

EXIT OFFER LETTER DATED 12 APRIL 2016

THIS EXIT OFFER LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the Exit Offer (as defined herein) or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

UOB Kay Hian Private Limited ("UOBKH") is acting for and on behalf of Winner International Investments Limited (the "Offeror") and does not purport to advise the shareholders of China Dairy Group Ltd. (the "Company") or any other person. In preparing this letter to the shareholders of the Company ("Shareholders") for and on behalf of the Offeror, UOBKH has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

The views of the directors of the Company who are considered independent for the purposes of the Exit Offer (the "Independent Directors") and Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors, on the Exit Offer are set out in the circular to Shareholders dated 12 April 2016 issued by the Company which is despatched together with this Exit Offer Letter. You may wish to consider their views before making any decision on the Exit Offer.

If you have sold or transferred all your ordinary shares in the Company (the "Shares") held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Exit Offer Letter and the accompanying Form of Acceptance and Authorisation ("FAA") to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not held through CDP, you should immediately hand this Exit Offer Letter and the accompanying Form of Acceptance and Transfer ("FAT") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Exit Offer Letter.

EXIT OFFER

in connection with

THE PROPOSED VOLUNTARY DELISTING OF CHINA DAIRY GROUP LTD.

By

UOB KayHian

UOB KAY HIAN PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 197000447W)

for and on behalf of

WINNER INTERNATIONAL INVESTMENTS LIMITED

(Incorporated in Hong Kong)
(Company Registration No.: 0822594)

to acquire all the issued and paid-up ordinary shares in the capital of



CHINA DAIRY GROUP LTD.

(Company Registration No. 199703080Z)
(Incorporated in the Republic of Singapore)

other than those already owned, controlled or agreed to be acquired by the Offeror

IMPORTANT DATE AND TIME:

ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE EXIT OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 18 MAY 2016 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

The procedures for acceptance of the Exit Offer are set out in Appendix 1 to this Exit Offer Letter and in the accompanying FAA and/or FAT.

Please call the UOBKH helpline at (65) 6590 6881 during office hours if you have any enquiries in connection with the Exit Offer or if you need assistance to complete the Acceptance Forms.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

Overseas Shareholders

The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register, or as the case may be, in the records of CDP, may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Shareholders not resident in Singapore should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

For the avoidance of doubt, the Exit Offer is made to all Shareholders, including those to whom this Exit Offer Letter, the Circular, the FAA and/or the FAT, and any related documents will not be, or may not be sent, provided that this Exit Offer Letter does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Exit Offer is not being made in any jurisdiction in which the making or acceptance of the Exit Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Exit Offer to Shareholders in any such jurisdiction.

Overseas Jurisdictions

It is the responsibility of any Shareholder outside Singapore who wishes to accept the Exit Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. Such Shareholder shall be liable for the payment of any taxes, imposts, duties or other requisite payments payable. In accepting the Exit Offer, such Shareholder represents and warrants to the Offeror, UOBKH and CDP that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in doubt about his position, he should consult his professional adviser in the relevant jurisdiction. Overseas Shareholders (as defined herein) should read **Section 13** of this Exit Offer Letter.

INSTRUCTIONS TO ACCEPT THE EXIT OFFER

1. Locate the FAA if you are a Depositor and/or the FAT if you hold Offer Shares in scrip form, in this package. Alternatively, the relevant Acceptance Form(s) may be obtained from:
 - (a) The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 (in respect of the FAA);
 - (b) M&C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 (in respect of the FAT); or
 - (c) the website of the SGX-ST at <http://www.sgx.com>.
2. Fill in your details and sign the relevant Acceptance Form(s). Instructions on how to complete the forms are set out in the Acceptance Forms and in Appendix 1 to this Exit Offer Letter.
3. Return the completed and signed original Acceptance Form(s) so as to arrive by **no later than 5.30 p.m. (Singapore time) on 18 May 2016** (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), by hand or by post, to CDP (in the case of an FAA) or to the Registrar (in the case of an FAT). If the duly completed and signed original FAA and/or FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

CPFIS Investors who wish to accept the Exit Offer should contact their respective CPF Agent Banks (namely, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited).

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DEFINITIONS

In this Exit Offer Letter, the following definitions shall apply throughout unless the context otherwise requires:

“Acceptance Forms”	:	The FAA and/or the FAT, as the case may be
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	The circular dated 12 April 2016 issued by the Company to the Shareholders in relation to the Proposed Delisting and the Exit Offer
“Closing Date”	:	First Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers as amended, modified or supplemented from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time
“Company”	:	China Dairy Group Ltd.
“Concert Parties”	:	Parties acting or deemed to be acting in concert with the Offeror in connection with the Exit Offer
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their monies pursuant to the CPFIS
“Delisting Materials”	:	This Exit Offer Letter, Acceptance Forms and any related documents
“Delisting Proposal”	:	The formal proposal dated 30 December 2015 presented by the Offeror to the Directors to seek the Proposed Delisting
“Delisting Resolution”	:	The resolution of Shareholders to be proposed at the EGM to approve the Proposed Delisting
“Delisting Resolution Approval Condition”	:	Has the meaning given to it in Section 2.4(a) of this Exit Offer Letter
“Despatch Date”	:	12 April 2016, being the date of despatch of this Exit Offer Letter and the Circular

“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Dissenting Shareholders”	:	Has the meaning given to it in Section 8 of this Exit Offer Letter
“EGM”	:	The extraordinary general meeting to be convened by the Company on 4 May 2016 to seek the approval of Shareholders for the Proposed Delisting, notice of which is set out on pages N-1 to N-2 of the Circular
“Encumbrances”	:	All claims, liens, equities, mortgages, charges, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“Exit Offer”	:	The cash offer made by UOBKH, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in this Exit Offer Letter and the Acceptance Forms
“Exit Offer Letter”	:	This letter and any other document(s) which may be issued by UOBKH, for and on behalf of the Offeror, to Shareholders in relation to the Exit Offer, as may be amended, revised, supplemented or updated from time to time
“Exit Offer Price”	:	S\$0.195 in cash for each Offer Share
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of this Exit Offer Letter
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which is applicable to Shareholders whose Offer Shares are registered in their own names in the Register and which forms part of this Exit Offer Letter
“First Closing Date”	:	5.30 p.m. (Singapore time) on 18 May 2016
“FY”	:	Financial year ended 31 March
“Group”	:	The Company and its subsidiaries
“IFA”	:	Xandar Capital Pte. Ltd., being the independent financial adviser to the Independent Directors in connection with the Exit Offer
“Independent Directors”	:	The Directors who are considered independent for the purpose of the Exit Offer, being Kong Jing, Wang Xin, Zhao Zhongqi, Lei Huafeng, Dr. Kwok Kain Sze, Dr. Chau Sik Ting @ Chao Sik Ting and Zhang Puhui

“Irrevocable Undertaking”	:	Has the meaning given to it in Section 4.1 of this Exit Offer Letter
“Joint Announcement”	:	The joint announcement of the Exit Offer by the Offeror and the Company on the Joint Announcement Date in connection with the Proposed Delisting and the Exit Offer
“Joint Announcement Date”	:	30 December 2015, being the date of the Joint Announcement
“Last Trading Day”	:	Has the meaning given to it in Section 6.2 of this Exit Offer Letter
“Latest Practicable Date”	:	31 March 2016, being the latest practicable date prior to the printing of this Exit Offer Letter
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Minimum Acceptance Condition”	:	Has the meaning given to it in Section 2.4(c) of this Exit Offer Letter
“MTP Watch-list”	:	Has the meaning given to it in Section 9 of this Exit Offer Letter
“NTA”	:	Net tangible assets
“Offer Shares”	:	Has the meaning given to it in Section 2.1 of this Exit Offer Letter
“Offeror”	:	Winner International Investments Limited
“Offeror Directors”	:	Has the meaning given to it in Section 10.2 of this Exit Offer Letter
“Overseas Shareholder”	:	Has the meaning given to it in Section 13.1 of this Exit Offer Letter
“Proposed Delisting”	:	The voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Reference Period”	:	The period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date
“Register”	:	The register of holders of the Shares, as maintained by the Registrar

“Registrar”	:	M&C Services Private Limited, the share registrar and transfer agent of the Company
“Relevant Directors”	:	Has the meaning given to it in Section 10.2 of this Exit Offer Letter
“Relevant Securities”	:	Has the meaning given to it in Section 11.3 of this Exit Offer Letter
“Restricted Jurisdiction”	:	Has the meaning given to it in Section 13.3 of this Exit Offer Letter
“Securities Account”	:	A securities accounts maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the Register, except that where CDP is the registered holder, the term “Shareholders” shall mean Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“UOBKH”	:	UOB Kay Hian Private Limited
“Undertaking Shareholder”	:	Has the meaning given to it in Section 4.1 of this Exit Offer Letter
“Undertaking Shares”	:	Has the meaning given to it in Section 4.2 of this Exit Offer Letter
“VWAP”	:	Volume weighted average price
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

Acting in Concert, Associated Company. The expressions **“acting in concert”** and **“associated company”** shall have the meanings ascribed to them respectively in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by UOBKH or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors, etc. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Exit Offer Letter. References to “**Exit Offer Letter**” shall include the Acceptance Forms, unless the context otherwise requires.

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

Headings. The headings in this Exit Offer Letter are inserted for convenience only and shall be ignored in construing this Exit Offer Letter.

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

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Exit Offer Letter are, as the context so determines, to Shareholders.

Statutes. Any reference in this Exit Offer Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Securities and Futures Act, the Code, the Listing Manual or any modification thereof and used in this Exit Offer Letter shall, where applicable, have the meaning assigned to that word under the Companies Act, the Securities and Futures Act, the Code, the Listing Manual or that modification, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. References to “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Exit Offer Letter shall be a reference to Singapore time and date, respectively, unless otherwise specified.

Total Number of Shares. References in this Exit Offer Letter to the total number of issued Shares are to 439,627,300 Shares in issue as at the Latest Practicable Date, (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on such date), unless otherwise stated. The Company does not hold any treasury shares.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Exit Offer Letter are or may be forward-looking statements. Forward-looking statements include but are not limited to, those using words such as “expect”, “seek”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor UOBKH undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS OF THE COMPANY

UOB KayHian

UOB KAY HIAN PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 197000447W)

12 April 2016

TO: THE SHAREHOLDERS OF CHINA DAIRY GROUP LTD.

Dear Sir/Madam

PROPOSED VOLUNTARY DELISTING OF CHINA DAIRY GROUP LTD – EXIT OFFER LETTER

1. INTRODUCTION

1.1 Delisting Proposal

On 30 December 2015, the Offeror and the Company jointly announced that the Offeror had presented the Delisting Proposal to the board of Directors to seek the Proposed Delisting and that under the Delisting Proposal, the Offeror will make the Exit Offer in connection with the Proposed Delisting.

1.2 EGM

The Company is convening the EGM on 4 May 2016 to seek the approval of the Shareholders for the Proposed Delisting.

1.3 Exit Offer Letter and the Circular

This Exit Offer Letter, together with the Acceptance Forms, contain the formal Exit Offer by UOBKH, for and on behalf of the Offeror, to acquire all the Offer Shares.

A copy of the Circular is despatched together with this Exit Offer Letter and the relevant Acceptance Forms.

Electronic copies of this Exit Offer Letter, the Acceptance Forms and the Circular are also available on the website of the SGX-ST at <http://www.sgx.com>.

1.4 Caution

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Exit Offer Letter.

Please read this Exit Offer Letter and the Circular (including the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors on the Exit Offer) carefully in their entirety.

If you are in any doubt about the Exit Offer or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE EXIT OFFER

2.1 Exit Offer

For and on behalf of the Offeror, UOBKH hereby makes the offer to acquire all the issued Shares other than those already owned, controlled or agreed to be acquired by the Offeror as at the date of this Exit Offer Letter ("**Offer Shares**"), on the terms and subject to the conditions set out in this Exit Offer Letter and the Acceptance Forms.

2.2 Exit Offer Price

The consideration for each Offer Share is as follows:

For each Offer Share: S\$0.195 in cash

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer. The aggregate Exit Offer Price payable in cash to each Shareholder for the Offer Shares held by such Shareholder will be rounded down to the nearest whole cent.

2.3 No Encumbrances

The Offer Shares will be acquired (a) fully paid; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date.

If any dividend, other distribution or return of capital is declared, made or paid on or after the Joint Announcement Date to a Shareholder who accepts or has accepted the Exit Offer, and the settlement date in respect of the Offer Shares which have been tendered in acceptance by such accepting Shareholder falls after the record date of any such dividend, other distribution or return of capital such that the Offeror will not be receiving the same from the Company, the Offeror reserves the right to reduce the Exit Offer Price to such accepting Shareholder by the amount of such dividend, other distribution or return of capital.

2.4 Conditions to the Proposed Delisting and Exit Offer

The Proposed Delisting and Exit Offer will be conditional on:

- (a) the Delisting Resolution (i) being approved by a majority of at least 75% of the total number of issued Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on the Delisting Resolution (the Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution) and (ii) not being voted against by 10% or more of the total number of issued Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM (collectively, the "**Delisting Resolution Approval Condition**");
- (b) confirmation by the SGX-ST that it has no objection to the Proposed Delisting, subject to the satisfaction of the Delisting Resolution Approval Condition; and

- (c) the Offeror having received, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which, together with Shares owned, controlled or agreed to be acquired by the Offeror either before or during the Exit Offer, pursuant to the Exit Offer or otherwise, will result in the Offeror and persons acting in concert with it holding such number of Shares carrying **more than 50%** of the voting rights attributable to the issued share capital of the Company as at the close of the Exit Offer (the “**Minimum Acceptance Condition**”).

The SGX-ST has in its letter dated 31 March 2016 informed the Company that it has no objection to the Proposed Delisting of the Shares from the Official List of the SGX-ST, subject to the approval by Shareholders in compliance with the requirements of Rule 1307 of the Listing Manual and fulfilment of all other conditions precedent to the Proposed Delisting. However, the SGX-ST’s decision is not to be taken as an indication of the merits of the Proposed Delisting.

Under Rule 1307 of the Listing Manual, all Shareholders, including the Offeror, its Concert Parties and the Directors and controlling Shareholders of the Company, are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the aggregate number of Shares held by the Offeror amount to 212,424,000 Shares, representing approximately 48.32% of the total number of issued Shares. **The Offeror intends to vote all of the 212,424,000 Shares held by it in favour of the Delisting Resolution at the EGM.**

In addition, pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has undertaken to vote all the 129,700,000 Shares, representing 29.50% of the total number of issued Shares held by it in favour of the Delisting Resolution at the EGM.

Accordingly, as at the Latest Practicable Date, the aggregate shareholding percentage which will vote in favour of the Proposed Delisting at the EGM will be at least 77.82% of the total number of issued Shares.

2.5 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$195.00 for every 1,000 Offer Shares tendered for acceptance under the Exit Offer.

The Exit Offer will be conditional upon the Minimum Acceptance Condition being satisfied before the Closing Date.

2.6 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date.

2.7 Duration

Shareholders may choose to accept the Exit Offer from the Despatch Date before the EGM. However, such acceptances would be conditional on the Delisting Resolution Approval Condition being satisfied at the EGM and to the Minimum Acceptance Condition having been fulfilled before the Closing Date. If the Delisting Resolution Approval Condition is not satisfied at the EGM, one of the conditions to the Proposed Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

If the Delisting Resolution Approval Condition is satisfied at the EGM, the Exit Offer will remain open for acceptance by the Shareholders for a period of at least 14 days after the date of announcement of the Shareholders' approval of the Proposed Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. (Singapore time) on 18 May 2016** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

Shareholders should note that in addition to the Delisting Resolution Approval Condition, the Exit Offer is also conditional upon the Minimum Acceptance Condition being satisfied before the Closing Date. If the Minimum Acceptance Condition is not satisfied, both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

2.8 Courses of Action Available to Shareholders

A Shareholder can, in relation to all or part of his Offer Shares, either:

- (a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with such procedures set out in Appendix 1 to this Exit Offer Letter; or
- (b) take no action and let the Exit Offer lapse in respect of his Offer Shares.

In the event that the conditions set out in Section 2.4 of this Exit Offer Letter are satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company.

Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix 1 to this Exit Offer Letter and the Acceptance Forms.

3. PROCEDURES FOR ACCEPTANCE

Appendix 1 to this Exit Offer Letter sets out (a) the procedures for acceptance of the Exit Offer by a Shareholder and (b) details of the settlement of the Offer Shares tendered in acceptance of the Exit Offer.

4. IRREVOCABLE UNDERTAKING

4.1 Irrevocable Undertaking

As at the Joint Announcement Date, the Offeror has obtained an irrevocable undertaking (the “**Irrevocable Undertaking**”) from Oasis Ventures Limited (the “**Undertaking Shareholder**”).

4.2 Shares held by Undertaking Shareholder

As at the Latest Practicable Date, the Undertaking Shareholder holds (through its nominee, Bank of Singapore Nominees Pte. Ltd.) 129,700,000 Shares (the “**Undertaking Shares**”), representing 29.50% of the total number of issued Shares.

Mr Wang Xin, a Non-Executive Director of the Company, and Mr Zou Yibo hold 51% and 49% of the total issued share capital of the Undertaking Shareholder respectively. Shaanxi Coal and Chemical Industry Group Co. Ltd. is deemed to have an interest in the shares held by Mr Wang Xin and Mr Zou Yibo by virtue of Section 7(4) of the Companies Act.

4.3 Terms of Irrevocable Undertaking.

Pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has irrevocably undertaken, *inter alia*,:

- (a) to attend, and to procure that its nominee attend and vote all the Undertaking Shares in favour of the Delisting Resolution and/or other matters in connection with the Proposed Delisting at the EGM to be convened;
- (b) not to, and to procure that its nominee not to accept the Exit Offer in respect of any of the Undertaking Shares; and
- (c) not to, and to procure that its nominee not to, from the date of and until the Irrevocable Undertaking is terminated in accordance with the terms therein, directly or indirectly, offer, sell, transfer, lend, give or otherwise dispose of any of the legal, beneficial or economic consequences of ownership of, all or any of the Undertaking Shares held by them or any interest therein.

4.4 Duration of Irrevocable Undertaking

The Irrevocable Undertaking shall terminate and cease to have any further force or effect on the date the Exit Offer closes, lapses or is withdrawn, or upon the completion of the Proposed Delisting, whichever is the later.

5. RULINGS FROM THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE

An application was made by the Offeror to the SIC to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. On 22 December 2015, the SIC ruled, *inter alia*, that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Code:
 - (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;

- (iii) Rule 28 on acceptances; and
 - (iv) Rule 29 on the right of acceptors to withdraw their acceptances,
- subject to the satisfaction of the following conditions:
- (i) the Exit Offer remaining open for at least:
 - (1) 21 days after the date of the despatch of the Exit Offer Letter if the Exit Offer Letter is despatched after Shareholders' approval for the Proposed Delisting has been obtained; or
 - (2) 14 days after the date of the announcement of Shareholders' approval of the Proposed Delisting if the Exit Offer Letter is despatched on the same date as the Circular;
 - (ii) disclosure in the Circular of the following:
 - (1) the consolidated net tangible assets (the "**Consolidated NTA**") per Share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the Circular; and
 - (2) particulars of all known material changes as at the latest practicable date which may affect the Consolidated NTA per Share based on the latest published accounts prior to the date of the Circular or a statement that there are no such known material changes; and
 - (iii) the Proposed Delisting being conditional upon the Offeror receiving acceptances in respect of voting rights which result in the Offeror holding more than 50% of the total voting rights in the Company;
- (b) subject to the Irrevocable Undertaking not being revoked at any time during the Exit Offer, the confirmation to be provided by UOBKH that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Exit Offer may exclude the amount which may otherwise be payable in relation to the Shares which are the subject of the Irrevocable Undertaking; and
 - (c) the Relevant Directors are exempted from the requirement to make a recommendation to Shareholders on the Exit Offer. However, the Relevant Directors must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of the Company to the Shareholders in connection with the Exit Offer.

6. RATIONALE FOR THE DELISTING PROPOSAL AND EXIT OFFER

6.1 No present need for access to Singapore capital markets

It is noted that other than the proceeds raised from the exercise of the bonus warrants issued in January 2005, the Company has not conducted any fund-raising exercise since completion of the reverse takeover of the Company in 2003. It is unlikely that the Company will need to tap on the Singapore capital market in the foreseeable future to finance its operations and accordingly, it may not be necessary for the Company to remain listed on the SGX-ST.

6.2 Low trading liquidity of Shares

The trading liquidity of the Shares on the SGX-ST has generally been thin.

The average daily trading volume of the Shares for the 12-month, six-month, three-month and one-month periods prior to and including 29 December 2015, being the last full day of trading in the Shares on the SGX-ST immediately preceding the Joint Announcement Date (“**Last Trading Day**”) is as follows:

Description	Average Traded Volume ⁽¹⁾	Approximate percentage of total number of issued Shares (%) ⁽²⁾
Last 12-months preceding the Last Trading Day	71,952	0.016
Last six-months preceding the Last Trading Day	36,336	0.008
Last three-months preceding the Last Trading Day	31,311	0.007
Last one-month preceding the Last Trading Day	17,480	0.004
Last Trading Day	54,600	0.010

Source: Bloomberg

Notes:

- (1) The average traded volume of the Shares is computed based on the total volume of Shares traded during the relevant periods immediately prior to and including the Joint Announcement Date, divided by the number of days on which the Shares were traded on the SGX-ST during the respective periods.
- (2) Based on 439,627,300 Shares, being the total number of issued Shares as at the Joint Announcement Date.

The Exit Offer will provide an exit option for those Shareholders who wish to realise their entire investment in the Shares but find it difficult to do so as a result of the low trading volume of the Shares.

6.3 Attractive Premium

Set out below is the premium of the Exit Offer Price over the benchmark prices of the Shares up to, and including the Last Trading Day.

Description	Benchmark Price (S\$)	Premium over/ (discount to) Benchmark Price (%)
(a) Last transacted price per Share on the Last Trading Day	0.110	77.3
(b) VWAP of the Shares for the one-month period preceding the Last Trading Day	0.099	97.0
(c) VWAP of the Shares for the three-month period preceding the Last Trading Day	0.107	82.2
(d) VWAP of the Shares for the six-month period preceding the Last Trading Day	0.107	82.2
(e) VWAP of the Shares for the 12-month period preceding the Last Trading Day	0.111	75.7

Source: Bloomberg

The Exit Offer Price represents a premium of approximately 77.3% over the last transacted price per Share of S\$0.110 on 29 December 2015, being the Last Trading Day. When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Exit Offer Price represents a premium of approximately 97.0%, 82.2%, 82.2% and 75.7% over the VWAP per Share for the one-month, three-month six-month and 12-month periods, respectively.

Through the Delisting Proposal, the Offeror aims to provide Shareholders with an opportunity to realise their entire investments in the Company without incurring brokerage and other trading costs, for a cash consideration at a premium over the market prices of the Shares in the last 12-months prior to the Joint Announcement Date.

6.4 Reduce Compliance Costs of Maintaining Listing

In maintaining its listed status on the SGX-ST, the Company incurs compliance and associated costs. The Proposed Delisting would allow the Company to realise cost savings by dispensing with expenses relating to the maintenance of a listed status and focus its resources on its business operations.

7. THE OFFEROR'S INTENTION FOR THE COMPANY

7.1 Offeror's Intention to Vote on Delisting Resolution

The Offeror does not intend to maintain or support any action taken or to be taken to maintain the present listing status of the Company. Accordingly, the Offeror intends to vote all of the 212,424,000 Shares, representing 48.32% of the total number of issued Shares held by it in favour of the Delisting Resolution at the EGM.

Shareholders should note that in the event the conditions set out in Section 2.4 of this Exit Offer Letter are satisfied, the Company will be delisted from the Official List of the SGX-ST on or after the close of the Exit Offer, irrespective of the number of acceptances received by the Offeror in respect of the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, the Company (as a Singapore incorporated company) will be subject to the provisions of the Companies Act and will no longer be subject to the provisions of the Listing Manual. Shareholders of the Company at such time may wish to seek their own independent legal advice to familiarise themselves with their rights as a shareholder of a Singapore incorporated company under the Companies Act. Please refer to Section 8 for other implications of the Proposed Delisting.

7.2 Offeror's Future Plans for the Company

The Offeror intends for the Company to continue its existing business activities and there are no immediate plans to: (i) propose any major changes to the existing businesses of the Group; (ii) redeploy the fixed assets of the Group; or (iii) discontinue the employment of the employees of the Group other than in the ordinary course of business. The Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which the Offeror regards to be in the interest of the Offeror and/or the Group.

8. COMPULSORY ACQUISITION

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date) the Offeror will be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**"), at a price equal to the Exit Offer Price.

In addition, Dissenting Shareholders will have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Exit Offer Price and on the same terms as the Exit Offer, in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares.

In view that the Undertaking Shareholder will not be accepting the Exit Offer, the Offeror will not be able to satisfy the requirement of acquiring at least 90% of the Offer Shares to enable it to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act or of holding at least 90% of the issued Shares after the conclusion of the Exit Offer to enable Dissenting Shareholders to exercise any right to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Accordingly, the Offeror will not be entitled to make any compulsory acquisition of the Shares following the conclusion of the Exit Offer.

In the event that the Proposed Delisting is approved by Shareholders at the EGM and the Minimum Acceptance Condition is satisfied, the Company will be delisted and Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company. Shareholders should note the following:

- (a) following the Proposed Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares. Even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price;
- (b) under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer; and
- (c) after the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Registrar will arrange to forward the share certificate(s) to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP, for their physical safekeeping. The share certificate(s) belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

Shareholders who are in doubt of their position under Section 215(1) and Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

9. INFORMATION ON THE COMPANY

The Company is a company incorporated under the laws of Singapore on 7 May 1997 and was listed on the Mainboard of the SGX-ST on 10 July 2000. It is an investment holding company. The Group manufactures and trades in milk and related products in the People's Republic of China. The Group's business segments comprise milk powder and liquid milk. It offers milk powder and liquid milk products under the Yingqiao and Qinyong brand names.

As at the Latest Practicable Date, the Company has an issued and paid-up capital comprising 439,627,300 Shares and a market capitalisation of approximately S\$84.8 million¹.

As at the Latest Practicable Date, the Directors are Liu Huaguo, Wang Jingji, Kong Jing, Wang Xin, Zhao Zhongqi, Lei Huafeng, Dr. Kwok Kain Sze, Dr. Chau Sik Ting @ Chao Sik Ting and Zhang Puhui.

The Company's inclusion on the MTP Watch-list in respect of the Minimum Trading Price ("MTP") Entry Criterion

The SGX-ST has notified the Company that based on the SGX-ST's review which took place on 1 March 2016, the VWAP of the Shares is less than S\$0.20 over the last six (6) months. Accordingly and pursuant to Rule 1311(2) of the Listing Manual, the Company was placed on the watch-list of the SGX-ST ("**MTP Watch-list**") with effect from 3 March 2016.

The Company must take active steps to meet the requirements of Listing Rule 1314(2) within 36 months from 3 March 2016, failing which the SGX-ST may either remove the Company from the Official List, or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List of the SGX-ST.

Rule 1314(2) of the Listing Manual states that the Company will be assessed by the SGX-ST for removal from the MTP Watch-list if the Company has remained on the MTP Watch-list for at least 6 months (this will exclude the time spent on the watch-list due to the Financial Entry Criteria pursuant to Listing Rule 1311(1)) and records a volume-weighted average price of at least S\$0.20 over the last 6 months prior to the date of the SGX-ST's review.

Appendix 5 of this Exit Offer Letter sets out additional information on the Company.

¹ The market capitalisation of the Company was determined based on 439,627,300 Shares and S\$0.193, being the last traded price of such Shares on the Latest Practicable Date. (Source: Bloomberg)

10. INFORMATION ON THE OFFEROR

- 10.1 The Offeror is a company incorporated under the laws of Hong Kong on 20 November 2002. As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of HKD10,000 comprising 10,000 ordinary shares held by the following persons in the following respective proportions:

Name	Number of ordinary shares held in the Offeror	Percentage of ordinary shares held in the Offeror (%)
Mr Liu Huaguo	9,999	99.99
Mr Wang Jingji	1	0.01
Total	10,000	100.00

- 10.2 As at the Latest Practicable Date, the directors of the Offeror are Mr Liu Huaguo, Mr Wang Jingji and Ms Liu Ping (the “**Offeror Directors**”). Mr Liu Huaguo and Mr Wang Jingji (the “**Relevant Directors**”) are respectively the Executive Chairman and Executive Director of the Company.
- 10.3 As at the Latest Practicable Date, the Offeror holds 212,424,000 Shares representing 48.32% of the total number of issued Shares through its nominee, DBS Nominees (Private) Limited. None of the directors or shareholders of the Offeror holds any direct interest in the Shares.
- 10.4 The Offeror is an investment holding company. As at the Latest Practicable Date, the Offeror does not have any subsidiary.
- 10.5 Additional information on the Offeror is set out in **Appendix 2** of the Exit Offer Letter.

11. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

11.1 Shareholdings and Dealings

Appendix 6 to this Exit Offer Letter sets out:

- (a) the number of Shares owned, controlled or agreed to be acquired by the Offeror, its Concert Parties and the Undertaking Shareholder as at the Latest Practicable Date; and
- (b) the dealings in the Shares by the Offeror, its Concert Parties and the Undertaking Shareholder during the Reference Period.

11.3 No Other Holdings and Dealings

Save as disclosed in Appendix 6 to this Exit Offer Letter, as at the Latest Practicable Date, none of the Offeror, its Concert Parties and the Undertaking Shareholder:

- (a) owns, controls or has agreed to acquire any (i) Shares; (ii) securities which carry voting rights in the Company; (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the “**Relevant Securities**”); or
- (b) has dealt for value in the Relevant Securities during the Reference Period.

As at the Latest Practicable Date, save as disclosed in this Exit Offer Letter, none of the Offeror Directors is interested (as interpreted in accordance with Section 164 of the Companies Act), directly or indirectly, in any of the Relevant Securities.

11.4 Other Arrangements

Save as disclosed in this Exit Offer Letter, as at the Latest Practicable Date, none of the Offeror and its Concert Parties has:

- (a) granted a security interest relating to any Relevant Securities to another person, whether through a charge, pledge or otherwise (ii) borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold) or (iii) lent any Relevant Securities to another person; and
- (b) entered into any arrangement (whether by way of option, indemnity or otherwise), and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing.

11.5 No Irrevocable Undertakings

Based on the latest information available to the Offeror as at the Latest Practicable Date and save as disclosed in **Section 4** of this Exit Offer Letter, none of the Offeror and its Concert Parties has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

12. CONFIRMATION OF FINANCIAL RESOURCES

UOBKH, as the financial adviser to the Offeror in connection with the Exit Offer, confirms that, after taking into account the Irrevocable Undertaking, sufficient financial resources are available to the Offeror to satisfy full acceptances of the Exit Offer for the Offer Shares (excluding Shares held by the Offeror and the Undertaking Shareholder) on the basis of the Exit Offer Price.

13. OVERSEAS SHAREHOLDERS

13.1 Overseas Shareholders

The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register, or as the case may be, in the records of CDP (each, an **“Overseas Shareholder”**) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending the Circular, the Exit Offer Letter and the Acceptance Forms to any overseas jurisdiction, the Offeror, UOBKH and the Company each reserves the right not to send such documents to the Shareholders in such overseas jurisdictions, as the case may be. For the avoidance of doubt, the Exit Offer shall be made to all Shareholders, including the Overseas Shareholders and those to whom the Delisting Materials will not be, or may not be sent, provided that this Exit Offer Letter does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Exit Offer is not proposed in any jurisdiction in which the introduction or implementation of the Exit Offer would not be in compliance with the laws of such jurisdiction.

Electronic copies of this Exit Offer Letter and the Acceptance Forms may also be obtained from the website of the SGX-ST at <http://www.sgx.com>.

13.2 Copies of the Delisting Materials

Shareholders (including Overseas Shareholders) may obtain copies of the Delisting Materials during normal business hours and up to the Closing Date from the Offeror through The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Alternatively, Shareholders (including Overseas Shareholders) may write in to the Offeror at Winner International Investments Limited c/o M&C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 to request for the Delisting Materials to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk prior to the Closing Date.

13.3 Request for Delisting Materials

In requesting for the Delisting Materials, the Overseas Shareholder represents and warrants to the Offeror and UOBKH that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Copies of the Delisting Materials are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the law of that jurisdiction (each, a **“Restricted Jurisdiction”**) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

13.4 Notice

The Offeror and UOBKH each reserves the right to notify any matter, including the fact that the Exit Offer has been made, to any or all Shareholders with a registered address outside Singapore by announcement or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

13.5 Overseas Jurisdiction

It is the responsibility of any Shareholder outside Singapore who wishes to accept the Exit Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. Such Overseas Shareholder shall be liable for the payment of any taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, UOBKH, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, UOBKH, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror and UOBKH that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

14. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors should receive further information on how to accept the Exit Offer from their CPF Agent Banks shortly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who wish to accept the Exit Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Exit Offer will receive the Exit Offer Price in respect of their Offer Shares, in their CPF investment accounts.

15. GENERAL INFORMATION

15.1 Independent Advice

The advice of the IFA to the Independent Directors and the recommendation of the Independent Directors on the Exit Offer are set out in the Circular which is despatched to Shareholders together with this Exit Offer Letter. Shareholders may wish to consider their advice and recommendation before taking any action in relation to the Exit Offer.

15.2 Valid Acceptances

The Offeror and UOBKH reserve the right to treat acceptances of the Exit Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the Acceptance Forms, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed on the Acceptance Forms.

15.3 Governing Law and Jurisdiction

The Exit Offer, this Exit Offer Letter, the Acceptance Forms and all acceptances of the Exit Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.

15.4 No Third Party Rights

Unless expressly provided to the contrary in this Exit Offer Letter and the Acceptance Forms, a person who is not a party to any contracts made pursuant to the Exit Offer, this Exit Offer Letter and the Acceptance Forms has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

15.5 Accidental Omission

Accidental omission to despatch this Exit Offer Letter, the Acceptance Forms or any notice or announcement required to be given under the terms of the Exit Offer or any failure to receive the same by any person to whom the Exit Offer is made or should be made, shall not invalidate the Exit Offer in any way.

15.6 Letter from UOBKH to Shareholders

UOBKH is acting for and on behalf of the Offeror in connection with the Exit Offer and does not purport to advise the Shareholders or any other person. In preparing its letter to Shareholders on behalf of the Offeror, UOBKH has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

15.7 Additional General Information

Appendix 7 to this Exit Offer Letter sets out additional general information relating to the Exit Offer.

16. RESPONSIBILITY STATEMENT

The Offeror Directors (including any Offeror Director who may have delegated detailed supervision of the preparation of this Exit Offer Letter) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Exit Offer Letter (excluding information relating to the Group) are fair and accurate and that, where appropriate, no material facts have been omitted from this Exit Offer Letter, the omission of which would make any statement in this Exit Offer Letter misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the Offeror Directors have been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Exit Offer Letter. The Offeror Directors jointly and severally accept responsibility accordingly.

Yours faithfully
UOB Kay Hian Private Limited

For and on behalf of
Winner International Investments Limited

PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

1. EXIT OFFER

1.1 Depositors

- 1.1.1 Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Exit Offer Letter together with the FAA. If you do not receive the FAA, you may obtain such FAA upon production of satisfactory evidence that you are a Shareholder from The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, you may obtain an electronic copy of such FAA from the website of the SGXST at <http://www.sgx.com>

No Acceptance. If you do not wish to accept the Exit Offer, you do not need to take any action.

Acceptance. If you wish to accept the Exit Offer, you should:

- (1) complete the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA. In particular:

(a) **Acceptance in respect of all Offer Shares**

If you wish to accept the Exit Offer in respect of **all** Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you can either state “All” or insert the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which the Exit Offer is accepted in Part A of the FAA.

(b) **Acceptance in respect of some Offer Shares**

If you wish to accept the Exit Offer in respect of some but not all Offer Shares standing to the credit of the “Free Balance” of your Securities Account, please insert in Part A on page 1 of the FAA the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which the Exit Offer is accepted.

If you leave Part A on page 1 of the FAA blank or specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as of 5.00 p.m. (Singapore time) on the date of receipt of the FAA by CDP (the “**Date of Receipt**”), or in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date), you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date;

- (2) sign the FAA in accordance with this **Appendix 1** and the instructions printed on the FAA; and
- (3) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
 - (a) **by hand** to Winner International Investments Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
 - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Winner International Investments Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Exit Offer Letter and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Exit Offer via the SGX-SSH Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (“**Electronic Acceptance**”). Such Electronic Acceptances must be submitted **no later than 5.30 p.m. (Singapore time) on the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Exit Offer Letter as if the FAA has been completed and delivered to CDP.

1.1.2 Depositors whose Securities Accounts will be credited with Offer Shares. If you have purchased Offer Shares on the SGX-ST after the Despatch Date, and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive this Exit Offer Letter together with the FAA. If you do not receive the FAA, you may obtain such FAA upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST from The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Exit Offer, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares:

- (1) complete and sign the FAA in accordance with this **Appendix 1** and the instructions printed on the FAA; and
- (2) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
 - (a) **by hand** to Winner International Investments Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or

- (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Winner International Investments Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been credited to the “Free Balance” of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected and none of CDP, UOBKH and the Offeror accepts any responsibility or liability for the consequences of such a rejection.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by the CDP on the Closing Date). None of CDP, UOBKH and the Offeror accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

- 1.1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Exit Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Exit Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares.
- 1.1.4 Receipt.** No acknowledgement will be given for submissions of the FAA made by hand or by post to CDP or deposited into boxes located at CDP’s premises. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your mailing address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify the number of Offer Shares credited to your Securities Account (i) through CDP Online if you have registered for the CDP Internet Access Service or (ii) through CDP Phone Service if you have a T-PIN.
- 1.1.5 Suspense Account.** Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Exit Offer from the “Free Balance” of your Securities Account to a “Suspense Account”. Such Offer Shares will be held in the “Suspense Account” pending the Exit Offer becoming or being declared to be unconditional in all respects in accordance with its terms and/or until the consideration for such Offer Shares has been despatched to you.
- 1.1.6 Exit Offer Notification.** If the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, and if you have accepted the Exit Offer in accordance with the provisions contained herein and in the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Exit Offer Price by way of a cheque in Singapore currency

drawn on a bank in Singapore for the appropriate amount, by ordinary post to your mailing address as it appears in the records of CDP or in such other manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.

1.1.7 Return of Offer Shares. In the event that the Exit Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the relevant number of Offer Shares in respect of which you have accepted the Exit Offer will be transferred to the “Free Balance” of your Securities Account as soon as possible but in any event no later than 14 days from the lapse of the Exit Offer.

1.1.8 No Securities Account. If you do not have any existing Securities Account in your own name at the time of acceptance of the Exit Offer, your acceptance as contained in the FAA will be rejected.

1.2 Scrip Holders

1.2.1 Shareholders whose Offer Shares are not deposited with CDP. If you hold Offer Shares which are not deposited with CDP (“**in scrip form**”), you should receive this Exit Offer Letter together with the FAT. If you do not receive the FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from the Registrar at 112 Robinson Road #05-01 Singapore 068902. Alternatively, you may obtain an electronic copy of such FAT from the website of the SGX-ST at <http://www.sgx.com>.

1.2.2 No Acceptance. If you do not wish to accept the Exit Offer, you do not need to take any action.

Acceptance. If you wish to accept the Exit Offer, you should:

(1) complete the FAT in accordance with this **Appendix 1** and the instructions printed on the FAT. In particular:

(a) **Acceptance in respect of all Offer Shares**

If you wish to accept the Exit Offer in respect of **all** Offer Shares represented by the share certificate(s) accompanying the FAT, you can either state “All” or insert the number of Offer Shares in respect of which the Exit Offer is accepted in Part A on page 1 of the FAT and state in Part B the share certificate number(s) of the relevant share certificate(s).

(b) **Acceptance in respect of some Offer Shares**

If you wish to accept the Exit Offer in respect of some but not all Offer Shares represented by the share certificate(s) accompanying the FAT, please insert in Part A on page 1 of the FAT the number of Offer Shares in respect of which the Exit Offer is accepted and state in Part B the share certificate number(s) of the relevant share certificate(s).

If you leave Part A of the FAT blank or specify a number in Part A of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s), you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares represented by the share certificate(s) accompanying the FAT;

- (2) sign the FAT in accordance with this **Appendix 1** and the instructions printed on the FAT; and
- (3) deliver:
 - (a) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
 - (b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Offer Shares in respect of which you wish to accept the Exit Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Memorandum and Articles of Association of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this **Appendix 1** and the instructions printed on the FAT;
 - (c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by the Offeror or a person authorised by it); and
 - (d) any other relevant document(s),

by hand to Winner International Investments Limited c/o M&C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902, or **by post**, in the enclosed pre-addressed envelope at your own risk, to Winner International Investments Limited c/o M&C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902, **in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date.**

If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

- 1.2.3 Receipt.** No acknowledgement of receipt of any FAT, share certificate(s) or any other document(s) will be given by the Offeror or the Registrar. All communications, notices, documents and remittances to be sent to you will be sent by ordinary post to the address as they appear in this FAT, or, if none is stated, to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register) at the relevant address maintained in the Register at your own risk.
- 1.2.4 Return of Offer Shares.** In the event the Exit Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and other accompanying document(s) will be returned to you at the address stated in the respective FATs, or if none is set out, to you (or, in the case of joint accepting Shareholders, to the first named in the Register) at the relevant address set out in the Register, by ordinary post at your own risk as soon as possible, but in any event, not later than 14 days from the lapse of the Exit Offer.

2. SETTLEMENT

2.1 Subject to the Exit Offer becoming or being declared to be unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with such requirements as may be stated in this Exit Offer Letter and the Acceptance Forms and, in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of his Securities Account at the relevant time, remittances in the form of cheques in S\$ drawn on a bank in Singapore for the appropriate amount will be despatched by ordinary post (or by such other manner as an accepting Depositor may have agreed with CDP for payment of any cash distributions), pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register, as the case may be) at the own risk of the accepting Shareholders, as soon as practicable, and in any case:

2.1.1 in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received on or before the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 7 business days of that date; or

2.1.2 in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Exit Offer closes, within 7 business days of the date of such receipt.

2.2 Notification from CDP. CDP will also send by ordinary post to accepting Depositors at their respective mailing addresses as maintained in the records of CDP, and at their own risk, notification letters showing the number of Offer Shares which have been debited from their respective Securities Accounts.

3. GENERAL

3.1 Disclaimer. The Offeror, UOBKH, CDP and the Registrar (as the case may be) will be authorised and entitled, in their sole and absolute discretion, to reject any acceptances of the Exit Offer which are not entirely in order or which do not comply with the provisions and instructions contained in this Exit Offer Letter and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Exit Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed in all respects, submitted with original signature(s) and that all required documents are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, UOBKH, CDP and the Registrar accepts any responsibility or liability for such a rejection, including the consequences of such a decision.

3.2 Discretion. The Offeror and UOBKH each reserves the right to treat acceptances of the Exit Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Exit Offer Letter or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Exit Offer Letter and in the FAA and/or the FAT, as the case may be, and none of the Offeror, UOBKH and/or the Registrar accepts any responsibility or liability for the consequences of such a decision. In respect of the FAA, any decision by the Offeror or

UOBKH to reject or treat as valid any acceptance will be final and binding and CDP takes no responsibility for any decision made by the Offeror or UOBKH. In respect of the FAT, any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror, UOBKH, and/or the Registrar accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

- 3.3 Scrip and Scripless Offer Shares.** If you hold some Offer Shares in scrip form and others with CDP, you should complete the FAT for the former and the FAA for the latter in accordance with the respective procedures set out in this **Appendix 1** and the relevant Acceptance Forms if you wish to accept the Exit Offer in respect of all such Offer Shares.
- 3.4 Acceptances Received on Saturday, Sunday or Public Holiday.** Acceptances in the form of the FAA and/or FAT received by the Offeror, CDP and/or the Registrar, on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next business day.
- 3.5 Deposit Time.** If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Exit Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Exit Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in **Paragraph 1.2** of this **Appendix 1** and the FAT.
- 3.6 Correspondences.** All communications, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of accepting joint Shareholders who have not designated any agent, to the one first named in the Register, as the case may be) will be sent by ordinary post to your address as it appears in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAT, as the case may be, at your own risk).
- 3.7 Evidence of Title.** Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other documents of title and/or other relevant documents required by the Offeror, to the Offeror, CDP and/or the Registrar, as the case may be, shall be conclusive evidence in favour of the Offeror (or its nominee), CDP and/or the Registrar, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.
- 3.8 Loss in Transmission.** The Offeror, UOBKH, CDP or the Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.
- 3.9 Acceptance Irrevocable.** The acceptance of the Exit Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Registrar, as the case may be, after the FAA and/or the FAT, as the case may be, has been received shall be disregarded.

4. NO RIGHT OF WITHDRAWAL

All acceptances of the Exit Offer shall be irrevocable.

ADDITIONAL INFORMATION ON THE OFFEROR

1. OFFEROR DIRECTORS

The names, addresses and descriptions of the Offeror Directors as at the Latest Practicable Date are as follows:

Name	Designation	Address
Liu Huaguo	Director	34 Huaqing Road, Xi'an City, Shaanxi Province, China 710600
Wang Jingji	Director	99 Yinqiao Road, Yinqiao Staff Living Quarters, Lintong District, Xi'an City, Shaanxi Province, China
Liu Ping	Director	No. 6, Zhangba Three Road, Blk 36 #1002, Xi'an, Shaanxi, China

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a company incorporated under the laws of Hong Kong on 20 November 2002. Its principal activity is that of an investment holding company.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of HK\$10,000 comprising 10,000 ordinary shares held by the following persons in the following respective proportions:

Name	Number of ordinary shares held in the Offeror	Percentage of ordinary shares held in the Offeror (%)
Mr Liu Huaguo	9,999	99.99
Mr Wang Jingji	1	0.01
Total	10,000	100.00

As at the Latest Practicable Date, the Offeror owns an aggregate 212,424,000 Shares representing 48.32% of the total number of issued Shares of the Company through its nominee, DBS Nominees (Private) Limited. None of the directors or shareholders of the Offeror holds any direct interest in the Shares.

3. SUMMARY OF FINANCIAL INFORMATION

3.1 Financial Information. Set out below are certain financial information extracted from the Offeror's audited financial statements for the financial year ended 31 March 2013, 2014 and 2015 respectively.

(S\$)	FY2013	FY2014	FY2015
Revenue	4,225	–	25,078
Other Income	–	12	122
Fair value gain/(loss) on financial assets at fair value through profit or loss	59,200	(21,600)	32,200
Administrative expenses	(3,858)	(3,855)	(4,243)
Profit/(loss) before income tax	59,567	(25,443)	53,157
Income Tax	–	–	–
Profit/(loss) for the year	59,567	(25,443)	53,157
Other comprehensive income	–	–	–
Total comprehensive income/(loss) for the year	59,567	(25,443)	53,157

3.2 Dividends. No dividend on the shares of the Offeror has been declared by the Offeror in respect of each of the financial year ended 31 March 2013, 2014 and 2015.

3.3 Balance Sheet. A copy of the audited statement of financial position of the Offeror as at 31 March 2014 and 31 March 2015 which is extracted from the audited financial statements of the Offeror for FY2015 is set out in **Appendix 3** to this Exit Offer Letter.

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of making and financing the Exit Offer, there has been no known material changes to the financial position of the Offeror since 31 March 2015, being the date of the last audited financial statements of the Offeror.

5. SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR

The significant accounting policies of the Offeror as extracted from the audited financial statements of the Offeror for the financial year ended 31 March 2015 are set out in **Appendix 4** to this Exit Offer Letter.

6. CHANGES IN ACCOUNTING POLICIES OF THE OFFEROR

As at the Latest Practicable Date, there has been no change to the significant accounting policies of the Offeror as set out in **Appendix 4** to this Exit Offer Letter which will cause the figures set out in paragraph 3 of this Appendix 2 to be not comparable to a material extent.

7. REGISTERED OFFICE

The registered office of the Offeror is situated at Units 1607-08. 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

**AUDITED STATEMENT OF FINANCIAL POSITION OF THE OFFEROR
AS AT 31 MARCH 2014 AND 31 MARCH 2015**

The audited statement of financial position of the Offeror as at 31 March 2014 and 31 March 2015 has been reproduced from the audited financial statements of the Offeror for FY2015 and is set out below:

(S\$)	As at 31 March 2015	As at 31 March 2014
Non-Current Assets		
Investment in an associate	29,708,100	28,815,426
Current Assets		
Financial assets at fair value through profit or loss	191,782	159,582
Amount due from a director	9,357,355	10,373,333
Amount due from a related company	112,000	112,000
Cash at banks	426,445	279,348
	10,087,582	10,924,263
Current Liability		
Accruals	11,341	8,505
Net Current Assets	10,076,241	10,915,758
Net Assets	39,784,341	39,731,184
Share Capital	2,555	2,555
Retained Profits	39,781,786	39,728,629
Shareholders' Funds	39,784,341	39,731,184

SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR

The significant accounting policies of the Offeror have been reproduced from the audited financial statements of the Offeror for the financial year ended 31 March 2015 and is set out below. For the purpose of Appendix 4, all references to “company” shall refer to the Offeror.

(a) Measurement basis

The financial statements are prepared under the historical cost basis as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair values.

(b) Revenue recognition

Dividend income is recognised when the company’s right to receive payment is established.

Interest income is recognised as it accrues using the effective interest method.

(c) Associate

An associate is one in which the company is in a position to exercise significant influence including participation in financial and operating policy decisions.

Investment in an associate is stated in the statement of financial position at cost less any identified impairment loss. Income from an associate is recognised in the financial statements when the company’s rights to receive payment have been established.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held trading and financial designed upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss.

(e) Impairment of assets

At the end of each reporting period, the company determines whether there is any indication of impairment of assets. If there is any indication of impairment, the recoverable amount of the relevant asset or group of assets is estimated and compared with the carrying amount.

If the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset or group of assets is reduced to the recoverable amount. Impairment losses are recognised as an expense in profit or loss.

(f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset’s carrying amount and its recoverable amount. The amount of the provision is recognised in profit or loss.

(g) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(i) Borrowing costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds and are expensed as incurred.

(j) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit or loss items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

(k) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Foreign currency translation

The financial statements are presented in Singapore dollar, which is also the company's functional currency. The functional currency of the company is the currency of the primary economic environment in which the company operates.

Foreign currency transactions of the company are initially recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of reporting period and the exchange differences arising are recognised in profit or loss. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined and the exchange differences arising are recognised in the income statement, except for the exchange component of a gain or loss that is recognised directly in equity.

(m) Related parties

A person or a close member of that person's family is related to the company if that person (i) has control or a joint control over the company; (ii) has significant influence over the company; or (iii) is a member of the key management personnel of the company or of a parent of the company.

An entity is related to the company if (i) the entity and the company are members of the same group of companies; (ii) the entity is an associate or a joint venture of either the company or a member of a group of which the company is a member; (iii) the company is an associate or a joint venture of either the entity or a member of a group of which the entity is a member; (iv) the entity and the company are joint ventures of the same third party; (v) the entity is a joint venture of a third entity and the company is an associate of that third entity; (vi) the company is a joint venture of a third entity and the entity is an associate of that third entity; (vii) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company; (viii) the entity is controlled or jointly controlled by a person related to the company or a close member of that person's family; (ix) a person who has control or joint control over the company has significant influence over the entity; or (x) a person who has control or joint control over the company is a member of the key management personnel of the entity (or of a parent of the entity).

(n) Significant judgment

In the process of applying the company's accounting policies, judgments that can significantly affect the amounts recognised in the financial statements are made in determining:—

- (i) whether there is an indication of impairment of assets;
- (ii) the expected manner of recovery of the carrying amount of assets; and
- (iii) the discount rates used to calculate the recoverable amount of assets for the purpose of impairment review.

ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Designation	Address
Liu Huaguo	Executive Chairman	34 Huaqing Road, Xi'an City, Shaanxi Province, China 710600
Kong Jing	Executive Director	99 Yinqiao Road, Yinqiao Staff Living Quarters, Lintong District, Xi'an City, Shaanxi Province, China
Wang Jingji	Executive Director	99 Yinqiao Road, Yinqiao Staff Living Quarters, Lintong District, Xi'an City, Shaanxi Province, China
Wang Xin	Non-Executive Director	No. 6, Block 1, No. 23 Shangpu Road, Xi'an City, Shaanxi Province, China 710061
Zhao Zhongqi	Non-Executive Director	No. 25 Xiyang Road, #03-213, Yanta District, Xi'an City, Shaanxi Province, China
Lei Huafeng	Independent Director	Building 93-506 Liansi Sajinqiao, Lianhu District Xi'an, Shaanxi Province, China
Dr. Kwok Kain Sze	Independent Director	43 One Tree Hill, Kim Lin Park Singapore 248701
Dr. Chau Sik Ting @ Chao Sik Ting	Independent Director	105 Hillcrest Road, Hillcrest Park Singapore 288973
Zhang Puhui	Independent Director	No. 35 The West Youyi Road, Beilin District Xi'an, City, Shaanxi Province, China

2. SHARE CAPITAL

As at the Latest Practicable Date, the Company has 439,627,300 Shares in issue. It does not hold any treasury shares.

3. MATERIAL CHANGES IN FINANCIAL POSITION

To the knowledge of the Offeror, save as disclosed in this Exit Offer Letter, the Unaudited Financial Information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company and any other information on the Company which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST), as at the Latest Practicable Date, there has been no material change in the financial position or prospects of the Company since 31 December 2014, being the date of the last audited consolidated balance sheet of the Company laid before Shareholders in general meeting.

A copy of the Unaudited Financial Information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company is available on the website of the SGX-ST at www.sgx.com.

4. REGISTERED OFFICE

The registered office of the Company is situated at 8 Wilkie Road, #03-01 Wilkie Edge Singapore 228095.

DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

The disclosures of holdings and dealings in the Shares set out below in this Appendix 6 are based on responses to enquiries that the Offeror has made.

1. HOLDINGS IN SHARES HELD BY THE OFFEROR AND ITS CONCERT PARTIES

Save as disclosed below, as at the Latest Practicable Date, the the Offeror and its Concert Parties do not own or control any Shares

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares ⁽¹⁾	%	No. of Shares	% ⁽¹⁾
Offeror Directors						
Liu Huaguo ⁽¹⁾	–	–	212,424,000	48.32	212,424,000	48.32
Offeror						
Winner International Investments Limited	–	–	212,424,000	48.32	212,424,000	48.32

Note:

Mr Liu Huaguo holds 99.9% of the total issued share capital of Winner International Investments Limited, which in turn holds 212,424,000 Shares in the name of its nominee, DBS Nominees (Private) Limited, representing 48.32% of the total number of issued Shares. Accordingly, Mr Liu Huaguo has a deemed interest in the 212,424,000 Shares held by Winner International Investments Limited through its nominee, DBS Nominees (Private) Limited.

2. HOLDINGS IN SHARES HELD BY THE UNDERTAKING SHAREHOLDER

Save as disclosed below, as at the Latest Practicable Date, the Undertaking Shareholder does not own or control any Shares:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares ⁽¹⁾	%	No. of Shares	% ⁽¹⁾
Oasis Ventures Limited	–	–	129,700,000	29.5	129,700,000	29.5

Note:

The Shares of Oasis Venture Limited are held in the name of its nominee, Bank of Singapore Nominees Pte. Ltd.

3. DEALINGS IN SHARES BY THE OFFEROR AND ITS CONCERT PARTIES

The Offeror and its Concert Parties have not dealt for value in the Relevant Securities during the Reference Period.

4. DEALINGS IN SHARES BY THE UNDERTAKING SHAREHOLDER

The Undertaking Shareholder has not dealt for value in any Relevant Securities during the Reference Period.

GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

1.1 No Agreement having any Connection with or Dependence upon the Exit Offer.

As at the Latest Practicable Date, save for the Irrevocable Undertaking, there is no agreement, arrangement or understanding between (i) the Offeror or any of its Concert Parties and (ii) any of the current or recent Directors or any of the current or recent Shareholders having any connection with or dependence upon the Exit Offer.

1.2 Transfer of Offer Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Exit Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.

1.3 No Payment or Benefit to Directors of the Company

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or any director of a related corporation of the Company as compensation for loss of office or otherwise in connection with the Exit Offer.

1.4 No Agreement Conditional upon Outcome of Exit Offer

As at the Latest Practicable Date, save for the Irrevocable Undertaking, there is no agreement, arrangement or understanding between (i) the Offeror and (ii) any of the Directors or any other person in connection with or conditional upon the outcome of the Exit Offer or is otherwise connected with the Exit Offer.

1.5 Transfer Restrictions

The Memorandum and Articles of Association of the Company do not contain any restrictions on the right to transfer the Offer Shares which has the effect of requiring the holders of such Offer Shares before transferring them, to offer them for purchase by Shareholders or any other person.

1.6 No Indemnity Arrangements

As at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has entered into any arrangement with any person of the kind referred to in Note 7 to Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

1.7 No Material Change in Information

Save as disclosed in this Exit Offer Letter and save for information relating to the Offeror, the Company, the Group or the Exit Offer and the Proposed Delisting that is publicly available, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

2. GENERAL

2.1 Costs and Expenses

All costs and expenses of or incidental to the preparation and circulation of the Exit Offer Letter (other than professional fees and other costs incurred or to be incurred by the Company relating to the Exit Offer) and stamp duty and transfer fees resulting from acceptances of the Exit Offer will be paid by the Offeror.

2.2 Consent from UOBKH

UOBKH, as financial adviser to the Offeror in connection with the Exit Offer, has given and has not withdrawn its written consent to the issue of this Exit Offer Letter with the inclusion of its name and all references to its name in the form and context in which it appears in this Exit Offer Letter.

2.3 Consent from the Registrar

M&C Services Private Limited, as the Registrar of the Company, has given and has not withdrawn its written consent to the issue of this Exit Offer Letter with the inclusion herein of its name and all references thereto in the form and context in which they appear in this Exit Offer Letter.

3. MARKET QUOTATIONS

3.1 Closing Prices of the Shares

The closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P., on (i) the Latest Practicable Date was S\$0.193, and (ii) 29 December 2015 (being the Last Trading Day) was S\$0.110.

The last closing prices and aggregate trading volume of the Shares on the SGX-ST on a monthly basis from June 2015 to November 2015 (being the six calendar months preceding the Joint Announcement Date), as reported by Bloomberg L.P., are set out below:

	Last Closing Price (S\$)	Volume of Shares Traded
June 2015	0.113	450,800
July 2015	0.120	334,300
August 2015	0.102	282,700
September 2015	0.105	463,000
October 2015	0.120	247,900
November 2015	0.105	228,300
29 December 2015	0.110	54,600
Latest Practicable Date	0.193	135,100

3.2 Highest and Lowest Closing Prices of the Shares

During the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date, being 30 June 2015 to 31 March 2016 (both dates inclusive), the highest and lowest closing prices of the Shares on the SGX-ST and their respective transaction dates, as reported by Bloomberg L.P., are as follows:

- (i) Highest closing price: S\$0.195 per Share, transacted on 28 January 2016 and 23 March 2016.
- (ii) Lowest closing price: S\$0.089 per Share, transacted on 3 September 2015.

The Offer Price of S\$0.195 represents a premium of 119.1 per cent. over the lowest closing price.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at 8 Wilkie Road #-03-10 Wilkie Edge Singapore 228095, during normal business hours for the period which the Exit Offer remains open for acceptance:

- (i) the audited financial statements of the Offeror for FY2013, FY2014 and FY2015;
- (ii) the Joint Announcement;
- (iii) the Irrevocable Undertaking; and
- (iv) the letters of consent from UOBKH and the Registrar referred to in **Paragraphs 2.2 and 2.3** above.

