@boardroomlimited.com or +852 2153 1688

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

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

To facilitate the trading of odd lots of Sino Harbour Shares arising from the Proposed Distribution, the Company has appointed RHB Securities Hong Kong Limited to provide odd lot matching services for the sale and purchase of odd lots of Sino Harbour Shares at the relevant market price per Sino Harbour Share, on a commercially reasonable effort basis, to those shareholders of SH (including Entitled Shareholders who will hold the Sino Harbour Shares directly pursuant to the Proposed Distribution) who wish to acquire odd lots of Sino Harbour Shares to make up a full board lot, or to dispose of their holding of odd lots of Sino Harbour Shares. This service will be available for a specific period of time immediately after the Proposed Distribution is effected. Entitled Shareholders who wish to utilize the service should contact Ms. Olivia Chan of RHB Securities Hong Kong Limited at +852 2103-9253, 12/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong tentatively during the period from 3 April 2018 to 11 May 2018, both days inclusive. Shareholders are advised to refer to the Company's announcements on the SGXNET for the actual dates or time period on or during which such service will be available.

<sup>6</sup> [http://www.hkex.com.hk/services/rules-and-forms-and-fees/fees/securities-\(hong-kong\)/trading/transaction?sc\\_lang=en](http://www.hkex.com.hk/services/rules-and-forms-and-fees/fees/securities-(hong-kong)/trading/transaction?sc_lang=en)

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No fees will be charged to the Entitled Shareholders in respect of such odd-lot matching services.

Entitled Shareholders will have to bear the usual transaction costs of dealing in Sino Harbour Shares on the HKEX. Please refer to paragraph 6.7 of this Circular for details relating to such transaction costs.

**Holders of odd lots of Sino Harbour Shares should note that successful matching of the sale and purchase of odd lots of Sino Harbour Shares is not guaranteed. If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.**

### 7. APPROVALS

The Proposed Corporate Exercises are subject to the following approvals being obtained:

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

Section 46(2)(b) of the Bermuda Companies Act provides that no company shall reduce the amount of its share capital if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.

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## LETTER TO SHAREHOLDERS

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### **8. FINANCIAL EFFECTS OF (I) THE PROPOSED CAPITAL REDUCTION, (II) THE PROPOSED SHARE PREMIUM REDUCTION AND (III) THE PROPOSED DISTRIBUTION**

8.1 **Assumptions.** For illustrative purposes only, the financial effects of (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution are prepared on the following assumptions:

- (a) the financial effects on the share capital, Shareholders' funds and reserves, NTA per Pan Hong Share and Net Debt Ratio as at 30 September 2017 (end of the latest financial period) have been prepared on a pro forma basis as if (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution had been completed on 30 September 2017; and
- (b) ROE and EPS have been prepared on a pro forma basis as if (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution had been completed on 1 April 2016.

The said financial effects are purely for illustrative purposes only, are not reviewed nor audited by the auditors, and do not reflect the actual or probable financial position or earnings of the Group after the completion of (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution. For the avoidance of doubt, the said financial effects do not take into consideration the costs and expenses incurred in connection with the Proposed Corporate Exercises.

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## LETTER TO SHAREHOLDERS

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### 8.2 Share Capital

The effects of (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution on the share capital of the Company as at 30 September 2017 are as follows:

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
<b>Authorised Share Capital</b>				
Number of Pan Hong Shares	850,000,000	5,100,000,000	5,100,000,000	5,100,000,000
Par Value (HK\$)	<u>0.60</u>	<u>0.10</u>	<u>0.10</u>	<u>0.10</u>
Total (HK\$'000)	<u><u>510,000</u></u>	<u><u>510,000</u></u>	<u><u>510,000</u></u>	<u><u>510,000</u></u>
<b>Issued and Paid-up Capital<sup>(1)</sup></b>				
Number of Pan Hong Shares	518,855,024	518,855,024	518,855,024	518,855,024
Par Value (HK\$)	<u>0.60</u>	<u>0.10</u>	<u>0.10</u>	<u>0.10</u>
Total (HK\$'000)	<u><u>311,313</u></u>	<u><u>51,886</u></u>	<u><u>51,886</u></u>	<u><u>51,886</u></u>

*Notes:*

- (1) Based on 518,855,024 Pan Hong Shares, being the total number of Pan Hong Shares in issue (including treasury shares) as at 30 September 2017.

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## LETTER TO SHAREHOLDERS

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### 8.3 Shareholders' Funds and Reserves

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

#### Company

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
Share Capital (less treasury shares) (RMB'000)	300,629	50,105	50,105	50,105
Share Premium (RMB'000)	203,250	203,250	–	–
Other Reserves <sup>(1)</sup> (RMB'000)	<u>85,311</u>	<u>335,835</u>	<u>539,085</u>	<u>253,633</u>
<b>Total Shareholders' Funds (RMB'000)</b>	<b><u>589,190</u></b>	<b><u>589,190</u></b>	<b><u>589,190</u></b>	<b><u>303,738</u></b>

*Notes:*

- (1) For the purposes of this calculation, "Other Reserves" refers to the Company's or the Group's reserves, as the case may be, except for Share Premium as at 30 September 2017.



## LETTER TO SHAREHOLDERS

### Group

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
Share Capital (less treasury shares) (RMB'000)	300,629	50,105	50,105	50,105
Share Premium (RMB'000)	203,250	203,250	–	–
Other Reserves <sup>(1)</sup> (RMB'000)	1,150,851	1,401,375	1,604,625	596,359 <sup>(2)</sup>
<b>Total Shareholders' Funds (RMB'000)</b>	<b>1,654,730</b>	<b>1,654,730</b>	<b>1,654,730</b>	<b>646,464</b>

*Notes:*

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

### 8.4 ROE

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

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
Net Profit <sup>(1)</sup> (RMB'000)	100,937	100,937	100,937	48,573 <sup>(2)</sup>
Shareholders' equity (RMB'000)	1,654,730	1,654,730	1,654,730	646,464 <sup>(2)</sup>
<b>Return on equity (%)</b>	<b>6.1%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>7.5%</b>

*Notes:*

- (1) For the purposes of this calculation, "Net Profit" means profit after tax attributable to the owners of the Company for the financial year ended 31 March 2017 and does not take into account the costs and expenses incurred in connection with the Proposed Corporate Exercises.
- (2) Following the Proposed Distribution, SH and its subsidiaries will cease to be subsidiaries of the Company and will be deconsolidated from the Group.

## LETTER TO SHAREHOLDERS

### 8.5 NTA per Pan Hong Share

The effects of (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution on the net tangible assets per Pan Hong Share for the Group are as follows:

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
NTA attributable to owners of the Company (RMB'000)	1,654,730	1,654,730	1,654,730	646,464 <sup>(1)</sup>
Number of issued and paid-up Pan Hong Shares (less treasury) ('000)	512,311	512,311	512,311	512,311
<b>NTA per Pan Hong Share (RMB)</b>	<b>3.23</b>	<b>3.23</b>	<b>3.23</b>	<b>1.26</b>

Notes:

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

### 8.6 EPS

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

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
Net Profit <sup>(1)</sup> (RMB'000)	100,937	100,937	100,937	48,573 <sup>(2)</sup>
Number of issued and paid-up Pan Hong Shares (less treasury shares) ('000)	512,311	512,311	512,311	512,311
<b>EPS (RMB cents)</b>	<b>19.7</b>	<b>19.7</b>	<b>19.7</b>	<b>9.5</b>

Notes:

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

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## LETTER TO SHAREHOLDERS

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### 8.7 Net Debt Ratio

The effects of (i) the Proposed Capital Reduction, (ii) the Proposed Share Premium Reduction and (iii) the Proposed Distribution on the Net Debt Ratio of the Group are as follows:

	<b>Before</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and <b>before</b> Proposed Share Premium Reduction and Proposed Distribution	<b>After</b> Proposed Capital Reduction and Proposed Share Premium Reduction and <b>before</b> Proposed Distribution	<b>After</b> Proposed Capital Reduction, Proposed Share Premium Reduction and Proposed Distribution
Net Debt <sup>(1)</sup> (RMB'000)	1,257,584	1,257,584	1,257,584	232,261 <sup>(2)</sup>
Shareholders' funds (RMB'000)	1,654,730	1,654,730	1,654,730	646,464 <sup>(2)</sup>
<b>Net Debt Ratio (times)</b>	0.76	0.76	0.76	0.36

*Notes:*

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

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## LETTER TO SHAREHOLDERS

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### 9. TAXATION

9.1 **Dividend.** As the Company is incorporated in Bermuda and is a non-tax resident in Singapore, dividends paid by the Company would be considered as sourced outside Singapore.

As dividends on the Pan Hong Shares will be paid through CDP, foreign-sourced dividends received or deemed received in Singapore by an individual not resident in Singapore are exempt from Singapore income tax. This exemption will also apply in the case of a Singapore tax resident individual who has received or is deemed to have received his foreign-sourced personal income in Singapore on or after 6 January 2004.

Dividends on the Pan Hong Shares received or deemed received by Singapore resident corporate taxpayers in Singapore will be subject to Singapore income tax as they are received through CDP. However, if the conditions for the exemption of foreign income received on or after 1 June 2003 (as stated below) are met, such dividends should be exempt from Singapore tax when they are received or deemed received in Singapore.

Foreign income in the form of dividends received or deemed received in Singapore on or after 1 June 2013 by a resident taxpayer is tax-exempt if:

- such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- the Comptroller of Income Tax is satisfied that the exemption would be beneficial to the recipient of the foreign income.

Dividends on the Pan Hong Shares received or deemed received in Singapore through CDP by non-Singapore resident corporate taxpayers will generally not be subject to tax in Singapore. However, where such foreign companies have activities in Singapore, dividends received in Singapore through CDP by such companies may be subject to tax in Singapore if the dividends are in respect of investments made through their Singapore-based activities or the dividends are otherwise connected with their Singapore-based activities.

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## LETTER TO SHAREHOLDERS

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9.2 **Stamp Duty.** The Company will bear stamp duty, if any, chargeable for the transfer of the Sino Harbour Shares by the Company to Entitled Shareholders pursuant to the Proposed Distribution. Stamp duty is payable at the rate of 0.2% computed on the last closing share price of Sino Harbour Shares immediately prior to the date of the Proposed Distribution<sup>7</sup>.

9.3 **Entitled Shareholders' Own Tax Position.** Entitled Shareholders should note that the statements in paragraphs 9.1 and 9.2 of this Circular are not to be regarded as advice on the tax position of any Shareholder in Singapore or any other jurisdiction, or any tax implication arising from the Proposed Distribution. If any Entitled Shareholder is in doubt as to his tax position in Singapore or in any other jurisdiction, or any tax implication arising from the Proposed Distribution, he should consult his own professional advisers.

### 10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10.1 **Directors' Interests in Pan Hong Shares.** Based on the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date, the interests of the Directors in the Pan Hong Shares are as follows:

Name of Director	Direct Interest		Deemed Interest	
	Number of Pan Hong Shares	% <sup>(1)</sup>	Number of Pan Hong Shares	% <sup>(1)</sup>
Mr Wong Lam Ping <sup>(2)</sup>	25,749,794	5.03	302,443,300	59.04
Ms Wang Cuiping	689,900	0.13	–	–
Mr Chan Kin Sang	–	–	–	–
Mr Sim Wee Leong	–	–	–	–
Dr Choo Kian Koon	–	–	–	–
Dr Zheng Haibin	–	–	–	–

Notes:

- (1) Based on 512,311,024 Pan Hong Shares, being the total number of Pan Hong Shares in issue (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Wong Lam Ping and Ms Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Limited respectively. Extra Good Enterprises Limited holds 140,000,000 Pan Hong Shares through RHB Securities Singapore Pte. Ltd. Ms Chan Heung Ling is the spouse of Mr Wong Lam Ping. As such, Mr Wong Lam Ping is deemed interested in the 288,000,000 and 14,443,300 Pan Hong Shares held by Extra Good Enterprises Limited and Ms Chan Heung Ling respectively. Mr Wong Lam Ping holds 4,797,600 Pan Hong Shares through Phillip Securities Pte Ltd.

<sup>7</sup> [https://www.gov.hk/en/residents/taxes/docs/IRSD123\(E\).pdf](https://www.gov.hk/en/residents/taxes/docs/IRSD123(E).pdf)

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## LETTER TO SHAREHOLDERS

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10.2 **Substantial Shareholders' Interests in Pan Hong Shares.** Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the interests of the Substantial Shareholders in the Pan Hong Shares are as follows:

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Pan Hong Shares	% <sup>(1)</sup>	Number of Pan Hong Shares	% <sup>(1)</sup>
Extra Good Enterprises Limited <sup>(4)</sup>	288,000,000	56.22	–	–
Mr Wong Lam Ping <sup>(2) (3) (5)</sup>	25,749,794	5.03	302,443,300	59.04
Ms Chan Heung Ling <sup>(2) (3)</sup>	14,443,300	2.82	313,749,794	61.24

Notes:

- (1) Based on 512,311,024 Pan Hong Shares, being the total number of Pan Hong Shares in issue (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Wong Lam Ping and Ms Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Limited respectively. As such, both are deemed to be interested in the Pan Hong Shares held by Extra Good Enterprises Limited.
- (3) Ms Chan Heung Ling is the spouse of Mr Wong Lam Ping and they are deemed to be interested in the Pan Hong Shares held by each other.
- (4) Extra Good Enterprises Limited holds 140,000,000 Pan Hong Shares through RHB Securities Singapore Pte. Ltd.
- (5) Mr Wong Lam Ping holds 4,797,600 Pan Hong Shares through Philip Securities Pte Ltd.

## 11. DIRECTORS' RECOMMENDATION

Having considered the terms of and the rationale for the Proposed Corporate Exercises, the Directors are of the opinion that the Proposed Corporate Exercises are in the interests of the Company and its Shareholders.

Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions relating to the Proposed Corporate Exercises (set out in the Notice of Special General Meeting on pages 37 to 40 of this Circular) to be proposed at the SGM.

## 12. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on pages 37 to 40 of this Circular, will be held on 8 February 2018 at Marie II Room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516, at 2.30 p.m., for the purpose of considering and, if thought fit, passing the resolutions relating to the Proposed Corporate Exercises set out in the Notice of Special General Meeting.

The proposed corporate exercises set out as Resolutions 1 and 2 in the Notice of Special General Meeting are independent and are not inter-conditional.

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## LETTER TO SHAREHOLDERS

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As set out in Resolution 3 in the Notice of Special General Meeting, the Proposed Distribution is conditional upon the passing of Resolutions 1 and 2 in the Notice of Special General Meeting and the Proposed Capital Reduction and the Proposed Share Premium Reduction taking effect.

### 13. ACTION TO BE TAKEN BY SHAREHOLDERS

- 13.1 **Appointment of proxies.** A Shareholder who is unable to attend the SGM and who wishes to appoint a proxy to attend and vote at the SGM on its behalf should complete and sign the Member Proxy Form accompanying this Circular in accordance with the instructions printed thereon. The completed and signed Member Proxy Form should then be returned as soon as possible and, in any event, so as to arrive at the Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544, not less than 48 hours before the time fixed for the SGM. Shareholders who have completed and returned the Member Proxy Form may still attend and vote in person at the SGM, if they so wish, in place of their proxy. A proxy need not be a Shareholder.
- 13.2 **Notice for Depositors.** A Depositor shall not be regarded as a member of the Company entitled to attend the SGM and to speak and vote thereat. Depositors who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the SGM, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgment of any Proxy Form. Depositors who are individuals and are unable to attend the SGM personally and wish to appoint their nominee or nominees to attend and vote on their behalf and Depositors which are corporations must complete, sign and return the Depositor Proxy Form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544, not later than 48 hours prior to the time of the SGM. The completion and return of a Depositor Proxy Form by an individual Depositor does not preclude him from attending and voting in person at the SGM if he so wishes, in place of his nominee or nominees.

### 14. 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 enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Corporate Exercises and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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.

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## LETTER TO SHAREHOLDERS

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### 15. CONSENT

RHB Securities Singapore Pte. Ltd. has given and has not withdrawn its consent to the issue of this Circular with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Circular.

### 16. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of RHB Securities Singapore Pte. Ltd.'s knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Distribution and the Group, and RHB Securities Singapore Pte. Ltd. is not aware of any facts about the Proposed Distribution the omission of which would make any statement in the document misleading.

### 17. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544, during normal business hours on any weekday (public holidays excepted) from the date of this Circular up to and including the date of the SGM:

- (a) the Memorandum of Association and Bye-laws of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2017.

Yours faithfully

For and on behalf of the Board of Directors of  
**PAN HONG HOLDINGS GROUP LIMITED**

**Wong Lam Ping**  
*Executive Chairman*



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## NOTICE OF SPECIAL GENERAL MEETING

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汎港控股  
PAN HONG HOLDINGS

### PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Company Registration Number: 37749)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a SPECIAL GENERAL MEETING (the “SGM”) of Pan Hong Holdings Group Limited (the “**Company**”) will be held at Marie II Room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516 on 8 February 2018 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

*All references to the Circular in this Notice of Special General Meeting shall mean the Company’s Circular to Shareholders dated 16 January 2018 (the “**Circular**”). All capitalised terms not otherwise defined herein shall have the meanings given to them in the Circular.*

#### AS A SPECIAL RESOLUTION

##### RESOLUTION 1 – THE PROPOSED BYE-LAW AMENDMENT

THAT the existing Bye-law 138 of the Bye-laws of the Company be deleted in its entirety and the following new Bye-law 138 be substituted therefor:

“138. *No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.*”

#### AS A SPECIAL RESOLUTION

##### RESOLUTION 2 – THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED SHARE PREMIUM REDUCTION

That:

- (a) with effect from 26 February 2018 or such other date as the Directors of the Company may determine in accordance with the Companies Act 1981 of Bermuda (the “**Effective Date**”):
  - (i) the issued and paid-up share capital of the Company be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.50 on each of the shares with a par value of HK\$0.60 in the share capital of the Company in issue on the Effective Date (the “**Proposed Capital Reduction**”) so that each issued share with a

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## NOTICE OF SPECIAL GENERAL MEETING

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par value of HK\$0.60 shall be treated as one (1) fully paid up share with a par value of HK\$0.10 as at the Effective Date and any liability of the holder of such shares to make any further contribution to the share capital of the Company on each such share shall be treated as satisfied;

- (ii) subject to and forthwith upon the Proposed Capital Reduction taking effect, all the authorised but unissued shares with a par value of HK\$0.60 each in the share capital of the Company (which shall include the authorised but unissued shares resulting from the Proposed Capital Reduction) be cancelled and the authorised share capital of the Company of HK\$510,000,000 be diminished by such amount representing the amount of shares so cancelled, and forthwith upon such cancellation, the authorised share capital of the Company be increased to HK\$510,000,000 by the creation of such number of shares with a par value of HK\$0.10 each as shall represent the difference between 5,100,000,000 shares with a par value of HK\$0.10 each and the number of shares with a par value of HK\$0.10 in issue after the Proposed Capital Reduction;
  - (iii) the share premium account of the Company be reduced to zero by cancelling the entire sum standing to the credit of the share premium account as at 30 September 2017, being an amount equivalent to RMB203,250,000 (the “**Proposed Share Premium Reduction**”);
  - (iv) subject to and forthwith upon the Proposed Capital Reduction and the Proposed Share Premium Reduction taking effect, the credit arising from the Proposed Capital Reduction, in the sum equivalent to RMB250,524,000, and the credit arising from the Proposed Share Premium Reduction, in the sum equivalent to RMB203,250,000, be credited to the contributed surplus account of the Company and the sum equivalent to RMB285,452,000 in the contributed surplus account of the Company be utilised towards the Proposed Distribution for distribution to the Entitled Shareholders; and
  - (v) the Directors of the Company be and are hereby authorised to utilise any credit balance in the contributed surplus account of the Company in such manner as may be determined by the Directors in accordance with the Bye-laws of the Company and all applicable laws; and
- (b) the Directors of the Company (or any one of them) be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve sign and execute any documents which they in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this special resolution and to exercise such discretion in connection with, relating to or arising from the Proposed Capital Reduction and the Proposed Share Premium Reduction and/or the matters contemplated herein, with such modifications thereto (if any) as they or he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Capital Reduction and the Proposed Share Premium Reduction.

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## NOTICE OF SPECIAL GENERAL MEETING

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### AS AN ORDINARY RESOLUTION

#### RESOLUTION 3 – THE PROPOSED DISTRIBUTION

That, conditional on the passing of Resolutions 1 and 2 above and the Proposed Capital Reduction and Proposed Share Premium Reduction taking effect:

- (a) a distribution from the contributed surplus account of the Company, in the sum equivalent to RMB285,452,000, be and is hereby approved and be made to all Entitled Shareholders by way of a distribution *in specie* of 1,800,000,000 fully-paid ordinary shares with a par value of HK\$0.01 each in the share capital of Sino Harbour Holdings Group Limited (“**Sino Harbour Shares**”) held by the Company in proportion to their respective shareholdings in the Company, on the basis of 3.51349 Sino Harbour Shares for each Pan Hong Share held by an Entitled Shareholder as at the Books Closure Date, fractional entitlements to be disregarded (the “**Proposed Distribution**”); and
- (b) the Directors of the Company (or any one of them) be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve sign and execute any documents which they in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this ordinary resolution and to exercise such discretion in connection with, relating to or arising from the Proposed Distribution and/or the matters contemplated herein, with such modifications thereto (if any) as they or he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Distribution.

BY ORDER OF THE BOARD

**Wong Lam Ping**

*Executive Chairman*

Singapore

16 January 2018

*Notes:*

- (1) A Shareholder (other than CDP) entitled to attend and vote at the special general meeting of the Company (the “**Meeting**”) and who holds two or more Pan Hong Shares is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (2) A Depositor holding Pan Hong Shares through CDP and whose name appears in the Depository Register who wishes to attend and vote at the Meeting may do so as CDP’s proxy. Such a Depositor who is not an individual should complete the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544, at least 48 hours before the time of the Meeting.

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## NOTICE OF SPECIAL GENERAL MEETING

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### Personal data privacy

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