

CIRCULAR DATED 25 JANUARY 2018

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

**IF YOU ARE IN ANY DOUBT AS TO THE 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 ordinary shares in the capital of Pavillon Holdings Ltd. ("**Company**") held through The Central Depository (Pte) Ltd ("**CDP**"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

## **PAVILLON HOLDINGS LTD.**

(Company Registration Number: 199905141N)  
(Incorporated in the Republic of Singapore)

### **CIRCULAR TO SHAREHOLDERS IN RELATION TO**

- (1) THE PROPOSED ACQUISITION OF 99 STRATA LOTS OF CITY PLAZA COMMERCIAL COMPLEX AND 8 PLOTS OF LANDS ADJOINING CITY PLAZA COMMERCIAL COMPLEX IN JOHOR BAHRU BY FENGCHI REAL ESTATE SDN. BHD., A SUBSIDIARY OF THE COMPANY;**
- (2) THE PROPOSED ISSUE AND ALLOTMENT OF 70,000,000 NEW SHARES IN THE COMPANY TO MR LIM TIONG SOON AS SETTLEMENT OF PART OF THE PROPERTIES PURCHASE CONSIDERATION PAYABLE TO HOCK DER REALTY SDN. BHD. UPON COMPLETION;**
- (3) THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LIM TIONG SOON PURSUANT TO THE PROPOSED ISSUE AND ALLOTMENT OF CONSIDERATION SHARES;**
- (4) THE PROPOSED ISSUE OF RM29,855,000 PRINCIPAL AMOUNT OF 5.0% CONVERTIBLE BONDS DUE 3 YEARS FROM THE DATE OF ISSUANCE BY THE COMPANY;**
- (5) THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LOW ENG HENG @ LOW YONG HENG PURSUANT TO THE ISSUANCE AND ALLOTMENT OF CONVERSION SHARES; AND**
- (6) THE PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN TIANJIN BINHAI NEW AREA CHANGJIANG CULTURAL ASSETS TRADING CENTER CO., LTD., AN ASSOCIATED COMPANY OF THE COMPANY**

### **IMPORTANT DATES AND TIMES**

|                                                |                                                                                                         |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Last date and time for lodgement of Proxy Form | : 7 February 2018 at 3.00 p.m.                                                                          |
| Date and time of Extraordinary General Meeting | : 9 February 2018 at 3.00 p.m.                                                                          |
| Place of Extraordinary General Meeting         | : Thai Village Restaurant,<br>2 Stadium Walk #01-02/03<br>Singapore Indoor Stadium,<br>Singapore 397691 |

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# DEFINITIONS

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## DEFINITIONS

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

|                                        |                                                                                                                                                                                                                 |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>"1H2017"</b>                        | : The 6 months ended 30 June 2017                                                                                                                                                                               |
| <b>"ACRA"</b>                          | : Accounting and Corporate Regulatory Authority of Singapore                                                                                                                                                    |
| <b>"Addendum Agreements"</b>           | : The 2 addendum agreements dated 21 December 2017 entered into between Fengchi RE and the Vendors, respectively, in relation to the amendments to the payment terms and completion date of the Properties SPAs |
| <b>"Adjoining Land"</b>                | : 8 commercial plots of land adjoining (but not forming a part of) City Plaza Commercial Complex                                                                                                                |
| <b>"Ascent Asia"</b>                   | : Ascent Asia Sdn. Bhd. (Company No. 577814-K), a company incorporated in Malaysia                                                                                                                              |
| <b>"Board"</b>                         | : Board of Directors of the Company                                                                                                                                                                             |
| <b>"Bond Subscription"</b>             | : The issuance by the Company of the Convertible Bonds to Mr. Low Eng Heng @ Low Yong Heng                                                                                                                      |
| <b>"Bond Subscription Agreement"</b>   | : The bond subscription agreement to be entered into between Mr. Low Eng Heng @ Low Yong Heng and the Company                                                                                                   |
| <b>"CDP"</b>                           | : The Central Depository (Pte) Limited                                                                                                                                                                          |
| <b>"Changjiang"</b>                    | : Tianjin Binhai New Area Changjiang Cultural Assets Trading Center Co., Ltd.                                                                                                                                   |
| <b>"Changjiang Equity Interest"</b>    | : 40% equity interest in the registered capital of Changjiang held by TPAM                                                                                                                                      |
| <b>"Circular"</b>                      | : This circular dated 25 January 2018 to Shareholders                                                                                                                                                           |
| <b>"City Plaza Commercial Complex"</b> | : A commercial building of about 21 years old and situated at No. 21 Jalan Tebrau, Johor Bahru comprising 268 commercial freehold strata lots                                                                   |
| <b>"Companies Act"</b>                 | : The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time                                                                                                                         |
| <b>"Company"</b>                       | : Pavillon Holdings Ltd.                                                                                                                                                                                        |
| <b>"Consideration Shares"</b>          | : 70,000,000 new Shares to be allotted and issued as part payment of the Properties Purchase Consideration                                                                                                      |
| <b>"Controlling Interests"</b>         | : The interests of the Controlling Shareholder(s)                                                                                                                                                               |

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## DEFINITIONS

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|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Controlling Shareholder”</b>        | : A person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (subject to SGX-ST determining that such person is not a Controlling Shareholder)                                                                                                                                                                                                                                            |
| <b>“Conversion Shares”</b>              | : Shares to be issued and allotted pursuant to conversion of the Convertible Bonds at RM0.3025 per Share                                                                                                                                                                                                                                                                                                                                       |
| <b>“Convertible Bonds”</b>              | : RM29,855,000 principal amount of 5.0% convertible bonds due 3 years from the date of issuance                                                                                                                                                                                                                                                                                                                                                |
| <b>“Convertible Bonds Closing Date”</b> | : Three business days from the date on which all the conditions precedent under the Bond Subscription Agreement are satisfied                                                                                                                                                                                                                                                                                                                  |
| <b>“Directors”</b>                      | : The directors of the Company                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>“Disposal Consideration”</b>         | : The consideration amount of RMB4,116,516.65 for the Proposed Disposal of Changjiang Equity Interest                                                                                                                                                                                                                                                                                                                                          |
| <b>“EGM”</b>                            | : The extraordinary general meeting of the Company in relation to the Proposed Properties Acquisition, proposed issue and allotment of Consideration Shares, Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the proposed issue of Convertible Bonds, the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng and Proposed Disposal, notice of which is set out on page 32 of this Circular |
| <b>“EPS”</b>                            | : Earnings per Share                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Fengchi RE”</b>                     | : Fengchi Real Estate Sdn. Bhd., a subsidiary of the Company incorporated in Malaysia                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Fixed Price”</b>                    | : RM0.3025 per Share                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Full Conversion”</b>                | : The conversion of the entire RM29,855,000 principal amount of the Convertible Bonds at the Fixed Price into 98,694,214 Conversion Shares                                                                                                                                                                                                                                                                                                     |
| <b>“FY”</b>                             | : Financial year ended 31 December                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“FY2016 Financial Statements”</b>    | : The audited consolidated financial statements of the Group for FY2016                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Group”</b>                          | : The Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Hock Der”</b>                       | : Hock Der Realty Sdn. Bhd. (Company No. 65810-X), a company incorporated in Malaysia                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Latest Practicable Date”</b>        | : 16 January 2018, being the latest practicable date prior to the printing of this Circular                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Listing Manual”</b>                 | : The listing manual of the SGX-ST, as amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                   |

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## DEFINITIONS

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|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>"Market Day"</b>                                                                             | : A day on which the SGX-ST is open for trading in securities                                                                                                                                                                                                                                                                                        |
| <b>"Maturity Date"</b>                                                                          | : The maturity date of the Convertible Bonds, being 3 years from the date of the Bond Subscription Agreement or such later date as mutually agreed between the Company and Mr Low Eng Heng @ Low Yong Heng                                                                                                                                           |
| <b>"Notice of EGM"</b>                                                                          | : The notice of EGM which is set out on page 32 of this Circular                                                                                                                                                                                                                                                                                     |
| <b>"NTA"</b>                                                                                    | : Net tangible assets                                                                                                                                                                                                                                                                                                                                |
| <b>"PRC"</b>                                                                                    | : The People's Republic of China                                                                                                                                                                                                                                                                                                                     |
| <b>"Properties"</b>                                                                             | : Collectively, the 99 strata lots forming part of the City Plaza Commercial Complex and the Adjoining Land                                                                                                                                                                                                                                          |
| <b>"Proposed Disposal"</b>                                                                      | : The sale by TPAM of its entire Changjiang Equity Interest to the Purchaser pursuant to the Equity Transfer Agreement, the principal terms of which are set out in Section 7 of this Circular                                                                                                                                                       |
| <b>"Proposed Properties Acquisition"</b>                                                        | : The proposed acquisition of the Properties by Fengchi RE from the Vendors pursuant to the Properties SPAs, the principal terms of which are set out in Section 2 of this Circular                                                                                                                                                                  |
| <b>"Properties Purchase Consideration"</b>                                                      | : RM52,000,000, being the total consideration payable by Fengchi RE for the purchase of the Properties                                                                                                                                                                                                                                               |
| <b>"Properties SPAs"</b>                                                                        | : The 2 conditional sale and purchase agreements dated 16 September 2017 entered into between Fengchi RE and each of the Vendors, respectively, in relation to the acquisition of the Properties                                                                                                                                                     |
| <b>"Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng"</b> | : The proposed potential transfer of a Controlling Interest in the Company to Mr Low Eng Heng @ Low Yong Heng resulting from the potential issue and allotment of Conversion Shares to him as settlement of part of the Properties Purchase Consideration payable to Hock Der and Ascent Asia upon completion of the Proposed Properties Acquisition |
| <b>"Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon"</b>                         | : The proposed transfer of a Controlling Interest in the Company to Mr Lim Tiong Soon resulting from the proposed issue and allotment Consideration Shares to him as settlement of part of the Properties Purchase Consideration payable to Hock Der upon completion of the Proposed Properties Acquisition                                          |
| <b>"Purchaser"</b>                                                                              | : Inner Mongolia Jiangmeng Culture and Arts Co., Ltd., being purchaser of the Changjiang Equity Interest                                                                                                                                                                                                                                             |
| <b>"Register of Members"</b>                                                                    | : The register of members of the Company                                                                                                                                                                                                                                                                                                             |

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## DEFINITIONS

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| <b>"Relevant Intermediary"</b> | : Shall have the meaning ascribed to it in Section 181(6) of the Companies Act, being: <ul style="list-style-type: none"><li>(a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;</li><li>(b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or</li><li>(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation</li></ul> |
| <b>"Securities Account"</b>    | : A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>"SFA"</b>                   | : The Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>"SGX-ST"</b>                | : The Singapore Exchange Securities Trading Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>"Shares"</b>                | : Ordinary shares in the capital of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>"Shareholders"</b>          | : Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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## DEFINITIONS

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|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>"Substantial Shareholder"</b>  | : Shall have the meaning ascribed to it in Section 81 of the Companies Act and Section 2(4) of the SFA, being a person who:<br><br>(a) has an interest or interests in one or more voting shares (excluding treasury shares) in the corporation; and<br><br>(b) the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares (excluding treasury shares) in the corporation |
| <b>"TPAM"</b>                     | : Tianjin Pavillon Assets Management Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>"TPAM Subscription Amount"</b> | : TPAM's interest in Changjiang by way of subscription of RMB20,000,000 (approximately equivalent to S\$4,186,000 at an exchange rate of RMB1 : S\$0.2093)                                                                                                                                                                                                                                                                                       |
| <b>"Valuation Report"</b>         | : The valuation report in respect of the Properties prepared for the Group by VPC Alliance (JB) Sdn Bhd                                                                                                                                                                                                                                                                                                                                          |
| <b>"Vendor" or "Vendors"</b>      | : Hock Der and Ascent Asia, or either one of them                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>"S\$" and "cents"</b>          | : Singapore dollars and cents respectively, being the currency of Singapore                                                                                                                                                                                                                                                                                                                                                                      |
| <b>"RM"</b>                       | : Malaysia ringgit, being the currency of Malaysia                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>"RMB"</b>                      | : Chinese renminbi, being the currency of the People's Republic of China                                                                                                                                                                                                                                                                                                                                                                         |
| <b>"%" or "per cent."</b>         | : Per centum or percentage                                                                                                                                                                                                                                                                                                                                                                                                                       |

The terms **"depositor"**, **"depository agent"** and **"Depository Register"** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

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

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Latest Practicable Date. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

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

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# LETTER TO SHAREHOLDERS

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## PAVILLON HOLDINGS LTD.

(Company Registration Number: 199905141N)  
(Incorporated in the Republic of Singapore)

### Board of Directors

Dr. John Chen Seow Phun (Executive Chairman)  
Zheng Fengwen (Executive Director and CEO)  
Lee Tong Soon (Managing Director)  
Kok Nyong Patt (Executive Director)  
Hoon Tai Meng (Independent Director)  
Foo Der Rong (Independent Director)  
Ko Chuan Aun (Independent Director)  
Jo-Anne Chang (Non-Executive and Non-Independent Director)

### Registered Office

Block 1002  
Tai Seng Avenue  
#01-2536  
Singapore 534409

25 January 2018

To: Shareholders of the Company

Dear Sirs

1. **THE PROPOSED ACQUISITION OF 99 STRATA LOTS OF CITY PLAZA COMMERCIAL COMPLEX AND 8 PLOTS OF ITS ADJOINING VACANT LANDS IN JOHOR BAHRU BY FENGCHI REAL ESTATE SDN. BHD., A SUBSIDIARY OF THE COMPANY;**
2. **THE PROPOSED ISSUE AND ALLOTMENT OF 70,000,000 NEW SHARES IN THE COMPANY TO MR LIM TIONG SOON AS SETTLEMENT OF PART OF THE PROPERTIES PURCHASE CONSIDERATION PAYABLE TO HOCK DER REALTY SDN. BHD. UPON COMPLETION;**
3. **THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LIM TIONG SOON PURSUANT TO THE PROPOSED ISSUE AND ALLOTMENT OF CONSIDERATION SHARES;**
4. **THE PROPOSED ISSUE OF RM29,855,000 PRINCIPAL AMOUNT OF 5.0% CONVERTIBLE BONDS DUE 3 YEARS FROM THE DATE OF ISSUANCE BY THE COMPANY;**
5. **THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LOW ENG HENG @ LOW YONG HENG PURSUANT TO THE ISSUANCE AND ALLOTMENT OF CONVERSION SHARES; AND**
6. **THE PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN TIANJIN BINHAI NEW AREA CHANGJIANG CULTURAL ASSETS TRADING CENTER CO., LTD., AN ASSOCIATED COMPANY OF THE COMPANY**

### 1. INTRODUCTION

- 1.1 The Company proposes to seek the approval of Shareholders for the following ordinary resolutions (each a "**Resolution**") at the EGM:
  - (1) the proposed acquisition by Fengchi RE, a subsidiary of the Company, of the Properties from the Vendors at the aggregate consideration of RM52,000,000 (Resolution 1);
  - (2) the proposed issue and allotment of 70,000,000 new Shares to Mr Lim Tiong Soon as settlement of part of the Properties Purchase Consideration payable to Hock Der upon completion ("**Consideration Shares**") (Resolution 2);

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# LETTER TO SHAREHOLDERS

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- (3) the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon pursuant to the proposed issue and allotment of Consideration Shares (Resolution 3);
  - (4) the proposed issue of RM29,855,000 principal amount of 5.0% convertible bonds due 3 years from the date of issuance by the Company ("**Convertible Bonds**") (Resolution 4);
  - (5) the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng pursuant to the issue and allotment of Conversion Shares (Resolution 5); and
  - (6) the proposed disposal of Changjiang Equity Interest by TPAM, a wholly-owned subsidiary of the Company, to Inner Mongolia Jiangmeng Culture and Arts Co., Ltd for a total consideration of RMB4,116,516.65 pursuant to an equity transfer agreement ("**Equity Transfer Agreement**") (Resolution 6).
- 1.2 The purpose of this Circular is to provide Shareholders with information on the Proposed Properties Acquisition, proposed issue and allotment of the Consideration Shares, Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, proposed issue of Convertible Bonds, Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng and the Proposed Disposal to be tabled at the EGM, notice of which is set out on page 32 of this Circular.
- 1.3 Shareholders should note that Resolutions 1, 2, 3, 4 and 5 are inter-conditional, and if any one or more of Resolutions 1, 2, 3, 4 or 5 is not approved, the other inter-conditional Resolution(s) will not be carried.

## 2. PROPOSED PROPERTIES ACQUISITION

### 2.1 Introduction

On 18 September 2017 and 22 September 2017, the Board announced that Fengchi RE had on 16 September 2017 entered into the Properties SPAs with each of the Vendors for the acquisition of the Properties. The 99 strata lots forming part of the City Plaza Commercial Complex and the Adjoining Land shall be sold and purchased collectively, and in accordance with and subject to the terms and conditions as stipulated in the Properties SPAs ("**Proposed Properties Acquisition**") entered into with each of:-

- (i) Hock Der Realty Sdn. Bhd. (Company No. 65810-X) of Suite 1301, 13th Floor, City Plaza, No. 21 Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia in respect of 94 strata lots forming part of the City Plaza Commercial Complex and the Adjoining Land; and
- (ii) Ascent Asia Sdn. Bhd. (Company No. 577814-K) of Suite 1301, 13th Floor, City Plaza, No. 21 Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia in respect of 5 strata lots forming part of the City Plaza Commercial Complex.

On 22 December 2017, the Board further announced that Fengchi RE had entered into the Addendum Agreements to each of the Properties SPAs for the purposes of, *inter alia*, (i) amending the payment terms of the Properties Purchase Consideration such that the Bond Subscription (as hereinafter defined) would be deemed full satisfaction of the aggregate balance of the Properties Purchase Consideration in replacement of cash consideration in order to strengthen the financial position of the Company and (ii) extending the completion date of the Properties SPAs.

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## LETTER TO SHAREHOLDERS

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Pursuant to the Addendum Agreements, the following amendments were made to the terms of the Properties SPAs:

- (a) the aggregate balance of the Properties Purchase Consideration of RM29,855,000 originally payable in cash, shall be deemed satisfied in full by way of the Company issuing convertible bonds of an equivalent amount in principal value to Mr. Low ("**Bond Subscription**") in accordance with the terms and subject to the conditions contained in the bond subscription agreement to be entered into between Mr. Low and the Company ("**Bond Subscription Agreement**"), and the principal terms of the Bond Subscription Agreement would be as follows:
  - (aa) Issue size: RM29,855,000 in principal amount of Convertible Bonds
  - (bb) Interest rate: The Convertible Bonds will bear interest at the rate of 5.0 per cent. per annum, payable every 6 months
  - (cc) Conversion price: RM0.3025 per Share (equivalent to S\$0.10 per share calculated at an agreed exchange rate of S\$1.00 to RM3.025)
  - (dd) Conversion period: The conversion right attaching to any Convertible Bond may be exercised, at the option of the bondholder, at any time within 3 years from the date of issuance
  - (ee) Maturity date: 3 years from the date of issuance;
- (b) the completion date of the Properties SPAs was extended from the date falling 4 months from the date of the SPAs (i.e. 16 January 2018) to 15 February 2018;
- (c) the following conditions precedent were amended or inserted as part of the "Additional Conditions" to the Properties SPAs setting out the conditions precedent to completion of the Proposed Properties Acquisition:
  - (i) the Company shall convene an Extraordinary General Meeting of its shareholders to obtain the shareholders' approval in respect of, *inter alia*, the issuance of the RM29,855,000 in principal amount of the convertible bonds pursuant to the Bond Subscription as deemed part payment of the purchase price of the Properties in addition to the original requirement to obtain such shareholders' approval in respect of the allotment and issuance of 70,000,000 new shares in the Company as part payment of the purchase Consideration of Properties; and
  - (ii) the inclusion of an additional condition precedent of the completion of the Bond Subscription in accordance with the terms and subject to the conditions contained in the Bond Subscription Agreement.

The Convertible Bonds may be converted or exchanged in its entirety into 98,694,214 Conversion Shares at a fixed price of RM0.3025, representing approximately 25.45% of the Company's current issued share capital and 17.74% of the Company's enlarged share capital (including the Consideration Shares) on a fully diluted basis. The Fixed Price was commercially agreed between the Company and the Subscriber taking into account the NTA per Share before and after the Proposed Properties Acquisition, which is approximately S\$0.103 as at 30 June 2017.

The Proposed Properties Acquisition constitutes a major transaction under Chapter 10 of the Listing Manual and is subject to the approval of Shareholders at the EGM.

Further details on the terms of the Proposed Properties Acquisition are set out in Section 2.5 of this Circular below.

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# LETTER TO SHAREHOLDERS

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## 2.2 Information on the Properties

The Properties to be acquired by Fengchi RE under the Proposed Properties Acquisition comprise the 99 strata lots forming part of the City Plaza Commercial Complex (having a total floor area of 38,974 square metres and net lettable area of 38,974 square metres) and the Adjoining Land which has a total land area of 1,809.49 square metres. The 99 strata lots forming part of the City Plaza Commercial Complex represent 64.93% of the voting rights in the management committee for the management of City Plaza Commercial Complex.

City Plaza Commercial Complex is a 21 year-old development and comprises a total of 268 strata lots with a total floor area of 60,026 square metres. It is currently known as "City Plaza, Johor Bahru", and bears the postal address No. 21, Jalan Tebrau, 80300, Johor Bahru and is located in Township of Johor Bahru, District of Johor Bahru, State of Johor, Malaysia. The view of City Plaza Commercial Complex is unobstructed and the main entrance of the building faces southeast towards the Johor Bahru immigration checkpoint.

City Plaza Commercial Complex is a multi-storey shopping mall and office complex in a prime commercial area in the heart of Johor Bahru and is approximately 1.5 km away from the Johor Bahru immigration checkpoint. It is currently managed by Perbadanan Pengurusan City Plaza (a management corporation), which was elected by the management committee of City Plaza Commercial Complex comprising volunteer representatives of the owners of all the strata lots in City Plaza Commercial Complex. Perbadanan Pengurusan City Plaza, has the overall responsibility and authority of managing the common area of City Plaza Commercial Complex. City Plaza Commercial Complex is currently used as a retail podium comprising a net lettable area of 10,020 square meters over 71 units and 4 storeys, food court comprising 888 square metres over half a storey, basement car park comprising 644 parking lots over 4 storeys and office units with a net lettable area of 16,492 square metres over 21 units and 23 storeys.

The 99 strata lots forming part of the City Plaza Commercial Complex are freehold properties. Based on the latest information available to the Company:

- (1) the occupancy rate of the 99 strata lots is approximately:
  - (i) 100% for car park space,
  - (ii) 100% for the food court,
  - (iii) 18% for the retail podium and
  - (iv) 33% for office space; and
- (2) the tenancy agreements for the anchor tenants are due to expire between 2018 and 2020. However, the tenancy agreements for food court operators, Aloha Marketing Sdn Bhd at Level 3A and Sittal & Associates Metals Sdn Bhd are renewed on a monthly basis; and
- (3) the current anchor tenants of the 99 strata lots are Citibank Berhad, Aloha Marketing, Sittal & Associates Metals Sdn Bhd, Penta-Ocean (M) Sdn Bhd and TD Aziz Sdn Bhd.

The Adjoining Land purchased by Hock Der is currently held by Hock Der in freehold and has no building erected on it. 5 plots out of the 8 plots forming the Adjoining Land are being leased out to a carpark operator, Sittal & Associates Metals Sdn Bhd, and used as an open-air carpark, while the remaining 3 plots of the Adjoining Land are vacant. The Adjoining Land is zoned for commercial use and has a plot ratio of 1:6. The Group currently has no concrete plans for the development of the Adjoining Land, but intends to continue earning rental income in respect of the 5 plots of Adjoining Land being used as the open-air carpark. The lease agreement with Sittal & Associates Metals Sdn Bhd is renewed on a monthly rolling basis.

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# LETTER TO SHAREHOLDERS

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Upon completion of the Proposed Properties Acquisition, the Group will hold the Properties for investment purposes. In the foreseeable future, the Group will continue to earn rental income on both the 99 strata lots forming part of the City Plaza Commercial Complex and the Adjoining Land.

Based on the latest available valuation prepared for the Group by VPC Alliance (JB) Sdn Bhd ("**Valuation Report**"), the market values of the Properties as at 3 August 2017 on an aggregated basis is RM70,000,000, comprising (i) approximately RM65,000,000 for the 99 strata lots forming part of the City Plaza Commercial Complex and (ii) RM5,000,000 for the Adjoining Land. VPC Alliance (JB) Sdn Bhd is an accredited valuer with local Malaysian banks and has been providing property valuation services in Malaysia since 1990. VPC Alliance (JB) Sdn Bhd was appointed by the Company in respect of the valuation of the Properties and the valuation was undertaken on a comparison method basis in compliance with the relevant standards in Malaysia.

As far as the Company is aware, there have not been and are no ongoing legal suits in relation to the Properties.

## 2.3 Properties Purchase Consideration and Payment Terms

The aggregate Properties Purchase Consideration for the Proposed Properties Acquisition is RM52,000,000, comprising RM47,000,000 payable to Hock Der in respect of the proposed acquisition of 94 strata lots forming part of the City Plaza Commercial Complex and the Adjoining Land and RM5,000,000 payable to Ascent Asia in respect of the proposed acquisition of 5 strata lots forming part of the City Plaza Commercial Complex.

The Properties Purchase Consideration shall be satisfied in the following manner:-

- (i) A total of RM970,000 has been paid as deposits upon signing of the Properties SPAs, comprising RM470,000 which has been paid to Hock Der on 12 July 2017 and RM500,000 which has been paid to Ascent on 16 September 2017. The full amounts of the deposits are refundable to Hock Der and Ascent respectively if completion of the Proposed Properties Acquisition does not occur;
- (ii) RM21,175,000 by way of issuance and allotment of 70,000,000 new shares ("**Consideration Shares**") of the Company at an issue price of S\$0.10 per share to Hock Der (or such person(s) as it may direct); and
- (iii) the aggregate balance Consideration of RM29,855,000 shall be deemed satisfied in full by way of the Bond Subscription in accordance with the terms and subject to the conditions contained in the Bond Subscription Agreement;

The Properties Purchase Consideration was arrived at on a willing-buyer willing-seller basis. The properties were valued by an independent valuer commissioned by the Company, namely VPC Alliance (JB) Sdn Bhd, to be RM70,000,000 on comparison method basis on 3 August 2017. The comparison method basis uses recent transactions of similar properties in the vicinity of the target property as a yardstick for determining the market value of the target property. Adjustments are made for differences between the target property and comparison properties in order to arrive at the indicative value of the target property. VPC Alliance (JB) Sdn Bhd had conducted a site visit of the Properties in the course of its valuation. The Properties Purchase Consideration is therefore, approximately 25.7% lower than the foregoing valuation.

The price for the Consideration Shares was determined through the mutual agreement of Fengchi and Hock Der on an arms' length basis taking into account the NTA per Share before and after the Proposed Properties Acquisition, which is approximately S\$0.103 as at 30 June 2017.

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## LETTER TO SHAREHOLDERS

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Please refer to Sections 3 and 4 for further details on the issue and allotment of the Consideration Shares to Mr Lim Tiong Soon as settlement of part of the Properties Purchase Consideration payable to Hock Der upon completion of the Proposed Properties Acquisition and Sections 5 and 6 for further details on the issue and allotment of the Conversion Shares to Mr Low Eng Heng @ Low Yong Heng subject to and in accordance with the terms and conditions of the Bond Subscription Agreement.

### **2.4 Rationale for the Proposed Properties Acquisition**

The rationale for the Proposed Properties Acquisition is to enable the Group to carry out property investment activities in Malaysia. The Board, after careful consideration of the prospects, and monthly maintenance costs of approximately RM114,000 to be incurred and the investment potential of the Properties, is of the view that the investment in the Properties is expected to generate additional and/or recurrent revenue streams for the Group in the form of recurring rental payments by leasing out the units in the Properties. In particular, the Properties were identified for investment for their central location and potential for appreciation in value. Construction of the future rapid transit system between Singapore and Johor Bahru is expected to enhance the value of the Properties in the heart of Johor Bahru, where the Properties are located. The Board has no major plans to refurbish the Properties but will work with the management committee of City Plaza Commercial Complex in upkeeping and revamping the common area of City Plaza Commercial Complex, which is part of the management committee's responsibilities. Future tenants will be responsible for the refurbishment of their respective leased retail and office units.

The Company has plans to attract quality tenants and/or to invest or operate businesses to promote and enhance the occupancy rate of the 99 strata lots forming part of the City Plaza Commercial Complex and the Adjoining Land. The Company is actively engaging in discussions with potential tenants which include, among others, pharmacies, medical clinics, sports wear and equipment retailers, gym operators and wellness course providers. On this basis and the terms on which the Convertible Bonds will be issued, the expected net rental yield for the Group's investment through the Proposed Properties Acquisition is expected to be approximately 5 to 6%.

Mr Zheng Fengwen will be leading the Company on the management and development of the Properties. Mr Zheng Fengwen is a PRC national and has more than 20 years' experience in real estate development in the PRC. From May 2008 to August 2013, Mr Zheng Fengwen had served as chairman of Zhongrun Resources Investment Co., Ltd (中润资源投资股份有限公司) ("Zhongrun Resources"), a PRC company listed on the Shenzhen Stock Exchange that engages in real estate development and mining. During his tenure with Zhongrun Resources group, Zhongrun Resources group had been involved actively in various property development projects including development of commercial and residential properties, and the Zhongrun Resources group of companies had won several awards.

Mr Lee Tong Soon, one of the founding shareholders of the Company, will also be involved in the management and development of the Properties. Mr Lee Tong Soon has been the Managing Director of the Company since its incorporation in 1995 and has been instrumental in the Group's expansion. Mr Lee Tong Soon has helped to shape the development and growth of the Group's operations since 1991. Prior to the founding of the Group, Mr Lee Tong Soon was an estate officer with the Housing Development Board from 1983 to 1990. He joined McDonald's Restaurants Pte. Ltd. as a real estate manager from 1990 to 1991 where he was responsible for finding new locations for new McDonald's restaurants.

Upon completion of the Proposed Properties Acquisition, the Company would also be entitled to the naming rights of City Plaza Commercial Complex. The Company currently has no intention to change the name of City Plaza Commercial Complex.

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## 2.5 Principal Terms of the Properties SPAs (as amended by the Addendum Agreements)

### 2.5.1 Conditions Precedent

The Proposed Properties Acquisition is subject to, *inter alia*, the following conditions precedent:-

- (a) Shareholders' approval of the Proposed Properties Acquisition and for *inter alia*, (a) the allotment and issuance of 70,000,000 new shares in the Company as part payment of the Properties Purchase Consideration; and (b) issuance of the RM29,855,000 in principal amount of the convertible bonds pursuant to the Bond Subscription as deemed part payment of the Properties Purchase Consideration;
- (b) the completion of the Bond Subscription in accordance with the terms and subject to the conditions contained in the Bond Subscription Agreement; and
- (c) the sale and purchase of the Properties by the Vendors shall be completed simultaneously and not severally or separately.

### 2.5.2 Completion Date

Assuming all the conditions for the Proposed Properties Acquisition set out in the Properties SPAs are fulfilled, the Proposed Properties Acquisition will be completed and the balance of the Properties Purchase Consideration shall be paid on the completion date of the Proposed Properties Acquisition.

Completion of the Proposed Properties Acquisition is expected to take place by 15 February 2018.

### 2.5.3 Compulsory Acquisition

Under the terms of the Properties SPAs, in the event that the Properties or any part thereof shall before completion of the Proposed Properties Acquisition be or become affected by any notice of acquisition or intended acquisition under the land acquisition legislation in Malaysia, Fengchi RE shall, within 14 days of receipt of such notification by either Vendor, have the option to:-

- (a) to either proceed with the purchase without any entitlement to any reduction in the Properties Purchase Consideration or any compensation; and the Vendors shall notify the relevant government authorities or such other acquiring authority of Fengchi RE's interest in the Properties. The Vendors shall in all matters concerning such acquisition act upon the reasonable instructions and at the cost of Fengchi RE and shall do all acts and things as may be reasonably required by Fengchi RE for acquiring the best compensation payable; or
- (b) to terminate the Properties SPAs, in such an event the Vendors shall cause all moneys paid by Fengchi RE (which will be paid to an escrow account maintained by the legal counsel of the Vendors) to be refunded to the Fengchi RE, in default of which the Vendors shall pay to the Fengchi RE interest on the aforesaid moneys at the rate of 8 per centum (8%) per annum on a daily basis calculated from the expiry of the said notice until the date of actual refund.

The Group has, through its Malaysian legal counsel H.H. Long & Company, conducted a due diligence exercise in respect of the title and condition of the Properties. The Company is not aware of any potential or intended land acquisitions by any parties of the Properties.

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## 2.5.4 Other Salient Terms

The other salient terms of the Properties SPAs include the following:

- (a) there are no encumbrances affecting the Properties;
- (b) there is no existing easement, rights of ways, license, tenancy and/or lease (save and except as stipulated in the Properties SPAs) granted to any party and there are no trespasses to the Properties;
- (c) the Vendors shall continue to maintain the Properties in fair and reasonable condition until vacant possession or legal possession (as the case may be) of the Properties are delivered to Fengchi RE;
- (d) the Vendors are not in breach and shall not commit any breach of any express or implied conditions of title in respect of the Properties or any laws regulations by-laws or requirements of anybody having authority in that respect affecting the Properties;
- (e) the Vendors have paid all maintenance charges or other charges payable to the management corporation under the Strata Management Act 2013 of Malaysia up to the completion date and if such maintenance charges or other charges have not been paid by the Vendors, Fengchi RE shall retain such sum or sums equivalent to the said maintenance charges and/or other charges from the balance of the Properties Purchase Consideration for the Properties so as to pay the same to the said management corporation.
- (f) to the best of the Vendors' respective knowledge and belief, the building or any part thereof on the Properties was constructed with proper approved building plans and the Properties are not subject to any compulsory acquisition by the relevant government authorities.

## 2.6 **Funding for the Proposed Properties Acquisition**

The Proposed Properties Acquisition will be funded by the Group through a combination of internal resources, issue and allotment of the Consideration Shares to Mr Lim Tiong Soon and the issuance of the Convertible Bonds to Mr Low Eng Heng @ Low Yong Heng. The Company is of the opinion that settlement of the balance of the Properties Purchase Consideration by way of issuing the Convertible Bonds is not expected to materially affect the working capital position of the Group and/or its ability to obtain funding in the future. However, if the Convertible Bonds are not converted into the Conversion Shares, the gearing of the Company is expected to increase. Further details on the effects of the issue of Convertible Bonds on the gearing of the Company are set out in Section 2.7 of this Circular below.

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## 2.7 Financial Effects of the Proposed Properties Acquisition

The pro forma financial effects of the Proposed Properties Acquisition are purely for illustrative purposes. The pro forma financial effects have been prepared based on the latest announced consolidated financial statements of the Group for FY2016, and on the following key bases and assumptions:

- (i) for the purposes of illustrating the financial effects on the NTA per Share of the Group, it is assumed that the Proposed Properties Acquisition had been completed on 31 December 2016;
- (ii) for the purposes of illustrating the financial effects on the EPS per Share of the Group, it is assumed that the Proposed Properties Acquisition had been completed on 1 January 2016; and
- (iii) the computation does not take into account any expenses that may be incurred in relation to the Proposed Properties Acquisition.

### (a) NTA

|                                        | Before Proposed<br>Properties<br>Acquisition | After Proposed<br>Properties<br>Acquisition |
|----------------------------------------|----------------------------------------------|---------------------------------------------|
| NTA attributable to Shareholders (S\$) | 40,162,884                                   | 47,162,884                                  |
| Number of issued shares of the Company | 387,748,700                                  | 457,748,700                                 |
| NTA per Share (cents)                  | 10.36                                        | 10.30                                       |

### (b) EPS

|                                                  | Before Proposed<br>Properties<br>Acquisition | After Proposed<br>Properties<br>Acquisition |
|--------------------------------------------------|----------------------------------------------|---------------------------------------------|
| Profit attributable to Shareholders (S\$)        | 877,947                                      | 394,335 <sup>(1)</sup>                      |
| Weighted average number of shares of the Company | 387,748,700                                  | 457,748,700                                 |
| Earning per share (cents)                        | 0.23                                         | 0.09                                        |

### Notes:

- (1) The profit attributable to the Shareholders' fell after the Proposed Properties Acquisition as a result the Bond Subscription at 5.0% per annum.

# LETTER TO SHAREHOLDERS

## (c) Gearing Ratio

Gearing refers to the ratio of the aggregate of interest bearing liabilities to the aggregate of the issued and paid up share capital, capital and other reserves of the Group and minority interests. The Proposed Properties Acquisition is not expected to have any material impact on the gearing of the Group if Full Conversion (as defined in Section 5.5 below) of the Convertible Bonds takes place. However, if Full Conversion of the Convertible Bonds does not take place, this is expected to result in the increase of the gearing of the Group from 0% to 21%, which is illustrated as follows:

Assuming Full Conversion of the Convertible Bonds does not occur:

|                                      | Before Proposed<br>Properties<br>Acquisition | After Proposed<br>Properties<br>Acquisition |
|--------------------------------------|----------------------------------------------|---------------------------------------------|
| Debts (interest bearing liabilities) | -                                            | 9,869,421                                   |
| Shareholders' equity                 | 40,162,884                                   | 47,162,884                                  |
| Gearing                              | 0%                                           | 21%                                         |

## 2.8 Relative Figures under Chapter 10 of the Listing Manual

The relative figures computed pursuant to Rules 1006 (a) to (d) of the Listing Manual in respect of the Proposed Properties Acquisition are set out below.

| Basis in Rule 1006 of the Listing Manual                                                                                                                                                         | Size of Relative Figure |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| (a) Net asset value of the Properties, compared with the Group's net asset value as at 30 June 2017                                                                                              | Not applicable          |
| (b) Net Profit <sup>(1)</sup> of S\$17,000 <sup>(2)</sup> attributable to the Properties, compared with the Group's net loss <sup>(1)</sup> of S\$612,000 <sup>(3)</sup>                         | -3%                     |
| (c) Aggregate Properties Purchase Consideration payable in respect of the Proposed Properties Acquisition compared with the Group's market capitalisation of S\$19,000,000 <sup>(4)</sup>        | 90%                     |
| (d) Number of equity securities issued by the Company as consideration for the Proposed Properties Acquisition, compared with the number of equity securities previously in issue <sup>(5)</sup> | 18%                     |
| (d) Number of equity securities issued by the Company as consideration for the Proposed Properties Acquisition, compared with the number of equity securities previously in issue <sup>(6)</sup> | 44%                     |

### Notes:

- (1) "Net profit" or "net loss" means profit or loss before income tax, minority interests and extraordinary items.
- (2) For the six months' financial period ended 30 June 2017. Based on the unaudited financial statements of the Vendors in respect of 1H2017.
- (3) For the six months' financial period ended 30 June 2017.
- (4) The Company's market capitalisation is determined by multiplying the number of Shares in issue (being 387,748,700 Shares (excluding treasury Shares)) by the weighted average price of the Shares (being S\$0.049) transacted on 15 September 2017 (being the last Market Day on which Shares were traded preceding the date of the Properties SPAs).
- (5) Based on the assumption that only the issue and allotment of Consideration Shares has taken place.
- (6) Based on the assumption that both the issue and allotment of Consideration Shares and the issue and allotment of Conversion Shares (on the basis of Full Conversion) has taken place.

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As the relative figures under Rule 1006 (c) and (d) (assuming that both the issue and allotment of Consideration Shares and the issue and allotment of Conversion Shares (on the basis of Full Conversion) have taken place) of the Listing Manual exceeds 20%, the Proposed Properties Acquisition constitutes a “major transaction” as defined in Chapter 10 of the Listing Manual. Notwithstanding the Company’s diversification into the property and commercial business in January 2014 and that the Proposed Properties Acquisition is a transaction within the ordinary course of business of the Company, as the Proposed Properties Acquisition is the first major transaction for the acquisition of property being undertaken by the Group, the approval of Shareholders for the Proposed Properties Acquisition is being sought in accordance with the terms of the approval given by Shareholders for the previous diversification of the Company into the property and commercial business in January 2014.

### **3. PROPOSED ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES**

- 3.1 On Completion, the Consideration Shares shall be issued to Hock Der (or such person(s) as it may direct). The issue price of the Consideration Shares amounts to S\$7,000,000, which Fengchi RE and Hock Der have agreed is equivalent to RM21,175,000 at an exchange rate of RM1 : S\$0.3306<sup>1</sup> (as at the Latest Practicable Date, the exchange rate on Bloomberg L.P. is RM 1 : S\$0.3345). Hock Der has informed the Company that it intends to direct that the Consideration Shares to be issued and allotted directly to, its business associate, Mr Lim Tiong Soon, in satisfaction of amounts to be paid pursuant to commercial arrangements between Hock Der and Mr Lim Tiong Soon, where the Consideration Shares will be allotted and issued to Mr Lim Tiong Soon in exchange for the payment of a consideration of RM21,175,000 by Mr Lim Tiong Soon. Hock Der is neither a nominee nor trustee of Mr Lim Tiong Soon and, save as disclosed above, there are no arrangements between Mr Lim Tiong Soon and Hock Der in relation to the Proposed Properties Acquisition. Mr Lim Tiong Soon, a citizen of Singapore, is an independent third party and is neither a director nor substantial shareholder of the Company and does not fall within the scope of Rule 812(1) of the Listing Manual.
- 3.2 The Consideration Shares shall be issued free from all encumbrances and shall rank pari passu in all respects with the shares of the Company existing as at their date of issue except for any dividends, distributions or entitlements the record date of which falls on or before the date of issue and allotment of the Consideration Shares.
- 3.3 The Company had submitted an additional listing application to the SGX-ST for the listing of and quotation for the Consideration Shares on the SGX-ST and has received in-principle approval from the SGX-ST for the listing and quotation of the Consideration Shares. An announcement was made on 8 December 2017 to notify the Shareholders that the listing and quotation notice from the SGX-ST has been obtained. Shareholders should take note that the listing and quotation notice from the SGX-ST is not to be taken as an indication of the merits of the Consideration Shares, the Company, its subsidiaries and their securities.

### **4. PROPOSED TRANSFER OF CONTROLLING INTEREST TO MR LIM TIONG SOON**

Rule 803 of the Listing Manual provides that an issuer may not issue securities to transfer a Controlling Interest without the prior approval of its shareholders in a general meeting.

As the proposed issue and allotment of Consideration Shares to Mr Lim Tiong Soon will result in his aggregate voting rights crossing 15.0% in the entire enlarged share capital of the Company at the time of completion of the Proposed Properties Acquisition (i.e. assuming that the Conversion Shares have not been issued), hence, the Company wish to seek the approval of Shareholders at the EGM for the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon.

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Assuming the Consideration Shares are issued and allotted to Mr Lim Tiong Soon, he will hold approximately 18.70% of the existing issued and paid up capital of the Company (excluding treasury shares) and approximately 15.84% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) at the time of completion of the Proposed Properties Acquisition (i.e. assuming that the Conversion Shares have not been issued).

The total shareholding interest of Mr Lim Tiong Soon in the Company before and after the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon (on an enlarged basis) are set out below.

|                             | <b>Before the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon</b> | <b>After the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon</b> |
|-----------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Number of Shares            | 2,506,600                                                                        | 72,506,600                                                                      |
| Total Shareholding Interest | 0.65%                                                                            | 15.84%                                                                          |

Prior to the proposed issue and allotment of the Consideration Shares and the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the public float of the Company is approximately 27.91%. Following the proposed issue and allotment of the Consideration Shares and the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the public float of the Company will be approximately 23.09%.

The current key management of the Company are (i) Zhang Peng (General Manager – Leasing Operations), (ii) Maxtein Oh Kok Thai (General Manager – Restaurant Operations) and (iii) Venetia Yong Chin Ching (Financial Controller). There will not be a change in management pursuant to the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon.

Please refer to Section 8 of this Circular for further information on the Directors and Substantial Shareholders of the Company as well as their respective shareholding interests in the Company.

## **5. PROPOSED ISSUE OF CONVERTIBLE BONDS**

### **5.1 Introduction**

Further to the Properties SPAs and pursuant to the Addendum Agreements, the Company had on 10 January 2018, announced (a) its entry into the Bond Subscription Agreement with Mr Low Eng Heng @ Low Yong Heng, pursuant to which the Company has agreed to issue and Mr Low Eng Heng @ Low Yong Heng has agreed to subscribe for the Convertible Bonds, convertible into the Conversion Shares; and (b) the entry into a confirmation letter dated 10 January 2018 by the Vendors in favour of the Company and Fengchi RE confirming that the amount of RM25,355,000 payable to Hock Der and the amount of RM4,500,000 payable to Ascent Asia by Fengchi RE under the Properties SPAs and Addendum Agreements shall be fully settled by way of the Bond Subscription (“**Vendors’ Confirmation Letter**”).

### **5.2 Purpose**

The issuance of the Convertible Bonds of principal amount RM29,855,000 by the Company to Mr. Low Eng Heng @ Low Yong Heng in accordance with the terms and subject to the conditions contained in the Bond Subscription Agreement shall be deemed satisfaction in full of the balance of the Properties Purchase Consideration payable by Fengchi RE to each of Hock Der and Ascent Asia.

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# LETTER TO SHAREHOLDERS

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## 5.3 Salient Terms of the Convertible Bonds

(a) Issuance

The Convertible Bonds will be issued at their principal amount, in registered form, and Mr Low Eng Heng @ Low Yong Heng shall not be entitled under any circumstances to sell, transfer, assign, dispose of, realise, create any encumbrance over or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of all or any part of the Convertible Bonds to a person falling within the categories listed in Rule 812(1) of the Listing Manual. Any transfer of the Convertible Bonds shall be subject to the foregoing restriction.

(b) Subscriber

The sole subscriber for the Convertible Bonds shall be Mr Low Eng Heng @ Low Yong Heng.

(c) Conditions Precedent

The obligation of Mr Low Eng Heng @ Low Yong Heng to subscribe and pay for the Convertible Bonds is subject to the following conditions precedent:

- (1) **Approvals:** the approval of the SGX-ST for the listing and quotation of the Conversion Shares on the SGX-ST and all other consents, approvals and authorisations (including, without limitation, the approval of shareholders of the Company at general meeting for the Proposed Properties Acquisition and the issuance of the Convertible Bonds) having been obtained by the Company and the same continuing to be in full force and effect; and
- (2) **Joint transaction:** the sale and purchase of the Properties by each of Hock Der and Ascent Asia to Fengchi RE shall be completed simultaneously and not severally or separately.

The Convertible Bonds will be issued at an issue price of 100.0% of the principal amount of the Convertible Bonds within 3 business days from the date on which all the conditions precedent specified above are satisfied ("**Convertible Bonds Closing Date**").

(d) Maturity Date

The maturity date of the Convertible Bonds is 3 years from the date of issuance of the Convertible Bonds or such later date as mutually agreed between the Company and Mr Low Eng Heng @ Low Yong Heng ("**Maturity Date**").

(e) Interest

The Convertible Bonds bear interest from the Convertible Bonds Closing Date at the rate of 5.0% per annum, due and payable every 6 months in arrears. Interest will cease to be payable on the Convertible Bonds in the event they are converted into Conversion Shares.

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## LETTER TO SHAREHOLDERS

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(f) Shares

At any time from the Convertible Bonds Closing Date, the Convertible Bonds may be converted or exchanged in its entirety, at the option of Mr Low Eng Heng @ Low Yong Heng, into Conversion Shares at a fixed price of RM0.3025 ("**Fixed Price**"). The Fixed Price was commercially agreed between the Company and the Subscribers and represents a premium of 100% to the weighted average price of S\$0.05 per Share, for trades done on the SGX-ST on 29 December 2017 (being the last Market Day on which Shares were traded preceding the date of the Bond Subscription Agreement).

No adjustment shall be made to the Fixed Price when new options or awards are granted and/or Shares are issued pursuant to an exercise of employees' options or awards granted under any of the share schemes of the Company and its subsidiaries. The Fixed Price shall be adjusted correspondingly in the event of any stock split, stock consolidation or share capital exercise of the Company, and in the event of any dispute in relation to such adjustments, shall be determined by the auditors of the Company, whose determination shall be final and binding (in the absence of manifest error).

The Conversion Shares, when issued, will be valid, fully-paid, free from any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right, or interest, other encumbrance or security interest of any kind or any type of agreement or arrangement having similar effect and shall rank pari passu in all respects with all other Shares then in issue, except (for the avoidance of doubt) for any dividends, rights, allotments or other distributions, the record date for which is before the relevant conversion date of the Convertible Bonds.

(g) Payment on Maturity

Within 7 Business Days of Maturity Date, the Company shall pay to Mr Low Eng Heng @ Low Yong Heng an amount equivalent to the principal amount of the Convertible Bonds held by Mr Low Eng Heng @ Low Yong Heng.

### 5.4 **Information on the Subscriber**

Mr Low Eng Heng @ Low Yong Heng, a Malaysian, is a businessman with diverse business interests, although he has a particular interest in the investment in and development of commercial properties. Mr Low Eng Heng @ Low Yong Heng also owns mining concessions in Indonesia. There is no conflict of interest as Mr Low Eng Heng @ Low Yong Heng is an independent third party and is neither a director nor substantial shareholder of the Company and does not fall within the scope of Rule 812(1) of the Listing Manual. As at the date hereof, he does not own any shares in the Company (directly or indirectly). Mr Low Eng Heng @ Low Yong Heng is the majority shareholder of each of Hock Der and Ascent Asia.

Mr Low Eng Heng @ Low Yong Heng's subscription of the Convertible Bonds is for investment purposes only and he has no intention of (i) being appointed as a director or nominating a director to the Board, or (ii) influencing the management of the Company. However, his shareholding of the Company may reach 15% or more of the enlarged issued and paid-up share capital of the Company upon issue of all the Conversion Shares ("**Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng**"). Please refer to Section 6 of this Circular for further information on the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng.

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# LETTER TO SHAREHOLDERS

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## 5.5 Conversion Shares

Assuming that no adjustments will be made to the Fixed Price, (i) based on the aggregate principal amount of the Convertible Bonds of RM29,855,000 and (ii) a currency exchange rate of S\$1.00 to RM3.025, the total number of Conversion Shares that will be issued upon conversion of the Convertible Bonds will be 98,694,214 Conversion Shares ("**Full Conversion**"), representing approximately 25.45% of the Company's issued share capital as at the date of this Circular comprising 387,748,700 Shares and 17.74% of the Company's enlarged share capital (including the Consideration Shares) assuming Full Conversion comprising 556,442,914 Shares.

The shareholding interests of Mr Low Eng Heng @ Low Yong Heng pursuant to Full Conversion is set out in Section 6 of this Circular below.

## 5.6 Financial Effects of the Bond Subscription

As at the date hereof, the issued and paid up share capital of the Company is approximately S\$39,443,719 comprising 387,748,700 Shares. Upon the issue and allotment of the Consideration Shares and upon completion of the Bonds Subscription and assuming Full Conversion of the Convertible Bonds into Conversion Shares, the Company's enlarged issued and paid-up share capital will be approximately S\$56,313,140 comprising 556,442,914 Shares.

Based on the Group's audited consolidated financial statements for FY2016, for illustrative purposes, the financial effects of the Bond Subscription on the Group are set out as follows:

- (a) The net asset value per Share of the Group as at 31 December 2016, assuming the Bonds Subscription and issue of Conversion Shares had been effected on 31 December 2016, would have decreased from S\$0.1036 to S\$0.1030 per Share; and
- (b) The profit per Share of the Group for FY2016, assuming that the Bonds Subscription and issue of Conversion Shares had been effected on 1 January 2016, would have decreased from S\$0.0023 to S\$0.0009.

## 5.7 Additional Listing Application

The Company had submitted an additional listing application to the SGX-ST for the listing of and quotation for the Conversion Shares on the SGX-ST and has received in-principle approval from the SGX-ST for the listing and quotation of the Conversion Shares. An announcement was made on 10 January 2018 to notify the Shareholders that the listing and quotation notice from the SGX-ST has been obtained. Shareholders should take note that the listing and quotation notice from the SGX-ST is not to be taken as an indication of the merits of the Conversion Shares, the Company, its subsidiaries and their securities.

## 6. PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST TO MR LOW ENG HENG @ LOW YONG HENG

Rule 803 of the Listing Manual provides that an issuer may not issue securities to transfer a Controlling Interest without the prior approval of its shareholders in a general meeting.

As the proposed issue of the Convertible Bonds to Mr Low Eng Heng @ Low Yong Heng may result in issue and allotment of the Conversion Shares at a fixed conversion price of RM0.3025 for the principal amount and accrued interest of the Convertible Bonds at the conversion date to Mr Low Eng Heng @ Low Yong Heng, thereby resulting in his aggregate voting rights crossing 15.0% in the entire enlarged share capital of the Company, hence, the Company wishes to seek the approval of Shareholders at the EGM for the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng.

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Assuming the Conversion Shares are issued and allotted to Mr Low Eng Heng @ Low Yong Heng, he will hold approximately 25.45% of the existing issued and paid up capital of the Company (excluding treasury shares) and approximately 17.74% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) after completion of the Proposed Properties Acquisition.

The total shareholding interest of Mr Low Eng Heng @ Low Yong Heng in the Company before and after the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng (on an enlarged basis) are set out below.

|                                | Before the Proposed Potential<br>Transfer of Controlling Interest to Mr<br>Low Eng Heng @ Low Yong Heng                                 |                                                                                                                                   | After the Proposed Potential<br>Transfer of Controlling Interest to Mr<br>Low Eng Heng @ Low Yong Heng                              |                                                                                                                                   |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
|                                | <i>Without<br/>taking into<br/>consideration<br/>the Proposed<br/>Transfer of<br/>Controlling<br/>Interest to Mr Lim<br/>Tiong Soon</i> | <i>After taking into<br/>consideration<br/>the Proposed<br/>Transfer of<br/>Controlling<br/>Interest to Mr<br/>Lim Tiong Soon</i> | <i>Without<br/>taking into<br/>consideration the<br/>Proposed Transfer<br/>of Controlling<br/>Interest to Mr Lim<br/>Tiong Soon</i> | <i>After taking into<br/>consideration the<br/>Proposed<br/>Transfer of<br/>Controlling<br/>Interest to Mr<br/>Lim Tiong Soon</i> |
| Number of Shares               | -                                                                                                                                       | -                                                                                                                                 | 98,694,214                                                                                                                          | 98,694,214                                                                                                                        |
| Total Shareholding<br>Interest | -                                                                                                                                       | -                                                                                                                                 | 20.29%                                                                                                                              | 17.74%                                                                                                                            |

Prior to the proposed issue and allotment of the Conversion Shares and the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng, the public float of the Company is approximately 27.91%. Following the proposed issue and allotment of the Conversion Shares and the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng, the public float of the Company will be approximately 19.00%.

As at the date of this Circular, there will not be a change in management pursuant to the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng.

Please refer to Section 8 of this Circular for further information on the Directors and Substantial Shareholders of the Company as well as their respective shareholding interests in the Company.

## 7. PROPOSED DISPOSAL

### 7.1 Introduction

On 22 November 2017, the Company announced that it had, through its wholly-owned subsidiary, TPAM, entered into the Equity Transfer Agreement pursuant to which TPAM has agreed to dispose of its entire 40% equity interest in the registered capital of Changjiang (“**Changjiang Equity Interest**”) to the Purchaser, on the terms and subject to the conditions of the Equity Transfer Agreement. Upon completion of the Proposed Disposal, Changjiang will cease to be an associated company of TPAM. A copy of the Company’s foregoing announcement in relation to the Proposed Disposal is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

The Proposed Disposal is not subject to the approval of the State Administration of Foreign Exchange of the PRC.

The Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual and is subject to the approval of Shareholders at the EGM.

Further details on the terms of the Proposed Disposal are set out in Section 7.4 of this Circular below.

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# LETTER TO SHAREHOLDERS

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## 7.2 Information on Changjiang

Changjiang is a joint venture company incorporated in Tianjin, PRC on 3 February 2016. The principal activity of Changjiang is to provide an online trading platform for the trade of cultural assets and collectibles (such as gold and silver coins, stamps, artwork, etc) with related trading facilities. Due to regulatory changes in the PRC in March 2017, Changjiang earned a revenue of RMB2.6 million and a suffered a loss of RMB6.3 million for the financial period ended 30 September 2017. The platforms operated by Changjiang had 26,500 registered customers in 2017.

The registered capital of Changjiang is RMB50,000,000, of which TPAM has a 40% interest of RMB20,000,000 (approximately equivalent to S\$4,186,000 at an exchange rate of RMB1 : S\$0.2093) ("TPAM **Subscription Amount**") by way of subscription. As at the Latest Practicable Date, TPAM has paid RMB4,000,000 of the TPAM Subscription Amount and the remaining RMB16,000,000 is due on 31 December 2019. There are outstanding loans of RMB3.3 million owing from Changjiang to TPAM.

The current shareholders of Changjiang are:

- (i) TPAM holding a 40% interest in the registered capital of Changjiang;
- (ii) Jinan Chengcheng Investment Partnership Enterprise (LLP) (济南诚成投资合伙企业(有限合伙)) holding a 20% interest in the registered capital of Changjiang;
- (iii) Haoyin (Beijing) Asset Management Co., Ltd. (浩银(北京)资产管理有限公司) holding a 20% interest in the registered capital of Changjiang; and
- (iv) Shenzhen Fulaimi Jewelry Limited Liability Company (深圳福来密珠宝有限责任公司) holding a 20% interest in the registered capital of Changjiang.

Shenzhen Fulaimi Jewelry Limited Liability Company is actively involved in the day-to-day operations of Changjiang. Jinan Chengcheng Investment Partnership Enterprise (LLP) and Haoyin (Beijing) Asset Management Co., Ltd. are passive joint venture partners in Changjiang.

As far as the Company is aware, following completion of the Proposed Disposal, Jinan Chengcheng Investment Partnership Enterprise (LLP), Haoyin (Beijing) Asset Management Co., Ltd. and Shenzhen Fulaimi Jewelry Limited Liability Company will continue to remain as shareholders of Changjiang.

## 7.3 Information on the Purchaser

The Purchaser is a company incorporated in Hohhot New City, Inner Mongolia on 18 July 2016, with a registered capital of RMB1,000,000. The principal business activities of the Purchaser include (i) the provision of consulting services for the trading of art pieces; (ii) direct sales and agency sales of art pieces and collectibles (including, *inter alia*, coins, stamp and jewellery); (iii) research and development in relation to collectibles and art pieces; and (iv) design and technical consultancy of art products; (v) art exhibition and shows.

One of the 2 shareholders of the Purchaser is an ex-employee of Changjiang. Since cessation of his employment with Changjiang, such shareholder has not had any relationship (including business relationship) with any of the Group, its directors or substantial shareholders. The second shareholder of the Purchaser is currently an employee of Changjiang (but is not a director nor key management of the Group and is currently holding the stake in Changjiang on trust for the first shareholder. As far as the Company is aware, the registered owners of the Purchaser are Song Wen Bin and Liu Shuai.

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# LETTER TO SHAREHOLDERS

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## 7.4 Principal Terms of the Equity Transfer Agreement

### 7.4.1 Equity Transfer Price and Payment Terms

The consideration for the Proposed Disposal is RMB4,116,516.65 ("**Disposal Consideration**"). The Disposal Consideration was arrived at through arm's length negotiations between TPAM and the Purchaser, on a "willing-buyer, willing-seller" basis and taking into account 40% of the net book value of Changjiang on 31 July 2017. The net book value of Changjiang as at 31 July 2017 was RMB10,291,291.63. No valuation was conducted in respect of the Equity Interest.

The Purchaser shall, within 3 months from the date on which the Company obtains Shareholders' approval at the EGM, pay to TPAM the Disposal Consideration by way of telegraphic transfer. The timing for payment was arrived at based on the mutual agreement of the Purchaser and TPAM.

### 7.4.2 TPAM's Commitment

Upon completion of the Proposed Disposal, the Purchaser will assume (i) all payment obligations of TPAM in respect of the balance RMB16,000,000 capital commitment in Changjiang and (ii) all existing liabilities of TPAM with respect to Changjiang.

### 7.4.3 Conditions

The Equity Transfer Agreement shall become effective and binding on the parties after the Company's Board and Shareholders' approvals having been obtained.

### 7.4.4 Transfer of Equity Interest

The parties shall complete the transfer of Changjiang Equity Interest within 15 days upon the Equity Transfer Agreement becoming effective and binding.

### 7.4.5 Rights and Obligations of the Parties

From the date the Equity Transfer Agreement becomes effective and binding, TPAM shall cease to enjoy and no longer be required to fulfil, and the Purchaser shall enjoy and assume, all the rights and obligations as a shareholder of Changjiang, respectively.

## 7.5 Rationale for the Proposed Disposal

Changjiang was originally incorporated as a joint venture company to carry out the principal business of online trading of cultural artefacts and collectibles. Due to changes in the PRC government policy on the legality of online trading platforms relating to trading assets which came into effect in March 2017, Changjiang has had to cease its online cultural assets, trading platform. Accordingly, the Board is of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders as it presents the Company with an opportunity to realise its investment in the business in light of the changing regulatory landscape in the PRC relevant to the business operations of Changjiang.

## 7.6 Net Proceeds of the Proposed Disposal

The net sale proceeds from the Proposed Disposal, after deducting all costs and expenses, is estimated to be approximately S\$837,000, part of which will be utilised for general working capital of the Group and/or any strategic investments or acquisitions, which are more likely to enhance shareholder value, when suitable opportunities arise.

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# LETTER TO SHAREHOLDERS

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## 7.7 Financial Effects of the Proposed Disposal

The pro forma financial effects of the Proposed Disposal are purely for illustrative purposes. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2016, being the most recently completed financial year, and on the following key bases and assumptions:

- (i) for the purposes of illustrating the financial effects on the NTA per Share of the Group, it is assumed that the Proposed Disposal had been completed on 31 December 2016;
- (ii) for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Group, it is assumed that the Proposed Disposal had been completed on 1 January 2016; and
- (iii) the computation does not take into account any expenses that may be incurred in relation to the Proposed Disposal.

### (a) NTA

|                                        | Before Proposed Disposal | After Proposed Disposal |
|----------------------------------------|--------------------------|-------------------------|
| NTA attributable to Shareholders (S\$) | 40,162,884               | 39,640,030              |
| Number of issued shares of the Company | 387,748,700              | 387,748,700             |
| NTA per Share (cents)                  | 10.36                    | 10.22                   |

### (b) EPS

|                                                  | Before Proposed Disposal | After Proposed Disposal |
|--------------------------------------------------|--------------------------|-------------------------|
| Net Profit attributable to Shareholders (S\$)    | 877,947                  | 355,092                 |
| Weighted average number of shares of the Company | 387,748,700              | 387,748,700             |
| Earnings per share cents                         | 0.23                     | 0.09                    |

### (c) Gain on Disposal

The Company will record an accounting gain of approximately S\$100,000 arising from the Proposed Disposal (based on the 6 months' financial period and as at 30 June 2017).

# LETTER TO SHAREHOLDERS

## 7.8 Relative Figures under Chapter 10 of the Listing Manual

The relative figures computed pursuant to Rules 1006 (a) to (c) of the Listing Manual in respect of the Proposed Disposal are set out below.

| Basis in Rule 1006 of the Listing Manual                                                                                                                                              | Size of Relative Figure |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| (a) Net asset value of the Changjiang Equity Interest (\$864,000), compared with the Group's net asset value as at 30 June 2017 (\$\$41,165,000)                                      | 2%                      |
| (b) Net loss <sup>(1)</sup> of \$452,000 <sup>(2)</sup> attributable to the Changjiang Equity Interest, compared with the Group's net loss <sup>(1)</sup> of \$612,000 <sup>(3)</sup> | 74%                     |
| (c) Aggregate Disposal Consideration received from the Proposed Disposal compared with the Group's market capitalisation of \$18,224,000 <sup>(4)</sup>                               | 5%                      |

### Notes:

- (1) "Net profit" or "net loss" means profit or loss before income tax, minority interests and extraordinary items.
- (2) For the six months' financial period ended 30 June 2017. The unaudited net loss attributable Changjiang for the financial period from 1 January 2017 to 30 June 2017 during which Changjiang reported a net loss of \$1,130,484.
- (3) For the six months' financial period ended 30 June 2017.
- (4) The Company's market capitalisation is determined by multiplying the number of Shares in issue (being 387,748,700 Shares (excluding treasury Shares)) by the weighted average price of the Shares (being \$0.047) transacted on 17 November 2017 (being the last Market Day on which Shares were traded preceding the Equity Transfer Agreement).

As the relative figure under Rules 1006 (b) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, the approval of Shareholders for the Proposed Disposal is being sought.

## 8 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 8.1 Interests of Directors as at the Latest Practicable Date

The interests of the Directors in the Shares, based on information as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are as follows:

| Directors               | Number of Shares |                                         |                            |                                         |                            |                                         |
|-------------------------|------------------|-----------------------------------------|----------------------------|-----------------------------------------|----------------------------|-----------------------------------------|
|                         | Direct Interest  |                                         | Deemed Interest            |                                         | Total Interest             |                                         |
|                         | No. of Shares    | % of total issued Shares <sup>(1)</sup> | No. of Shares              | % of total issued Shares <sup>(1)</sup> | No. of Shares              | % of total issued Shares <sup>(1)</sup> |
| Dr. John Chen Seow Phun | -                | -                                       | 23,163,525 <sup>(2)</sup>  | 5.97                                    | 23,163,525 <sup>(2)</sup>  | 5.97                                    |
| Zheng Fengwen           | -                | -                                       | 100,000,000 <sup>(3)</sup> | 25.79                                   | 100,000,000 <sup>(3)</sup> | 25.79                                   |
| Lee Tong Soon           | 24,023,926       | 6.20                                    | 12,500 <sup>(4)</sup>      | 0.01                                    | 24,036,426 <sup>(4)</sup>  | 6.21                                    |
| Kok Nyong Patt          | 25,027,725       | 6.45                                    | -                          | -                                       | 25,027,725                 | 6.45                                    |
| Jo-Anne Chang           | -                | -                                       | 40,000,000 <sup>(5)</sup>  | 10.32                                   | 40,000,000 <sup>(5)</sup>  | 10.32                                   |

### Notes:

- (1) Based on total issued and paid-up ordinary share capital (excluding treasury Shares) comprising 387,748,700 Shares as at the Latest Practicable Date.
- (2) 62,500 shares are held in the name of Lim Kok Huang, who is the spouse of Dr. John Chen Seow Phun. He is the beneficial owner of 848,300 Shares held by DBS Nominees (Private) Limited. 22,252,725 shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.
- (3) 100,000,000 shares are held in the name of Sunlead Evergrowing Capital Co. Limited which is 93% owned by Xu Cai Kui, who is the spouse of Zheng Fengwen.
- (4) 12,500 shares are held in the name of Lim Teck Eng, who is the spouse of Lee Tong Soon.
- (5) 40,000,000 shares are held in the name of Rossbay Private Limited, of which Jo-Anne Chang is a director and shareholder.

# LETTER TO SHAREHOLDERS

## 8.2 Interests of Substantial Shareholders as at the Latest Practicable Date

The interests of the Substantial Shareholders of the Company in the Shares, based on information as recorded in the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are as follows:

|                                         | Direct Interest |                                   | Deemed Interest            |                                   | Total Interest             |                                   |
|-----------------------------------------|-----------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
|                                         | No. of Shares   | % of Issued Shares <sup>(1)</sup> | No. of Shares              | % of Issued Shares <sup>(1)</sup> | No. of Shares              | % of Issued Shares <sup>(1)</sup> |
| Citibank Nominees Singapore Pte Ltd     | 103,045,750     | 26.58                             | -                          | -                                 | 103,045,750                | 26.58                             |
| Sunlead Evergrowing Capital Co. Limited | -               | -                                 | 100,000,000 <sup>(2)</sup> | 25.79                             | 100,000,000 <sup>(2)</sup> | 25.79                             |
| Xu Cai Kui                              | -               | -                                 | 100,000,000 <sup>(3)</sup> | 25.79                             | 100,000,000 <sup>(3)</sup> | 25.79                             |
| Zheng Fengwen                           | -               | -                                 | 100,000,000 <sup>(4)</sup> | 25.79                             | 100,000,000 <sup>(4)</sup> | 25.79                             |
| Rossbay Private Limited                 | 40,000,000      | 10.32                             | -                          | -                                 | 40,000,000                 | 10.32                             |
| Heng Chin Ngor Doris                    | -               | -                                 | 40,000,000 <sup>(5)</sup>  | 10.32                             | 40,000,000 <sup>(5)</sup>  | 10.32                             |
| Jo-Anne Chang                           | -               | -                                 | 40,000,000 <sup>(6)</sup>  | 10.32                             | 40,000,000 <sup>(6)</sup>  | 10.32                             |
| Singapore Enterprises Private Limited   | 38,700,000      | 9.98                              | -                          | -                                 | 38,700,000                 | 9.98                              |
| Teo Kiang Ang                           | 28,617,400      | 7.38                              | -                          | -                                 | 28,617,400                 | 7.38                              |
| Kok Nyong Patt                          | 25,027,725      | 6.45                              | -                          | -                                 | 25,027,725                 | 6.45                              |
| Lee Tong Soon                           | 24,023,926      | 6.20                              | 12,500 <sup>(7)</sup>      | 0.00                              | 24,036,426                 | 6.20                              |
| Unigold Asia Limited                    | 22,252,725      | 5.74                              | -                          | -                                 | 22,252,725                 | 5.74                              |
| John Chen Seow Phun                     | -               | -                                 | 23,163,525 <sup>(8)</sup>  | 5.97                              | 23,163,525 <sup>(8)</sup>  | 5.97                              |

### Notes:

- (1) Based on total issued and paid-up ordinary share capital (excluding treasury Shares) comprising 387,748,700 Shares as at the Latest Practicable Date.
- (2) Sunlead Evergrowing Capital Co. Limited is the beneficial owner of 100,000,000 shares held by Citibank Nominees Singapore Pte Ltd.
- (3) Mdm Xu Cai Kui is deemed to be interested in 100,000,000 shares in the capital of the Company which are held by Sunlead Evergrowing Capital Co. Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a shareholder of Sunlead Evergrowing Capital Co. Limited.
- (4) Mr Zheng Fengwen is deemed to be interested in 100,000,000 shares in the capital of the Company held by Sunlead Evergrowing Capital Co., Limited, which is deemed to be interested by his spouse, Mdm Xu Cai Kui.
- (5) Ms Heng Chin Ngor Doris is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.
- (6) Ms Jo-Anne Chang is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.
- (7) Mr Lee Tong Soon is deemed to be interested in 12,500 shares in the capital of the Company which are held by his spouse, Mdm Lim Teck Eng.
- (8) Dr. John Chen Seow Phun is deemed to be interested in 22,252,725 shares in the capital of the Company which are held by Unigold Asia Limited by virtue of him being the sole director and sole shareholder of Unigold Asia Limited, and is deemed to be interested in 62,500 shares in the capital of the Company which are held by his spouse, Mdm Lim Kok Huang. He is the beneficial owner of 848,300 shares held by DBS Nominees (Private) Limited.

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## 8.3 Changes to Shareholding Interests post-issuance of the Consideration Shares and Conversion Shares

### (a) Interests of Directors

The total interests of the Directors in the Shares, following (i) the issue and allotment of the Consideration Shares, but before the issue and allotment of the Conversion Shares and (ii) the issue and allotment of both the Consideration Shares and the Conversion Shares, are as follows:

| Directors                  | No. of Shares | % of total issued Shares as at the Latest Practicable Date <sup>(1)</sup> | No. of Shares | % of total issued Shares after the issue and allotment of the Consideration Shares, but before the issue and allotment of the Conversion Shares <sup>(2)</sup> | No. of Shares | % of total issued Shares after the issue and allotment of the Consideration Shares and the Conversion Shares <sup>(3)</sup> |
|----------------------------|---------------|---------------------------------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------|
| Dr. John Chen<br>Seow Phun | 23,163,525    | 5.97                                                                      | 23,163,525    | 5.06                                                                                                                                                           | 23,163,525    | 4.16                                                                                                                        |
| Zheng Fengwen              | 100,000,000   | 25.79                                                                     | 100,000,000   | 21.85                                                                                                                                                          | 100,000,000   | 17.97                                                                                                                       |
| Lee Tong Soon              | 24,036,426    | 6.20                                                                      | 24,036,426    | 5.25                                                                                                                                                           | 24,036,426    | 4.32                                                                                                                        |
| Kok Nyong Patt             | 25,027,725    | 6.45                                                                      | 25,027,725    | 5.47                                                                                                                                                           | 25,027,725    | 4.50                                                                                                                        |
| Jo-Anne Chang              | 40,000,000    | 10.32                                                                     | 40,000,000    | 8.74                                                                                                                                                           | 40,000,000    | 7.19                                                                                                                        |

#### Notes:

- (1) Based on total issued and paid-up ordinary share capital (excluding treasury Shares) comprising 387,748,700 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged issued and paid-up share capital of the Company (excluding treasury shares) comprising 457,748,700 Shares as at the time of completion of the Proposed Properties Acquisition (i.e. assuming that the Conversion Shares have not been issued).
- (3) Based on the enlarged issued and paid-up share capital of the Company (excluding treasury shares) comprising 556,442,914 Shares after completion of the Proposed Properties Acquisition (i.e. assuming that both the Consideration Shares and the Conversion Shares have been issued).

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## (b) Interests of Substantial Shareholders

The interests of the Substantial Shareholders in the Shares, following (i) the issue and allotment of the Consideration Shares, but before the issue and allotment of the Conversion Shares and (ii) the issue and allotment of both the Consideration Shares and the Conversion Shares, are as follows:

| Directors                               | No. of Shares | % of total issued Share as at the Latest Practicable Date <sup>(1)</sup> | No. of Shares | % of total issued Shares after the issue and allotment of the Consideration Shares, but before the issue and allotment of the Conversion Shares <sup>(2)</sup> | No. of Shares | % of total issued Shares after the issue and allotment of the Consideration Shares and the Conversion Shares <sup>(3)</sup> |
|-----------------------------------------|---------------|--------------------------------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------|
| Low Eng Heng @ Low Yong Heng            | -             | -                                                                        | -             | -                                                                                                                                                              | 98,694,214    | 17.74                                                                                                                       |
| Lim Tiong Soon                          | 2,506,600     | 0.65                                                                     | 72,506,600    | 15.84                                                                                                                                                          | 72,506,600    | 13.03                                                                                                                       |
| Citibank Nominees Singapore Pte Ltd     | 103,045,750   | 26.58                                                                    | 103,045,750   | 22.51                                                                                                                                                          | 103,045,750   | 18.52                                                                                                                       |
| Sunlead Evergrowing Capital Co. Limited | 100,000,000   | 25.79                                                                    | 100,000,000   | 21.85                                                                                                                                                          | 100,000,000   | 17.97                                                                                                                       |
| Xu Cai Kui                              | 100,000,000   | 25.79                                                                    | 100,000,000   | 21.85                                                                                                                                                          | 100,000,000   | 17.97                                                                                                                       |
| Zheng Fengwen                           | 100,000,000   | 25.79                                                                    | 100,000,000   | 21.85                                                                                                                                                          | 100,000,000   | 17.97                                                                                                                       |
| Rosbay Private Limited                  | 40,000,000    | 10.32                                                                    | 40,000,000    | 8.74                                                                                                                                                           | 40,000,000    | 7.19                                                                                                                        |
| Heng Chin Ngor Doris                    | 40,000,000    | 10.32                                                                    | 40,000,000    | 8.74                                                                                                                                                           | 40,000,000    | 7.19                                                                                                                        |
| Jo-Anne Chang                           | 40,000,000    | 10.32                                                                    | 40,000,000    | 8.74                                                                                                                                                           | 40,000,000    | 7.19                                                                                                                        |
| Singapore Enterprises Private Limited   | 38,700,000    | 9.98                                                                     | 38,700,000    | 8.45                                                                                                                                                           | 38,700,000    | 6.95                                                                                                                        |
| Teo Kiang Ang                           | 28,617,400    | 7.38                                                                     | 28,617,400    | 6.25                                                                                                                                                           | 28,617,400    | 5.14                                                                                                                        |
| Kok Nyong Patt                          | 25,027,725    | 6.45                                                                     | 25,027,725    | 5.47                                                                                                                                                           | 25,027,725    | 4.50                                                                                                                        |
| Lee Tong Soon                           | 24,036,426    | 6.20                                                                     | 24,036,426    | 5.25                                                                                                                                                           | 24,036,426    | 4.32                                                                                                                        |
| Unigold Asia Limited                    | 22,252,725    | 5.74                                                                     | 22,252,725    | 4.86                                                                                                                                                           | 22,252,725    | 4.00                                                                                                                        |
| John Chen Seow Phun                     | 23,163,525    | 5.97                                                                     | 23,163,525    | 5.06                                                                                                                                                           | 23,163,525    | 4.16                                                                                                                        |

### Notes:

- (1) Based on total issued and paid-up ordinary share capital (excluding treasury Shares) comprising 387,748,700 Shares as at the Latest Practicable Date.
- (2) Based on the enlarged issued and paid-up share capital of the Company (excluding treasury shares) comprising 457,748,700 Shares as at the time of completion of the Proposed Properties Acquisition (i.e. assuming that the Conversion Shares have not been issued).
- (3) Based on the enlarged issued and paid-up share capital of the Company (excluding treasury shares) comprising 556,442,914 Shares after completion of the Proposed Properties Acquisition (i.e. assuming that both the Consideration Shares and the Conversion Shares have been issued).

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# LETTER TO SHAREHOLDERS

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(c) Public Float

Prior to the proposed issue and allotment of the Consideration Shares and the Conversion Shares, the public float of the Company is approximately 27.72%. Following the proposed issue and allotment of the Consideration Shares but before the proposed issue and allotment of the Conversion Shares, the public float of the Company will be approximately 23.09%. Following the proposed issue and allotment of both the Consideration Shares and the Conversion Shares, the public float of the Company will be approximately 19.00%.

8.4 **Specific Interest**

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Properties Acquisition, the proposed issue and allotment of Consideration Shares, the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the proposed issue of Convertible Bonds, the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng and/or the Proposed Disposal, other than by reason only of being a Director or a holder of Shares.

9. **DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Properties Acquisition, the proposed issue and allotment of Consideration Shares, the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the proposed issue of Convertible Bonds, the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng and/or the Proposed Disposal and no service contract is proposed to be entered into by the Company and any such person in connection with the Proposed Properties Acquisition, the proposed issue and allotment of Consideration Shares, the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the proposed issue of Convertible Bonds, the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng and/or the Proposed Disposal.

10. **DIRECTORS' RECOMMENDATION**

10.1 **Proposed Properties Acquisition, Proposed Issue and Allotment of Consideration Shares, Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the Proposed Issue of Convertible Bonds and the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng**

Having considered the rationale for the Proposed Properties Acquisition out in Section 2.4 of this Circular, the Directors are of the opinion that the Proposed Properties Acquisition (which is the subject of Resolution 1) and together with the consequential Resolutions 2, 3, 4 and 5 is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of Resolutions 1, 2, 3, 4 and 5 as set out in the Notice of EGM.

10.2 **Proposed Disposal**

Having considered the rationale for the Proposed Disposal set out in Section 7.5 of this Circular, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of Resolution 6 as set out in the Notice of EGM.

**In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisers.**

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# LETTER TO SHAREHOLDERS

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## **11. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 32 of this Circular, will be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on 9 February 2018 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Resolutions as set out in the notice of EGM.

## **12. ACTION TO BE TAKEN BY THE SHAREHOLDERS**

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend, speak and vote on his behalf, he should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409, not later than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder does not preclude him from attending, speaking and voting in person at the EGM if he wishes to do so. A depositor shall not be regarded as a member entitled to attend, speak and vote at the EGM unless his name appears in the Depository Register 72 hours before the time appointed for holding the EGM.

Persons who have an interest in the approval of the resolution must decline to accept appointment as proxies unless the Shareholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

## **13. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Properties Acquisition, the proposed issue and allotment of Consideration Shares, the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon, the proposed issue of Convertible Bonds, the proposed issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds, the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng and the Proposed Disposal, the Company and its subsidiaries, 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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## 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409, during normal business hours from the date hereof up to and including the date falling 3 months after the date of this Circular:

- (a) the Properties SPAs and Addendum Agreements entered into with each of the Vendors;
- (b) the Valuation Report;
- (c) the Constitution of the Company;
- (d) the annual report of the Company for FY2016;
- (e) the announcement dated 14 August 2017 in relation to the unaudited consolidated financial statements of the Group for the financial period ended 30 June 2017;
- (f) the Bond Subscription Agreement (which includes the form of the Deed Poll constituting the Bonds as well as Terms and Conditions of the Bonds);
- (g) the Vendors' Confirmation Letter; and
- (h) the Equity Transfer Agreement.

Yours faithfully

For and on behalf of the Board of  
**PAVILLON HOLDINGS LTD.**

Dr. John Chen Seow Phun  
Executive Chairman  
25 January 2018

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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## PAVILLON HOLDINGS LTD.

(Company Registration Number: 199905141N)  
(Incorporated in the Republic of Singapore)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of Pavillon Holdings Ltd. ("**Company**") will be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on 9 February 2018 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary resolutions:

All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Circular of the Company dated 25 January 2018 to Shareholders.

#### AS ORDINARY RESOLUTIONS

#### **RESOLUTION 1 – THE PROPOSED ACQUISITION OF 99 STRATA LOTS OF CITY PLAZA COMMERCIAL COMPLEX AND 8 PLOTS OF ITS ADJOINING VACANT LANDS IN JOHOR BAHRU BY FENGCHI REAL ESTATE SDN. BHD.**

##### **THAT:**

- (a) Approval be and is hereby given, for the Proposed Properties Acquisition on the terms set out in Section 2 of the Circular; and
- (b) the Directors and any of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the Proposed Properties Acquisition.

#### **RESOLUTION 2 – THE PROPOSED ISSUE AND ALLOTMENT OF 70,000,000 NEW SHARES IN THE COMPANY TO MR LIM TIONG SOON AS SETTLEMENT OF PART OF THE PROPERTIES PURCHASE CONSIDERATION PAYABLE TO HOCK DER UPON COMPLETION**

##### **THAT:**

- (a) approval be and is hereby given, for the issue and allotment by the Company of Consideration Shares as part payment of the Properties Purchase Consideration; and
- (b) the Directors and any of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the proposed issue and allotment of Consideration Shares.

#### **RESOLUTION 3 – THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LIM TIONG SOON PURSUANT TO THE PROPOSED ISSUE AND ALLOTMENT OF CONSIDERATION SHARES**

##### **THAT:**

- (a) approval be and is hereby given for the transfer of Controlling Interest in the Company to Mr Lim Tiong Soon under Rule 803 of the Listing Manual pursuant to the proposed issue and allotment of the Consideration Shares; and
- (b) the Directors and any of them be and are hereby authorised to complete and to take such steps, enter into all such transactions, arrangements and agreements, execute all such documents and do all such acts and things as they may consider necessary, desirable or expedient to give effect to the Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon.

#### **RESOLUTION 4 – THE PROPOSED ISSUE OF RM29,855,000 PRINCIPAL AMOUNT OF 5.0% CONVERTIBLE BONDS DUE 3 YEARS FROM THE DATE OF ISSUANCE BY THE COMPANY**

##### **THAT:**

- (a) Approval be and is hereby given, for the Convertible Bond issuance on the terms set out in Section 5 of the Circular;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) to allot and issue:
- (i) such number of Conversion Shares as may be required or permitted to be allotted or issued on the conversion of the Convertible Bonds, to the holders of the Convertible Bonds on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the Bond Subscription Agreement, whereby such Conversion Shares shall rank pari passu in all respects with the then existing shares of the Company, except for any dividends, rights, allotment or other distributions the record date for which is before the relevant conversion date of the Convertible Bonds; and
  - (ii) on the same basis as paragraph (b)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the Convertible Bonds upon the adjustment of the conversion price in accordance with the terms and conditions of the Bond Subscription Agreement; and
- (c) the Directors and any of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the Convertible Bonds issuance and/or Bond Subscription.

**RESOLUTION 5 - THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LOW ENG HENG @ LOW YONG HENG PURSUANT TO THE PROPOSED ISSUE AND ALLOTMENT OF CONVERSION SHARES**

**THAT:**

- (a) approval be and is hereby given for the transfer of Controlling Interest in the Company to Mr Low Eng Heng @ Low Yong Heng under Rule 803 of the Listing Manual pursuant to the proposed issue and allotment of the Conversion Shares; and
- (b) the Directors and any of them be and are hereby authorised to complete and to take such steps, enter into all such transactions, arrangements and agreements, execute all such documents and do all such acts and things as they may consider necessary, desirable or expedient to give effect to the Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng.

**RESOLUTION 6 - THE PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN TIANJIN BINHAI NEW AREA CHANGJIANG CULTURAL ASSETS TRADING CENTER CO., LTD., AN INDIRECT ASSOCIATED COMPANY OF THE COMPANY**

**THAT:**

- (a) Approval be and is hereby given, for the Proposed Disposal on the terms set out in Section 7 of the Circular; and.
- (b) the Directors and any of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the Proposed Disposal.

By Order of the Board  
**PAVILLON HOLDINGS LTD.**

Dr. John Chen Seow Phun  
Executive Chairman  
25 January 2018

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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## Notes:

1. (a) A member of the Company who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the EGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy (expressed as a percentage as a whole) shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
- (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote in its stead at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, NRIC/Passport Number and proportion of shareholding (number of shares, class of shares and percentage) in relation to which the proxy has been appointed.

**"Relevant Intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409 not less than 48 hours before the time appointed for the EGM. Subject to note 5, completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.
4. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the EGM.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and/or SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and/or SRS Investors shall be precluded from attending the EGM.

## Personal Data Privacy:

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

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# PROXY FORM

## PAVILLON HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199905141N)

### PROXY FORM EXTRAORDINARY GENERAL MEETING

#### IMPORTANT

1. An Investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and/or SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and/or SRS Investors shall be precluded from attending the EGM.
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We\* \_\_\_\_\_ (Name) NRIC/Passport number\* \_\_\_\_\_ of  
\_\_\_\_\_ (Address)

being a shareholder/shareholders\* of Pavillon Holdings Ltd. (the "Company") hereby appoint:

| Name    | NRIC/Passport Number | Proportion of Shareholdings |   |
|---------|----------------------|-----------------------------|---|
|         |                      | Number of Shares            | % |
| Address |                      |                             |   |

and/or\* (delete as appropriate)

| Name    | NRIC/Passport Number | Proportion of Shareholdings |   |
|---------|----------------------|-----------------------------|---|
|         |                      | Number of Shares            | % |
| Address |                      |                             |   |

as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on 9 February 2018 at 3.00 p.m. and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the \*proxy/proxies will vote or abstain from voting at \*his/her discretion.

All resolutions put to the vote at the EGM shall be decided by way of poll.

| Ordinary Resolution |                                                                                        | No. of Votes | No. of Votes |
|---------------------|----------------------------------------------------------------------------------------|--------------|--------------|
|                     |                                                                                        | For**        | Against**    |
| 1.                  | Proposed Properties Acquisition                                                        |              |              |
| 2.                  | Proposed issue and allotment of Consideration Shares                                   |              |              |
| 3.                  | Proposed Transfer of Controlling Interest to Mr Lim Tiong Soon                         |              |              |
| 4.                  | Proposed issue of Convertible Bonds                                                    |              |              |
| 5.                  | Proposed Potential Transfer of Controlling Interest to Mr Low Eng Heng @ Low Yong Heng |              |              |
| 6.                  | Proposed Disposal                                                                      |              |              |

\* Please delete accordingly

\*\* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

| Total number of Shares held in: | No. of Shares |
|---------------------------------|---------------|
| (a) CDP Register                |               |
| (b) Register of Members         |               |

Signature(s) of Shareholder (s) or  
Common Seal of Corporate Shareholder

**IMPORTANT:** PLEASE READ NOTES OVERLEAF

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*) entitled to attend, speak and vote at the EGM of the Company may appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
3. A Relevant Intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the Relevant Intermediary shall submit a list of its proxies setting out number and class of shares in relation to which each proxy has been appointed together with the information required in this proxy form to the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at Block 1002 Tai Seng Avenue, #01-2536, Singapore 534409 not later than forty-eight (48) hours before the time appointed for the EGM. Subject to note 9, completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of the proxy, to the EGM.
5. Where a member (other than a Relevant Intermediary\*) appoints more than one proxy, he shall specify the number of shares to be represented by each proxy, failing which, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and/or SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case the CPF and/or SRS Investors shall be precluded from attending the EGM.
10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend and vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the EGM.
11. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 25 January 2018.

**PERSONAL DATA PRIVACY:**

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member'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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (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 "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.