

CIRCULAR DATED 28 FEBRUARY 2018

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

This Circular is issued by Emerging Towns & Cities Singapore Ltd. (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Nathaniel C.V., Registered Professional, RHT Capital Pte. Ltd. at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, telephone no. (65) 6381 6757.



EMERGING TOWNS & CITIES SINGAPORE LTD
新世界地产集团有限公司

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (I) THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CEDAR PROPERTIES PTE. LTD.;**
- (II) THE PROPOSED EXTENSION OF THE EXPIRY DATE OF THE CONVERSION RIGHT UNDER THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG; AND**
- (III) THE PROPOSED NOVATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG.**

Independent Financial Adviser in relation to the Proposed Disposal as an Interested Person Transaction



ZICO CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201613589E)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	12 March 2018 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	15 March 2018 at 9.30 a.m.
Place of Extraordinary General Meeting	:	55 Market Street #03-01 Singapore 048941

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DEFINITIONS

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

- “2017 Shares”** : The shares issued by the Company from 1 January 2017 to the Latest Practicable Date
- “3Q2017”** : The nine months ended 30 September 2017
- “Addendum Deed”** : The addendum deed to the Convertible Loan Agreement dated 18 January 2018 and entered into between the Company and Mr Luo
- “associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company
- “Board”** : The board of Directors of the Company
- “Catalist”** : The Catalist Board of the SGX-ST
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 28 February 2018
- “Companies Act”** : Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

“Company” or “ETC Singapore”	:	Emerging Towns & Cities Singapore Ltd.
“Completion”	:	Completion of the Proposed Disposal
“Consideration”	:	The aggregate consideration of the sum of RMB81 million less any amounts which CPPL may have repaid on the Shareholder’s Loan during the period between the date of the SPA and the date of Completion, payable by Mr Luo to the Company in relation to the Proposed Disposal
“Constitution”	:	The Constitution of the Company, as amended from time to time
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of all voting shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or (b) in fact exercises Control over the Company
“Conversion Right”	:	The right under the Convertible Loan Agreement to convert up to the full sum of US\$29,302,144 and any interest accrued thereon into Conversion Shares in the Company, amounting to an aggregate of up to approximately 468,102,000 Conversion Shares
“Conversion Shares”	:	The fully paid new ordinary shares in the Company to be allotted and issued by the Company pursuant to the exercise of the Conversion Right based on the conversion price of S\$0.09 per Conversion Share
“Convertible Loan Agreement”	:	The convertible loan agreement dated 25 January 2017 and entered into between Mr Luo as lender and the Company as borrower
“CPF”	:	Central Provident Fund
“CPPL”	:	Cedar Properties Pte. Ltd.
“CPPL Group”	:	CPPL and its subsidiary companies, details of which are set out in paragraph 2.3.2 of this Circular

DEFINITIONS

“Directors”	:	The directors of the Company as at the Latest Practicable Date and each a “Director”
“EGM”	:	The extraordinary general meeting of the Company to be held on 15 March 2018 at 55 Market Street #03-01, Singapore 048941 at 9.30 a.m.
“EPS”	:	Earnings per Share
“FY2016”	:	The financial year ended 31 December 2016
“Group”	:	The Company and its subsidiaries
“Huizhou Daya Bay”	:	Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited
“IFA”	:	ZICO Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors in relation to the Proposed Disposal as an interested person transaction
“IFA Letter”	:	The letter from the IFA addressed to the Independent Directors in relation to the Proposed Disposal as an interested person transaction as set out in Appendix I to this Circular
“Independent Directors”	:	Directors who are considered independent in respect of the Proposed Disposal as an interested person transaction, namely Mr Christopher Chong Meng Tak, Mr Tan Thiam Hee, Mr Zhu Xiaolin, Mr Wong Pak Him Patrick, Mr Peter Tan and Mr Teo Cheng Kwee
“Independent Valuer”	:	Asia-Pacific Consulting and Appraisal Limited, the independent valuer appointed by the Company to value Huizhou Daya Bay’s property interests for the purposes of the Proposed Disposal
“Latest Practicable Date”	:	15 February 2018, being the latest practicable date prior to the printing of this Circular
“Mr Luo”	:	Mr Luo Shandong, the controlling shareholder of the Company as at the day the SPA was signed
“Notice of EGM”	:	The notice of the EGM which is set out on pages 49 to 51 of this Circular
“NTA”	:	Net tangible assets
“Outstanding Indebtedness”	:	The amount (both principal and interest) outstanding under the Convertible Loan Agreement

DEFINITIONS

- “Outstanding Options”** : The 16,000,000 options granted under The Cedar Strategic Holdings Ltd. Employee Share Option Scheme approved by the Shareholders at an extraordinary general meeting of the Company held on 21 August 2009 (each option carrying the right to subscribe for one (1) new Share in the capital of the Company at an exercise price of S\$0.075 exercisable from the date falling 24 months after the date of the grant up till 17 May 2026) existing as at the Latest Practicable Date that were previously issued by the Company, the number and issue price of which have been adjusted pursuant to the completion of the Company’s consolidation of every twenty-five (25) existing ordinary shares to one (1) consolidated share, fractional entitlements to be disregarded, as disclosed in the Company’s announcement dated 5 December 2016
- “PRC”** : The People’s Republic of China
- “Proposed Disposal”** : The proposed disposal of the Sale Share by the Company to Mr Luo, in accordance with the terms and conditions of the SPA
- “Proposed Extension”** : The proposed extension of the expiry date of the Conversion Right by an additional 12 months, in accordance with the terms and conditions of the Addendum Deed
- “Proposed Novation”** : The proposed transfer and novation by Mr Luo to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement
- “Register of Members”** : Register of members of the Company
- “RMB” and “fen”** : Renminbi and fen respectively, being the lawful currency of the People’s Republic of China
- “Sale Share”** : 1 ordinary share of CPPL, representing the entire issued and paid-up share capital of CPPL, which is to be sold by the Company to Mr Luo pursuant to the Proposed Disposal
- “Securities Account”** : A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
- “Securities and Futures Act”** : Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time
- “Settlement Deed”** : The settlement deed entered into by the Company, CPPL and Mr Luo on 18 January 2018 in relation to, *inter alia*, legal action in respect of unauthorised withdrawals from Huizhou Daya Bay
- “SGX-ST”** : Singapore Exchange Securities Trading Limited

DEFINITIONS

- “SGXNET”** : The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
- “Shareholders”** : The registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term **“Shareholders”** shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
- “Shareholder’s Loan”** : The shareholder’s loan comprising an initial principal aggregate amount of RMB48 million, being the purchase consideration relating to CPPL’s acquisition of Huizhou Daya Bay, owed by CPPL to the Company
- “Shares”** : Issued and paid-up ordinary shares in the capital of the Company, and each a **“Share”**
- “SPA”** : The sale and purchase agreement dated 18 January 2018 and entered into between the Company and Mr Luo in relation to the Proposed Disposal, as amended and supplemented by the Supplemental Letter
- “Sponsor”** : RHT Capital Pte. Ltd.
- “Substantial Shareholder”** : A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
- “Supplemental Letter”** : The supplemental letter dated 13 February 2018 entered into between the Company and Mr Luo in relation to the SPA
- “S\$” and “cents”** : Singapore dollars and cents respectively, being the lawful currency of Singapore
- “Toener”** : Hunan Toener Investment Group Co., Ltd
- “US\$” and “cents”** : United States dollars and cents respectively, being the lawful currency of the United States of America
- “Valuation”** : The valuation of Huizhou Daya Bay’s property interests
- “Valuation Letter”** : The valuation letter issued by the Independent Valuer in relation to the Valuation
- “%” or “per cent.”** : Per centum or percentage

DEFINITIONS

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

The terms “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Catalist Rules or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

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

Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

The exchange rates used in this Circular are for reference only. No representation is made that any RMB amount was, could have been, will be or can be converted into S\$ amounts at any of the exchange rates used in this Circular, at any other rate or at all.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

LETTER TO SHAREHOLDERS



EMERGING TOWNS & CITIES SINGAPORE LTD
新世界地产集团有限公司

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

Board of Directors:

Christopher Chong Meng Tak (*Non-Executive Group Chairman/
Independent Director*)
Tan Thiam Hee (*Executive Director/Group Chief Executive Officer*)
Zhu Xiaolin (*Executive Director/Group President*)
Wong Pak Him Patrick (*Executive Director*)
Peter Tan (*Independent Director*)
Teo Cheng Kwee (*Non-Executive Director*)

Registered Office:

80 Raffles Place
#26-05 UOB Plaza 1
Singapore 048624

28 February 2018

To: The Shareholders of Emerging Towns & Cities Singapore Ltd.

Dear Sir/Madam

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (I) THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CEDAR PROPERTIES PTE. LTD.;
- (II) THE PROPOSED EXTENSION OF THE EXPIRY DATE OF THE CONVERSION RIGHT UNDER THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG; AND
- (III) THE PROPOSED NOVATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG.

1 INTRODUCTION

1.1 Background

On 18 January 2018, the Company and its wholly-owned subsidiary, Cedar Properties Pte. Ltd. (“CPPL”), had on the same date entered into the Settlement Deed with Mr Luo Shandong (“Mr Luo”) in relation to, *inter alia*, legal action in respect of unauthorised withdrawals from Huizhou Daya Bay.

LETTER TO SHAREHOLDERS

Pursuant to the terms of the Settlement Deed, *inter alia*:

- (i) Mr Luo had agreed to purchase the Company's share in CPPL at a consideration to be agreed by the Company and Mr Luo based on a valuation of Huizhou Daya Bay's property interests by an independent valuer.

Mr Luo and the Company had on 18 January 2018 entered into the SPA for the sale of the Company's share in CPPL to Mr Luo. Mr Luo and the Company had on 13 February 2018 entered into the Supplemental Letter, pursuant to which the Consideration had been agreed upon. Further details of the sale of the Company's share in CPPL are set out in paragraph 2 of this Circular;

- (ii) Mr Luo had agreed to extend the repayment deadline of 25 April 2018 in the convertible loan agreement dated 25 January 2017 and entered into between Mr Luo as lender and the Company as borrower (the "**Convertible Loan Agreement**") by an additional 12 months to 25 April 2019 and to vary the Convertible Loan Agreement to provide that the Conversion Right may only be exercised with the Company's prior written approval.

Mr Luo and the Company had on 18 January 2018 entered into the Addendum Deed to the Convertible Loan Agreement. Further details of the Addendum Deed are set out in paragraph 3 of this Circular; and

- (iii) the Company shall source and identify third parties to acquire Mr Luo's rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement. Mr Luo had agreed that, following the identification of such third parties by the Company, Mr Luo shall absolutely and unconditionally transfer and novate to such third parties (free from all security, liens, charges, pledges and other encumbrances) all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement at the aggregate sum of the outstanding principal amount of the convertible loan and any accrued interest then outstanding.

1.2 Extraordinary General Meeting

The Board is proposing to convene an EGM to seek Shareholders' approval in respect of:

- (i) the proposed disposal of 1 ordinary share representing the entire issued and paid-up share capital of CPPL, by the Company to Mr Luo (the "**Proposed Disposal**");
- (ii) the proposed extension (the "**Proposed Extension**") of the expiry date of the Conversion Right under the Convertible Loan Agreement; and
- (iii) the proposed transfer and novation (the "**Proposed Novation**") by Mr Luo to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement.

LETTER TO SHAREHOLDERS

1.3 Purpose of this Circular

- 1.3.1 The purpose of this Circular is to provide Shareholders with information pertaining to the aforementioned proposals to be tabled at the EGM and to seek Shareholders' approval in relation thereto at the EGM to be held at 55 Market Street #03-01, Singapore 048941 on 15 March 2018 (Thursday) at 9.30 a.m. The Notice of EGM is set out on pages 49 to 51 of this Circular.
- 1.3.2 This Circular has been prepared solely for the purpose outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.
- 1.3.3 **The Sponsor and the SGX-ST take no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**

2 THE PROPOSED DISPOSAL

2.1 Background

On 18 January 2018, the Company announced that the Company had on the same date entered into the SPA with Mr Luo, pursuant to which the Company has agreed to sell and Mr Luo has agreed to purchase 1 ordinary share of CPPL representing the entire issued and paid-up share capital of CPPL (the "**Sale Share**") for the Consideration to be negotiated between the Company and Mr Luo based on the Valuation on the terms and subject to the conditions of the SPA.

On 13 February 2018, the Company announced that the Company had entered into the Supplemental Letter with Mr Luo, pursuant to which the Consideration had been agreed upon. Please refer to the Company's announcement dated 13 February 2018 for details relating to the Supplemental Letter.

As at the Latest Practicable Date, the Sale Share represents the entire interest of the Company in CPPL. Accordingly, if the Proposed Disposal is approved by Shareholders, upon the completion of the Proposed Disposal, the Company will cease to have any interest in the CPPL Group and CPPL and its subsidiaries will cease to be subsidiaries of the Company.

2.2 The Proposed Disposal as an Interested Person Transaction

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

LETTER TO SHAREHOLDERS

For the purposes of Chapter 9 of the Catalist Rules:

- (a) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (b) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (c) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules;
- (d) an “**interested person**” means a director, chief executive officer, or controlling shareholder of a listed company, or an associate of such director, chief executive officer, or controlling shareholder;
- (e) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “associate” in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.2.1 Details of the Interested Person

As at 18 January 2018, the day the SPA was signed, Mr Luo held a direct interest of 149,410,864 Shares and a deemed interest (held by Citibank Nominees Singapore Pte. Ltd. as his nominee) of 22,878,532 Shares constituting approximately 15.53% and 2.38% respectively of all the issued Shares and a total interest of 172,289,396 Shares constituting approximately 17.91% of all the issued Shares (based on an issued and paid up share capital of 962,166,934 Shares as at 18 January 2018).

Mr Luo had on 22 January 2018 disposed of his direct interest of 149,410,864 Shares constituting approximately 15.53% of all the issued Shares. Pursuant to such disposal and as at the Latest Practicable Date, Mr Luo has a deemed interest (held by Citibank Nominees Singapore Pte. Ltd. as his nominee) of 22,878,532 Shares constituting approximately 2.38% of all the issued Shares.

LETTER TO SHAREHOLDERS

Notwithstanding that Mr Luo is no longer the controlling shareholder of the Company as at the Latest Practicable Date, as Mr Luo was the controlling shareholder of the Company and an “interested person” under Chapter 9 of the Catalist Rules as at the day the SPA was signed, the Proposed Disposal constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules.

Please refer to paragraph 2.3.1 of this Circular for further information regarding Mr Luo.

2.2.2 Shareholders’ Approval pursuant to the Materiality Thresholds under Chapter 9 of the Catalist Rules

In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the Group’s latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

The Consideration for the Proposed Disposal (as detailed in paragraph 2.3.3(B) of this Circular), assuming that CPPL does not repay any amount on the Shareholder’s Loan (as defined in paragraph 2.3.3(B) of this Circular) during the period between the date of the SPA and the date of Completion, amounts to RMB81 million or approximately S\$17.0 million representing approximately 18.0% of the Group’s latest audited consolidated NTA for FY2016 which is approximately S\$94.2 million as at 31 December 2016.

As the Consideration for the Proposed Disposal exceeds 5% of the Group’s latest audited consolidated NTA for FY2016, pursuant to Rule 906 of the Catalist Rules, the Proposed Disposal constitutes an interested person transaction which is subject to the approval of the Shareholders. Accordingly, the Company is convening the EGM to seek Shareholders’ approval for the Proposed Disposal.

Save for the Proposed Disposal, the Company, its subsidiaries and associated companies which, for the purposes of Chapter 9 of the Catalist Rules, are considered to be “entities at risk”, have not entered into any interested person transaction with Mr Luo and his associates for the period from 1 January 2018 to the Latest Practicable Date to which Rules 905 and/or 906 of the Catalist Rules would apply.

2.3 The Proposed Disposal

2.3.1 Information on Mr Luo

Mr Luo is the founder, and current Chairman and President of Toener, an investment holding company incorporated in Hunan Province, the PRC, with core businesses in mining and real-estate development. Mr Luo is also the current President of the Hunan Business Chamber in Sichuan Province, the PRC, having been elected to the position in 2014.

Prior to the establishment of Toener, Mr Luo is experienced in the financial investment and industrial operation sectors, having worked in the same in the provinces of Hunan, Guangzhou and Shenzhen in the PRC. Mr Luo was also the General Manager of Hunan Donggang Construction and Development Co., Ltd. from 1994 to 2004.

LETTER TO SHAREHOLDERS

Mr Luo graduated with a Bachelor of Business Administration in Finance Management from Hunan University. Mr Luo also obtained an Executive Master of Business Administration from the Cheung Kong Graduate School of Business.

2.3.2 Information on the CPPL Group

CPPL is a private company limited by shares incorporated in Singapore on 23 September 2015 and having its registered office at 80 Raffles Place, #26-05 UOB Plaza 1, Singapore 048624. As at the Latest Practicable Date, CPPL has an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share, entirely held by the Company.

CPPL owns 60% of the registered capital of Huizhou Daya Bay which is the sole developer of a project in No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou, Guangdong Province, the PRC. The brownfield project comprised, *inter alia*, 1,116 suites of decorated residential units with a gross floor area of approximately 552,000 square feet. Construction has been completed and the handover of the residential units for sale to purchasers have commenced from the third quarter of 2015. 399 residential units continue to be owned by Huizhou Daya Bay, and are rented out as holiday apartments for recurring income. Estay Inc., an independent and well-established hotel operator in the PRC, is the hotel management company for the holiday apartments.

CPPL also owns 100% of the equity interest of Chengdu Xin Cheng Cedar Properties Consulting Co., Ltd. which is a dormant company.

2.3.3 Principal Terms of the Proposed Disposal

(A) Completion of the Proposed Disposal

Completion shall take place within five (5) business days from the satisfaction of the Disposal Conditions Precedent (as defined in paragraph 2.3.3(C) below).

(B) Consideration and Satisfaction of Consideration

The Consideration payable by Mr Luo for the Proposed Disposal is the sum of RMB81 million (approximately S\$17.0 million based on the exchange rate of RMB1.00: S\$0.20968 as at 12 February 2018, being the day before the Supplemental Letter was signed) less any amounts which CPPL may have repaid on the shareholder's loan comprising an initial principal aggregate amount of RMB48 million, being the purchase consideration relating to CPPL's acquisition of Huizhou Daya Bay, owed by CPPL to the Company (the "**Shareholder's Loan**") during the period between the date of the SPA and the date of Completion.

The Consideration shall be satisfied by the Company setting off from the Consideration the equivalent sum under the amount (both principal and interest) outstanding under the Convertible Loan Agreement (the "**Outstanding Indebtedness**") as at Completion.

Notwithstanding the above, in the event that the Proposed Novation takes place prior to Completion, the Consideration shall be satisfied fully in cash.

The Consideration was arrived at after arms' length negotiations, on a willing buyer willing seller basis, after taking into account, *inter alia*, the financial position of the

LETTER TO SHAREHOLDERS

CPPL Group as at 30 September 2017 and the value of Huizhou Daya Bay's property interests as set out in paragraph 2.5 below.

(C) Disposal Conditions Precedent

Completion shall be conditional upon the following being satisfied:

- (i) completion of the Valuation of Huizhou Daya Bay's property interests by an independent internationally recognised valuer, and such valuer shall be appointed by the Company, subject to Mr Luo's agreement, such agreement not to be unnecessarily withheld or delayed;
- (ii) an opinion from the independent financial adviser appointed by the Company that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders;
- (iii) all approvals of the Board having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;
- (iv) to the extent required by the Catalist Rules and/or applicable laws, approval from the Shareholders having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA;
- (v) the entry into a deed of assignment between Mr Luo and the Company, pursuant to which the Company agrees to assign all its rights, benefits and interests in and to the amount outstanding under the Shareholder's Loan owed by CPPL to the Company as at the date of the deed of assignment in favour of Mr Luo;
- (vi) the nomination by Mr Luo of a Singapore-resident director to be appointed to the board of directors of CPPL; and
- (vii) all other necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Share (including without limitation but only where required, by the SGX-ST, the Sponsor and the relevant licensing authorities) and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, as the case may be, and such consents or approvals not being revoked or repealed on or before Completion, as the case may be.

(collectively, the "**Disposal Conditions Precedent**").

2.4 Rationale for the Proposed Disposal

The Proposed Disposal will allow the Company to realise the investments in CPPL, which would unlock value for Shareholders and further strengthen the Company's financial position. The Proposed Disposal will also enable the Company to set off from the Consideration the equivalent sum under the amount (both principal and interest) due to Mr Luo under the Convertible Loan Agreement, as such repaying part of the principal amount due to Mr Luo under the Convertible Loan Agreement. The Proposed Disposal is also a condition under the Settlement Deed negotiated with Mr Luo to resolve the Company's dispute with Mr Luo.

LETTER TO SHAREHOLDERS

2.5 Key Financial Information on the CPPL Group

2.5.1 Based on the latest announced consolidated financial statements of the Group, as at the Latest Practicable Date, for 3Q2017, the book value and net tangible assets of the CPPL Group as at 30 September 2017 was approximately S\$14.7 million. The excess of the proceeds from the Proposed Disposal, assuming that CPPL does not repay any amount on the Shareholder's Loan during the period between the date of the SPA and the date of Completion and that the Proposed Disposal was completed on 30 September 2017, over the book value of the CPPL Group is approximately S\$1.6 million.

2.5.2 The Company had commissioned the Independent Valuer, Asia-Pacific Consulting and Appraisal Limited, to value Huizhou Daya Bay's property interests for the purposes of the Proposed Disposal.

According to a Valuation Letter issued by the Independent Valuer, the value of Huizhou Daya Bay's property interests as at 31 December 2017 is estimated to be approximately RMB271,900,000 (approximately S\$56,199,000 based on the exchange rate of RMB1.00: S\$0.20669 as at the Latest Practicable Date).

The Independent Valuer adopted the direct comparison approach in arriving at the value of Huizhou Daya Bay's property interests held for sales and the income approach in arriving at the value of Huizhou Daya Bay's property interests held for investment. Please refer to the full text of the Valuation Letter set out in Appendix II to this Circular.

2.5.3 Based on the latest announced consolidated financial statements of the Group, as at the Latest Practicable Date, for 3Q2017, the net loss* attributable to the CPPL Group as at 30 September 2017 was approximately S\$2.1 million.

* "net loss" means loss before income tax, non-controlling interests and extraordinary items.

Based on the foregoing and assuming that CPPL does not repay any amount on the Shareholder's Loan during the period between the date of the SPA and the date of Completion and that the Proposed Disposal was completed on 30 September 2017, the Group would expect to realise net gain (being the proceeds arising from the Proposed Disposal as compared to the book value of the CPPL Group as at 30 September 2017) of approximately S\$1.6 million.

2.6 Use of Proceeds

The Consideration is to be satisfied by the Company setting off from the Consideration the equivalent sum under the Outstanding Indebtedness as at Completion.

In the event of the Proposed Novation taking place prior to Completion, the Consideration shall be satisfied fully in cash. The Company intends to use 100% of any such net cash proceeds from the Proposed Disposal (after deducting expenses of approximately S\$0.2 million) for working capital purposes.

LETTER TO SHAREHOLDERS

2.7 Relative Figures computed on the bases set out in Rule 1006 and Applicability of Chapter 10 of the Catalyst Rules

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalyst Rules in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group, as at the Latest Practicable Date, for 3Q2017 are as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	10.9%
(b)	The net profits ⁽¹⁾ attributable to the CPPL Group, compared with the Group's net profits	-97.4% ⁽²⁾
(c)	The aggregate value of the Consideration of RMB81,000,000 ⁽³⁾ , compared with the Company's market capitalisation ⁽⁴⁾ of approximately S\$73,605,770 based on the total number of issued shares excluding treasury shares	23.1%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Notes:

- (1) "net profits" means profit or loss before income tax, non-controlling interests and extraordinary items.
- (2) The relative figure for Rule 1006(b) in this instance is negative as there was a net loss attributable to the CPPL Group of approximately S\$2.3 million as at 30 September 2017 (including associated transaction cost to be incurred for the Proposed Disposal of S\$0.2 million) whilst the Group posted a net profit of approximately S\$2.3 million, based on the latest announced consolidated financial statements of the Group, as at the Latest Practicable Date, for 3Q2017.
- (3) Assuming that CPPL does not repay any amount on the Shareholder's Loan during the period between the date of the SPA and the date of Completion, the aggregate value of the Consideration of RMB81 million is equivalent to approximately S\$17.0 million based on the exchange rate of RMB1.00: S\$0.20968 as at 12 February 2018, being the day before the Supplemental Letter was signed.
- (4) "market capitalisation" is calculated by the number of shares of the Company (excluding treasury shares) multiplied by the volume weighted average price of S\$0.0765 of the Company's Shares as at 13 November 2017, being the last trading day before 14 November 2017, the day trading in the Company's Shares was halted and since subsequently suspended.

The relative figure computed on the base set out in Rule 1006(b) of the Catalyst Rules is a negative figure. Under Rule 1007(1) of the Catalyst Rules, if any of the relative figures computed on the relevant bases set out in Rule 1006 is a negative figure, the Company is required, through its Sponsor, to consult with the SGX-ST on the applicability of Chapter 10 of the Catalyst Rules.

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Notwithstanding the foregoing and having considered that the Company is seeking the approval of Shareholders for Proposed Disposal as an interested person transaction, the Company is nonetheless seeking Shareholders' approval for the Proposed Disposal at the EGM.

2.8 Financial Effects of the Proposed Disposal

2.8.1 Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the Proposed Disposal taken as a whole are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2016 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal as the Company has, since its FY2016 audited consolidated financial statements, increased its issued share capital to approximately S\$32,841,618 divided into 962,166,934 Shares as at the Latest Practicable Date. Accordingly, Shareholders should note that the following *pro forma* financial effects of the Proposed Disposal have been calculated to take into consideration the enlarged share capital of the Company as mentioned above. The Group has translated its results and financial position into S\$ starting from 1 January 2017 and the comparatives of the financial statements of the Company and of the Group was restated and presented in S\$. Specifically, the assets and liabilities of the Company and of the Group as at 31 December 2016 were translated from RMB to S\$ at the closing exchange rates as at 31 December 2016, while the income and expense items of the Company and of the Group for the year ended 31 December 2016 were translated at the average rate during the said period.

2.8.2 Share Capital

The Proposed Disposal has no impact on the Company's issued share capital.

2.8.3 Net Tangible Assets ("NTA")

Assuming that the Proposed Disposal was completed on 31 December 2016 and based on the Group's audited consolidated financial statements for FY2016 after adjusting for the 2017 Shares and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the *pro forma* financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

	As at 31 December 2016	
	Before the Proposed Disposal	After the Proposed Disposal
NTA of the Group (S\$'000)	94,187	86,230 ⁽¹⁾
Number of Shares	962,166,934	962,166,934
NTA per share (cents)	9.79	8.96

Note:

(1) The NTA of CPPL Group as at 30 September 2017 which was taken into consideration to arrive at the post-disposal NTA of the Group does not represent the NTA at the date of Completion.

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2.8.4 Earnings Per Share (“EPS”)

Assuming that the Proposed Disposal had been completed on 1 January 2016 and based on the Group’s audited consolidated financial statements for FY2016 after adjusting for the 2017 Shares and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the *pro forma* financial effects of the Proposed Disposal on the consolidated EPS of the Group are as follows:

	For FY2016	
	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to Shareholders (S\$’000)	13,545	14,919 ⁽¹⁾
Weighted Average Number of Shares	962,166,934	962,166,934
EPS per share (cents)	1.41	1.55

Note:

(1) The financials of CPPL Group as at 30 September 2017 which were taken into consideration to arrive at the post-disposal net profit attributable to Shareholders do not represent the values at the date of Completion.

2.8.5 Gearing⁽¹⁾

Assuming that the Proposed Disposal had been completed on 31 December 2016 and based on the Group’s audited consolidated financial statements for FY2016 after adjusting for the 2017 Shares and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the *pro forma* financial effects of the Proposed Disposal on the gearing of the Group are as follows:

	As at 31 December 2016	
	Before the Proposed Disposal	After the Proposed Disposal
Total Debts (S\$’000)	22,496	22,496 ⁽²⁾
Total Equity (S\$’000)	136,272	111,331 ⁽²⁾
Gearing Ratio (times)	0.17	0.20

Notes:

(1) Gearing is calculated based on the assumption that the convertible loan owing to Mr Luo has been converted into equity as at 31 December 2016.

(2) The debts and equity of CPPL Group as at 30 September 2017 which were taken into consideration to arrive at the post-disposal debts and equity of the Group do not represent the values at the date of Completion.

2.9 Advice of the Independent Financial Adviser

Chapter 9 of the Catalist Rules provides that, where Shareholders’ approval is required for an interested person transaction, the Circular must include an opinion from an independent financial adviser (“**IFA**”) as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders.

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Accordingly, ZICO Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors as to whether the Proposed Disposal as an interested person transaction is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders.

A copy of the letter dated 28 February 2018 from the IFA (the “**IFA Letter**”), containing its opinion in full, is set out in Appendix I to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors in relation to the Proposed Disposal as an interested person transaction has been extracted from the IFA Letter and is reproduced in italics below:

“Based on our analysis, and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, from a financial perspective, the Proposed Disposal is, on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.”

2.10 Audit Committee’s Statement

Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Disposal, as well as the opinion and advice of the IFA on the Proposed Disposal as an interested person transaction, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

3 THE PROPOSED EXTENSION OF THE EXPIRY DATE OF THE CONVERSION RIGHT UNDER AND THE PROPOSED NOVATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG

3.1 Background

Under the Convertible Loan Agreement entered into between Mr Luo as lender and the Company as borrower, Mr Luo has the right at any time on or before the maturity date (the “**Maturity Date**”) of 15 months from the date of the Convertible Loan Agreement to convert up to the full sum of US\$29,302,144 and any interest accrued thereon into Conversion Shares in the Company, amounting to an aggregate of up to approximately 468,102,000 Conversion Shares, (the “**Conversion Right**”).

The Shareholders had at the extraordinary general meeting of the Company held on 27 February 2017 approved the proposed allotment and issue of up to approximately 468,102,000 Conversion Shares at a conversion price of S\$0.09 per Conversion Share pursuant to the Convertible Loan Agreement.

Pursuant to the terms of the Settlement Deed:

- (a) Mr Luo agreed to extend the repayment deadline of 25 April 2018 in the Convertible Loan Agreement by an additional 12 months to 25 April 2019 and to vary the Convertible Loan Agreement to provide that the Conversion Right may only be exercised with the Company’s prior written approval. Accordingly, Mr Luo and the Company had on 18 January 2018 entered into the Addendum Deed to the Convertible Loan Agreement;

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- (b) the Company shall source and identify third parties to acquire Mr Luo's rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement. Mr Luo had agreed that, following the identification of such third parties by the Company, Mr Luo shall absolutely and unconditionally transfer and novate to such third parties (free from all security, liens, charges, pledges and other encumbrances) all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement at the aggregate sum of the outstanding principal amount of the convertible loan and any accrued interest then outstanding.

3.2 Terms and Conditions of the Addendum Deed

Pursuant to the Addendum Deed:

- (a) the Maturity Date has been amended from 15 months from the date of the Convertible Loan Agreement to 27 months from the date of the Convertible Loan Agreement;
- (b) the Proposed Extension of the expiry date of the Conversion Right by an additional 12 months due to the change of Maturity Date shall be subject to approval from the SGX-ST and, if required by the SGX-ST and/or applicable laws, the Shareholders;
- (c) the Conversion Right may only be exercised by Mr Luo with the Company's prior written approval; and
- (d) Mr Luo may novate, assign, transfer, delegate or otherwise dispose of all or part of his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement subject to:
 - (i) the Company's consent in writing having been obtained; and
 - (ii) if required by the SGX-ST and/or applicable laws, approval from the SGX-ST and/or the Shareholders having been obtained.

3.3 The Proposed Extension

As the Maturity Date under the Convertible Loan Agreement has been amended from 15 months from the date of the Convertible Loan Agreement to 27 months from the date of the Convertible Loan Agreement, and the Conversion Right is exercisable at any time on or before the Maturity Date, the expiry date of the Conversion Right will be extended by an additional 12 months, subject to approval from the Shareholders.

Accordingly, an ordinary resolution will be proposed at the EGM to seek Shareholders' approval in respect of the Proposed Extension of the expiry date of the Conversion Right by an additional 12 months.

3.4 The Proposed Novation

An ordinary resolution will be proposed at the EGM to seek Shareholders' approval in respect of the Proposed Novation by Mr Luo to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement provided that:

- (a) the Company shall source and identify the third party or third parties in respect of the Proposed Novation;

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- (b) the identity or identities of such third party or third parties shall be subject to approval by the SGX-ST;
- (c) as at completion of the Proposed Novation, none of such third party or third parties shall be a director or substantial shareholder (or associate of such director or substantial shareholder) of the Company or other person specified in Rule 812 and Rule 904(4) of the Catalist Rules; and
- (d) the allotment and issue of any Conversion Shares to such third party or third parties will not result in any one of such third party or third parties holding an aggregate direct and deemed interest in the Company of 15% or more of the enlarged share capital of the Company.

4 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 4.1 The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾
Director(s)						
Christopher Chong Meng Tak ⁽²⁾	11,082,200	1.15	–	–	11,082,200	1.15
Tan Thiam Hee ⁽³⁾	360,000	0.04	–	–	360,000	0.04
Zhu Xiaolin	169,410,864	17.61	30,469,600 ⁽⁴⁾	3.17	199,880,464	20.78
Wong Pak Him Patrick ⁽⁵⁾	81,212,921	8.44	–	–	81,212,921	8.44
Peter Tan ⁽⁶⁾	–	–	–	–	–	–
Teo Cheng Kwee ⁽⁷⁾	59,281,760	6.16	–	–	59,281,760	6.16
Substantial Shareholder(s)						
Zhang Xiang	89,000,000	9.25	–	–	89,000,000	9.25

Notes:

- (1) Calculated based on 962,166,934 Shares in the capital of the Company.
- (2) Mr Christopher Chong Meng Tak has interests in 2,000,000 Outstanding Options.
- (3) Mr Tan Thiam Hee has interests in 5,000,000 Outstanding Options.
- (4) Mr Zhu Xiaolin is deemed interested in 30,469,600 Shares held by Phillip Securities Pte. Ltd. as his nominee.
- (5) Mr Wong Pak Him Patrick has interests in 2,000,000 Outstanding Options.
- (6) Mr Peter Tan has interests in 2,000,000 Outstanding Options.
- (7) Mr Teo Cheng Kwee has interests in 2,000,000 Outstanding Options.

- 4.2 As at the Latest Practicable Date, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Disposal, the Proposed Extension or the Proposed Novation, other than through their respective shareholdings in the Company.

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5 DIRECTORS' RECOMMENDATION

5.1 Proposed Disposal

After having considered, amongst other things, the rationale for and benefits of the Proposed Disposal, as well as the opinion and advice of the IFA on the Proposed Disposal as an interested person transaction, the Independent Directors are of the view that the Proposed Disposal is in the best interests of the Company and the Shareholders. Accordingly, the Independent Directors recommend that the Shareholders vote in favour of the Proposed Disposal.

5.2 Proposed Extension

After having considered, amongst other things, the rationale for the Proposed Extension, the Directors are of the view that the Proposed Extension is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Proposed Extension.

5.3 Proposed Novation

After having considered, amongst other things, the rationale for the Proposed Novation, the Directors are of the view that the Proposed Novation is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Proposed Novation.

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

6 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 49 to 51 of this Circular, will be held at 55 Market Street #03-01, Singapore 048941 on 15 March 2018 (Thursday) at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without modification the Resolutions set out in the Notice of EGM.

7 ACTION TO BE TAKEN BY THE SHAREHOLDERS

7.1 Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624, not less than 72 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy or proxies.

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- 7.2 A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

8 ABSTENTIONS FROM VOTING

8.1 Proposed Disposal

Mr Luo shall abstain, and shall procure his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 1 relating to the Proposed Disposal.

Mr Luo shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 1 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

8.2 Proposed Extension

Mr Luo shall abstain, and shall procure his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 2 relating to the Proposed Extension.

Mr Luo shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 2 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

8.3 Proposed Novation

Mr Luo shall abstain, and shall procure his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 3 relating to the Proposed Novation.

Mr Luo shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 3 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Proposed Extension, the Proposed Novation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

10 CONSENTS

10.1 **The IFA, ZICO Capital Pte. Ltd.**

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

10.2 **The Independent Valuer, Asia-Pacific Consulting and Appraisal Limited**

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the SPA and the Supplemental Letter;
- (b) the IFA Letter;
- (c) the letter of consent from the IFA, referred to in paragraph 10.1 of this Circular;
- (d) the Valuation Letter;
- (e) the letter of consent from the Independent Valuer, referred to in paragraph 10.2 of this Circular;
- (f) the Addendum Deed;
- (g) the Constitution; and
- (h) the annual report of the Company for FY2016.

Yours faithfully

For and on behalf of the Board of Directors of
EMERGING TOWNS & CITIES SINGAPORE LTD.

Christopher Chong Meng Tak
Non-Executive Group Chairman

APPENDIX I – IFA LETTER

28 February 2018

EMERGING TOWNS & CITIES SINGAPORE LTD.

80 Raffles Place
#26-05 UOB Plaza 1
Singapore 048624

Attention: The Directors of the Company who are considered independent in respect of the Proposed Disposal (the “**Independent Directors**”)

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CEDAR PROPERTIES PTE. LTD.

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to shareholders of the Company (“**Shareholders**”) in relation to the Proposed Disposal dated 28 February 2018 (the “**Circular**”).*

1. INTRODUCTION

On 18 January 2018, the board of directors (the “**Board**” or “**Directors**”) of Emerging Towns & Cities Singapore Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) announced that the Company and its wholly-owned subsidiary, Cedar Properties Pte. Ltd. (“**CPPL**”) had, on 18 January 2018 (the “**Execution Date**”), entered into a settlement deed (the “**Settlement Deed**”) with Mr Luo Shandong (“**Mr Luo**”), in relation to, *inter alia*, legal actions in respect of unauthorised withdrawals from Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (a 60%-owned indirect subsidiary of the Company) (“**Huizhou Daya Bay**”). Pursuant to the terms and conditions of the Settlement Deed, the Company had agreed to sell and Mr Luo had agreed to purchase the entire issued and paid-up share capital of CPPL for a consideration to be negotiated between the Company and Mr Luo, based on a valuation of Huizhou Daya Bay’s property interests by an independent valuer (the “**Proposed Disposal**”).

On the same date, the Board announced that pursuant to the terms and conditions of the Settlement Deed, the Company had, on the Execution Date, entered into a sale and purchase agreement (the “**SPA**”) with Mr Luo for the Proposed Disposal, on the terms and subject to the conditions of the SPA.

As at the Execution Date, Mr Luo held a total of 172,289,396 ordinary shares in the capital of the Company (“**Shares**”), representing approximately 17.91% of the issued and paid-up share capital of the Company. This comprised a direct interest of 149,410,864 Shares (representing approximately 15.53% of the issued and paid-up share capital of the Company) and a deemed interest (held through Citibank Nominees Singapore Pte. Ltd.) of 22,878,532 Shares (representing approximately 2.38% of the issued and paid-up share capital of the Company).

Mr Luo had, on 22 January 2018, disposed of his direct interest of 149,410,864 Shares, representing approximately 15.53% of the issued and paid-up share capital of the Company. Pursuant to such disposal and as at the Latest Practicable Date, Mr Luo has a deemed interest (held through Citibank Nominees Singapore Pte. Ltd.) of 22,878,532 Shares, representing approximately 2.38% of the issued and paid-up share capital of the Company.

APPENDIX I – IFA LETTER

Notwithstanding that Mr Luo is no longer the controlling Shareholder as at the Latest Practicable Date, the Proposed Disposal still constitutes an “interested person transaction” (“**Interested Person Transaction**”) under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (“**Catalist Rules**”) as Mr Luo was the controlling Shareholder and an “interested person” under Chapter 9 of the Catalist Rules as at the Execution Date.

In accordance with Chapter 9 of the Catalist Rules, shareholders’ approval must be obtained for any interested person transaction which is of a value equal to or greater than 5% of the group’s latest audited net tangible assets (“**NTA**”) or, when aggregated with other interested person transactions entered into with the same interested person during the same financial year, has a value equal to or more than 5% of the group’s latest audited NTA. In addition, pursuant to Rule 921(4)(a) of the Catalist Rules, the issuer is required to seek the opinion of an independent financial adviser (“**IFA**”) to opine on whether the interested person transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders.

On 13 February 2018, the Board announced that the Company had, on 13 February 2018, entered into a supplemental letter to the SPA (the “**Supplemental Letter**”) with Mr Luo, pursuant to which the consideration for the Proposed Disposal payable by Mr Luo (the “**Consideration**”) had been agreed upon to be RMB81.0 million (equivalent to approximately S\$17.0 million, based on the exchange rate of RMB1.00: S\$0.20968 as at 12 February 2018, being the day before the Supplemental Letter was signed) less any amounts which CPPL may have repaid on an existing interest-free shareholder’s loan comprising a principal amount of RMB48.0 million, being the purchase consideration relating to CPPL’s acquisition of Huizhou Daya Bay, owed by CPPL to the Company (the “**Shareholder’s Loan**”), during the period between the date of the SPA and the date of completion of the Proposed Disposal (the “**Completion**”).

The Consideration, assuming that CPPL does not repay any amount on the Shareholder’s Loan during the period between the date of the SPA and the date of Completion, of approximately S\$17.0 million represents approximately 18.0% of the Group’s latest audited consolidated NTA for the financial year ended 31 December 2016 (“**FY2016**”) of approximately S\$94.2 million as at 31 December 2016. Accordingly, the Company is seeking the approval of its independent Shareholders for the Proposed Disposal as an Interested Person Transaction under Chapter 9 of the Catalist Rules at the extraordinary general meeting (“**EGM**”) to be convened on 15 March 2018.

ZICO Capital Pte. Ltd. (“**ZICO Capital**”) has been appointed as the IFA to advise the Independent Directors, for the purpose of making their recommendation to the independent Shareholders in respect of the Proposed Disposal as an Interested Person Transaction.

This letter (“**IFA Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on whether, from a financial perspective, the Proposed Disposal is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders. This IFA Letter forms part of the Circular to be despatched to Shareholders which provides, *inter alia*, the details of the Proposed Disposal and the recommendation of the Independent Directors thereon.

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2. TERMS OF REFERENCE

Our terms of reference do not require us to evaluate or comment on the rationale for, as well as the legal and commercial risks and/or merits (if any) of, the Proposed Disposal or on the future financial performance or prospects of the Group, and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the Directors and the management of the Company (the “**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendations as set out in this IFA Letter.

We were not involved in nor responsible for, any aspect of the negotiations pertaining to the Proposed Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Disposal. We were also not requested, instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Proposed Disposal. In this regard, we are not addressing the relative merits of the Proposed Disposal as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future. Such comparison and consideration remain the responsibility of the Independent Directors.

We note that the Proposed Disposal is one of the conditions under the Settlement Deed. We do not evaluate or comment on the rationale for, as well as the legal and commercial risks and/or merits (if any) of, the Settlement Deed.

In the course of our evaluation of the financial terms of the Proposed Disposal, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us as well as information, both written and verbal, provided to us by the aforesaid parties, including information contained in the Circular. We have relied on, and assumed without independent verification, the accuracy and completeness of such information, whether written or verbal, and accordingly cannot and do not make any warranty or representation, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information or representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material aspects. The Directors and the Management have confirmed to us that, to the best of their knowledge and belief, there is no other information or fact, the omission of which would cause any statement in the Circular in respect of the Group, CPPL and its subsidiaries (the “**CPPL Group**”) and/or the Proposed Disposal to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made such enquiry and judgement as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information which we have relied upon.

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For the purposes of assessing the financial terms of the Proposed Disposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company, the Group or the CPPL Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group or the CPPL Group in connection with our opinion in this IFA Letter.

In connection with the Proposed Disposal, the Company had commissioned an independent valuer, namely Asia-Pacific Consulting and Appraisal Limited (“**APA**” or the “**Independent Valuer**”), to carry out a valuation of Huizhou Daya Bay’s property interests. The valuation letter by APA (“**Valuation Letter**”) is set out in Appendix II to the Circular and made available to Shareholders for inspection. We have placed sole reliance thereon for the valuation and information contained in the Valuation Letter. We are not involved in the preparation of, and assume no responsibility for, the Valuation Letter. We have not made any independent verification of the contents thereof. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our recommendations are based upon market, economic, industry and other conditions prevailing, as well as information made available to us, as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our recommendations contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Proposed Disposal, which may be released after the Latest Practicable Date.

In rendering our advice and providing our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. We recommend that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

The Company has been advised by its own legal advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Proposed Disposal, but any recommendations made by the Independent Directors in respect of the Proposed Disposal shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Proposed Disposal as an Interested Person Transaction) at any time and in any manner without the prior written consent of ZICO Capital. Our opinion in relation to the Proposed Disposal as an Interested Person Transaction should be considered in the context of the entirety of this IFA Letter and the Circular.

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3. SALIENT TERMS OF THE PROPOSED DISPOSAL

Upon Completion, the Company will cease to have any interest in the CPPL Group. The Group's remaining business will be property development and property investment in Myanmar.

3.1 The CPPL Group

CPPL is a private company limited by shares incorporated in Singapore on 23 September 2015, and having its registered office at 80 Raffles Place, #26-05 UOB Plaza 1, Singapore 048624. As at the Latest Practicable Date, CPPL has an issued and paid-up share capital of S\$1.00, comprising 1 ordinary share which is entirely held by the Company.

CPPL owns 60% of the registered capital of Huizhou Daya Bay which is the sole developer of a project in No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou, Guangdong Province, the People's Republic of China (the "PRC"). The brownfield project comprised, *inter alia*, 1,116 suites of decorated residential units with a gross floor area of approximately 552,000 square feet. Construction has been completed and the handover of the residential units for sale to purchasers have commenced from the third quarter of 2015. 399 residential units continue to be held by Huizhou Daya Bay as investment properties, and are rented out as holiday apartments for recurring income. Estay Inc., an independent and well-established hotel operator in the PRC, is the hotel management company for the holiday apartments. Please refer to paragraph 2.3.2 of the Circular and paragraph 4.6.3 of this IFA Letter for further information on CPPL and Huizhou Daya Bay.

CPPL also owns 100% of the equity interest of Chengdu Xin Cheng Cedar Properties Consulting Co., Ltd. which is a dormant company.

3.2 Consideration for the Proposed Disposal

The Consideration payable by Mr Luo for the Proposed Disposal is RMB81.0 million (equivalent to approximately S\$17.0 million, based on the exchange rate of RMB1.00: S\$0.20968 as at 12 February 2018, being the day before the Supplemental Letter was signed) less any amounts which CPPL may have repaid on the Shareholder's Loan, during the period between the date of the SPA and the date of Completion.

The Consideration shall be satisfied by the Company setting off the equivalent sum under the amount (both principal and interest) outstanding under the convertible loan agreement dated 25 January 2017 entered into between Mr Luo as lender and the Company as borrower (the "Convertible Loan Agreement") (the "Outstanding Indebtedness") as at Completion.

Notwithstanding the above, in the event that the proposed transfer and novation by Mr Luo to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement (the "Proposed Novation") takes place prior to Completion, the Consideration shall be satisfied fully in cash.

The Consideration was arrived at after arms' length negotiations, on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the financial position of the CPPL Group as at 30 September 2017 and the value of Huizhou Daya Bay's property interests.

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Effective Consideration

We note that one of the conditions precedent set out in the SPA (the “**Disposal Conditions Precedent**”) is the entry into a deed of assignment between Mr Luo and the Company (the “**Deed of Assignment**”). Pursuant to the Deed of Assignment, the Company agrees to assign all its rights, benefits and interests in and to (i) the amount outstanding under the Shareholder’s Loan owed by CPPL to the Company; and (ii) all other outstanding payments made on behalf of CPPL by the Company (the “**Outstanding Payments**”, and together with the Shareholder’s Loan, the “**Outstanding Amount**”) as at the date of the Deed of Assignment in favour of Mr Luo.

As at the Latest Practicable Date, the Outstanding Amount owed by CPPL to the Company was RMB48,637,307, comprising the principal amount of RMB48,000,000 under the Shareholder’s Loan and the Outstanding Payments of RMB637,307. The Directors and the Management have confirmed that the Outstanding Amount as at the date of the Deed of Assignment would not be more than RMB48,700,000. Assuming that CPPL does not repay any amount on the Shareholder’s Loan during the period between the date of the SPA and the date of Completion, the effective consideration to be paid by Mr Luo for the Proposed Disposal is RMB32,300,000 (“**Effective Consideration**”), taking into account the aforementioned Deed of Assignment.

3.3 Completion

The Completion shall take place within five business days from the satisfaction of the Disposal Conditions Precedent. Please refer to paragraph 2.3.3(C) of the Circular for details of the Disposal Conditions Precedent.

4. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating and assessing the financial terms of the Proposed Disposal, we have taken into account, *inter alia*, the pertinent factors set out below:-

- (a) Rationale for the Proposed Disposal;
- (b) Financial performance and position of the CPPL Group;
- (c) Book value of the CPPL Group;
- (d) Comparable companies analysis;
- (e) Financial effects of the Proposed Disposal; and
- (f) Other relevant considerations in relation to the Proposed Disposal.

We wish to highlight that we have used the Effective Consideration of RMB32,300,000 in our analyses.

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4.1 Rationale for the Proposed Disposal

The full text of the rationale for the Proposed Disposal has been extracted from paragraph 2.4 of the Circular, and is set out in italics below:–

“The Proposed Disposal will allow the Company to realise the investments in CPPL, which would unlock value for Shareholders and further strengthen the Company’s financial position. The Proposed Disposal will also enable the Company to set off from the Consideration the equivalent sum under the amount (both principal and interest) due to Mr Luo under the Convertible Loan Agreement, as such repaying part of the principal amount due to Mr Luo under the Convertible Loan Agreement. The Proposed Disposal is also a condition under the Settlement Deed negotiated with Mr Luo to resolve the Company’s dispute with Mr Luo.”

We wish to emphasise that it is not within our terms of reference to comment or express an opinion on the merits of the Proposed Disposal, the Settlement Deed or the future prospects of the Group after the Proposed Disposal.

4.2 Financial performance and position of the CPPL Group

Review of financial performance

A summary of the unaudited consolidated statement of comprehensive income of the CPPL Group for the financial years (“FY”) ended 31 December 2015 and 2016 as well as the 9-month financial periods (“9M”) ended 30 September 2016 and 2017, as provided by the Management is set out below:–

(RMB’000)	← Unaudited →			
	FY2015	FY2016	9M2016	9M2017
Revenue	26,298	148,258	114,590	38,064
Gross profit	931	24,478	36,539	13,687
Profit/(Loss) before taxation	19,257	17,004	29,038	(6,062)
Profit/(Loss) for the year/period	19,630	12,928	21,718	(4,569)
Profit/(Loss) attributable to owners of the company	20,132	7,649	12,934	(2,777)

FY2016 vs FY2015

Revenue increased by RMB122.0 million, from RMB26.3 million in FY2015 to RMB148.3 million in FY2016, mainly due to the increased sale of residential units in the Huizhou Daya Bay development project and the rental income from the 399 residential units rented out as holiday apartments which are held as investment properties. 232 residential units in the Huizhou Daya Bay development project were recognised as revenue in FY2016 as compared to 48 residential units that were recognised as revenue in the last two months of FY2015. The Company acquired Huizhou Daya Bay on 4 November 2015.

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Gross profit increased by RMB23.6 million, from RMB0.9 million in FY2015 to RMB24.5 million in FY2016, in line with the increase in revenue.

Other income decreased by RMB18.5 million, from RMB21.6 million in FY2015 to RMB3.1 million in FY2016, mainly due to the absence of a negative goodwill recorded in FY2015 of RMB21.2 million which arose from the acquisition of Huizhou Daya Bay, partially offset by the increase in fair value gain for the investment properties of RMB2.6 million.

Total operating expenses increased by RMB7.3 million, from RMB3.3 million in FY2015 to RMB10.6 million in FY2016, due to the increase in sales and distribution expenses, administrative expenses and other operating expenses. The above increases were mainly due to the full year impact of the expenses attributable to Huizhou Daya Bay in FY2016 as compared to the two-month impact in FY2015.

Due to the factors above, the CPPL Group recorded a profit for the year of RMB12.9 million in FY2016 as compared to RMB19.6 million in FY2015.

9M2017 vs 9M2016

Revenue decreased by RMB76.5 million, from RMB114.6 million in 9M2016 to RMB38.1 million in 9M2017, due to the lower sale of residential units in the Huizhou Daya Bay development project. 31 residential units in the Huizhou Daya Bay development project were recognised as revenue in 9M2017 as compared to 168 residential units in 9M2016. Rental income from the 399 residential units of investment properties remained the same in 9M2016 and 9M2017.

Gross profit decreased by RMB22.8 million, from RMB36.5 million in 9M2016 to RMB13.7 million in 9M2017, in line with the decrease in revenue.

Total operating expenses increased by RMB12.4 million, from RMB7.6 million in 9M2016 to RMB20.0 million in 9M2017, mainly due to the increase in sales and distribution expenses and higher other operating expenses, partially offset by the decrease in administrative expenses. The increase in sales and distribution expenses was mainly due to the increase in sales and marketing activities following the launch of new sales of the balance residential units in the Huizhou Daya Bay development project.

Due to the factors above, the CPPL Group recorded a loss for the period of RMB4.6 million in 9M2017 as compared to a profit for the period of RMB21.7 million in 9M2016.

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Review of financial position

A summary of the unaudited consolidated statement of financial position of the CPPL Group as at 30 September 2017, as provided by the Management is set out below:–

(RMB'000)	As at 30 September 2017
Non-current assets	273,174
Current assets	130,778
Total assets	403,952
Non-current liabilities	36,962
Current liabilities	294,473
Total liabilities	331,435
Net assets or Total equity	72,517
Net assets or Total equity, net of non-controlling interests	24,562

Assets as at 30 September 2017 comprised investment properties of RMB268.5 million (66.5%), development properties of RMB51.4 million (12.7%), trade and other receivables of RMB42.5 million (10.5%), cash and cash equivalents of RMB36.5 million (9.0%), property, plant and equipment of RMB4.7 million (1.2%) and deposits and prepayments of RMB0.4 million (0.1%). Investment properties comprised 399 residential units in the Huizhou Daya Bay development project while development properties comprised 138 residential units in the same development project which have been sold but yet to be transferred to the customers.

Liabilities as at 30 September 2017 comprised deposits from customers on purchase of development properties of RMB155.8 million (47.0%), amount due to related parties of RMB64.8 million (19.5%), deferred tax liabilities of RMB37.0 million (11.2%), trade and other payables of RMB70.8 million (21.4%) and accrued expenses of RMB3.1 million (0.9%).

As at 30 September 2017, the CPPL Group recorded negative working capital of RMB163.7 million and shareholders' equity of RMB72.5 million.

4.3 Book value of the CPPL Group

(a) NAV or NTA

Based on the CPPL Group's unaudited consolidated financial statements as at 30 September 2017, there were no intangible assets and accordingly, the net asset value ("**NAV**") of the CPPL Group is equivalent to the NTA of the CPPL Group. The NAV or NTA of the CPPL Group (net of non-controlling interests) as at 30 September 2017 was RMB24.6 million.

The Effective Consideration represents a premium of 31.5% to the NAV or NTA of the CPPL Group, or a Price-to-NAV ("**P/NAV**") or a Price-to-NTA ("**P/NTA**") ratio of 1.3 times as at 30 September 2017.

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(b) Adjusted NAV or Adjusted NTA

Revaluation of Huizhou Daya Bay's property interests as at 31 December 2017

In connection with the Proposed Disposal, the Company had commissioned the Independent Valuer, Asia-Pacific Consulting and Appraisal Limited, to carry out an independent valuation of Huizhou Daya Bay's property interests as at 31 December 2017 which consist of the following:–

Location	Description	Gross floor area (sq metres)	Tenure	Market value as at 31 December 2017 based on the Valuation Letter (RMB'000)
No. 1 – 3 Xiachong Dayawan Huizhou Guangdong Province The PRC	33 residential units at Haiyunyayuan Building ("Development Properties")	1,565.15	70 years commencing August 2011	25,800
	399 residential units at Haiyunyayuan Building ("Investment Properties")	18,821.88	70 years commencing August 2011	246,100

Source: Valuation Letter

The Independent Valuer had valued the Development Properties by adopting the direct comparison approach, assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The Independent Valuer had valued the Investment Properties by adopting the income approach, taking into account the net rental income of the properties derived from the existing leases as apartment hotel with due allowance for the reversionary income potential of the operation, which has been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to comparable sale transactions (including the sale prices of the units contracted for before and subsequent to the valuation date) as available in the relevant market.

We recommend that the Independent Directors advise the independent Shareholders to read the Valuation Letter as set out in Appendix II to the Circular and made available to Shareholders for inspection carefully.

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Sale and transfer of sold residential units of the Development Properties

As at 30 September 2017, development properties of the CPPL Group consisted of 138 residential units which have been sold but yet to be transferred to customers. 124 of these sold units were subsequently transferred to customers. The Directors and the Management have represented to us that as at the Latest Practicable Date, to the best of their knowledge and belief, development properties of the CPPL Group consisted of 14 sold units which have yet to be transferred to customers.

Adjusted NAV or Adjusted NTA

We set out below the computation of the adjusted NAV (“**Adjusted NAV**”) or adjusted NTA (“**Adjusted NTA**”) of the CPPL Group as at 30 September 2017, to take into account the above-mentioned:-

	(RMB’000)
NAV or NTA of the CPPL Group as at 30 September 2017, net of non-controlling interests	24,562
Add: Differences arising from the revaluation of the Investment Properties ⁽¹⁾ (including the tax impact on the revaluation of RMB1.5 million), net of non-controlling interests	(2,651)
Add: Other adjustments arising mainly from the transfer of the 124 sold units of Development Properties to customers subsequent to 30 September 2017 and up to the Latest Practicable Date, and the rental of the Investment Properties, net of non-controlling interests	9,416
Add: Differences arising from the revaluation of the balance 14 sold units of Development Properties which have yet to be transferred to customers, net of non-controlling interests	2,140
Adjusted NAV or Adjusted NTA of the CPPL Group as at 30 September 2017	33,467
Discount of the Effective Consideration over Adjusted NAV or Adjusted NTA of the CPPL Group as at 30 September 2017	3.5%
Price-to-Adjusted NAV (“ P/Adjusted NAV ”) or Price-to-Adjusted NTA (“ P/Adjusted NTA ”) ratio as implied by the Effective Consideration	1.0 time

Note:–

(1) The Management has represented to us that subsequent to 30 September 2017, reconfiguration of size was conducted to some of the 399 residential units of the Investment Properties (“**Reconfiguration**”). Accordingly, assuming the Reconfiguration was completed on 30 September 2017, the book value of the Investment Properties as at 30 September 2017 would have been RMB252.0 million.

Based on the above, we note that the Effective Consideration represents a discount of 3.5% to the Adjusted NAV or Adjusted NTA of the CPPL Group, or a P/Adjusted NAV or a P/Adjusted NTA ratio of 1.0 time as at 30 September 2017.

Save for the adjustments relating to the revaluation of the Investment Properties and Development Properties, and the transfer of sold Development Properties as disclosed above, we have also considered whether there are any tangible assets which should be valued at an amount that is materially different from that which were recorded in the

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statement of financial position of the CPPL Group as at 30 September 2017, and whether there are any factors which have not been otherwise disclosed in the financial statements of the CPPL Group that are likely to impact the NAV and/or NTA as at 30 September 2017. In this regard, the Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for the adjustments relating to the revaluation of the Investment Properties and Development Properties, and the transfer of sold Development Properties as disclosed above:–

- (a) there are no material fluctuations or changes to the CPPL Group's business operations or profits since 1 October 2017 and up to the Latest Practicable Date, which would result in a material impact on the overall financial performance of the CPPL Group;
- (b) there are no material differences between the realisable value of the CPPL Group's assets and their respective book values as at 30 September 2017, which would result in a material impact on the NAV and/or NTA of the CPPL Group;
- (c) there are no liabilities which values would be materially different from those recorded in the unaudited statement of financial position of the CPPL Group as at 30 September 2017;
- (d) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV and/or NTA of the CPPL Group;
- (e) there are no litigation, claims or proceedings pending or threatened against the CPPL Group or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the CPPL Group;
- (f) there are no intangible assets which ought to be disclosed in the unaudited financial statements as at 30 September 2017 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible asset would have had a material impact on the overall financial position of the CPPL Group; and
- (g) there are no material acquisitions and disposals of assets by the CPPL Group since 1 October 2017 and up to the Latest Practicable Date, and the CPPL Group does not have any plans for any impending material acquisitions or disposals of assets, conversion of the use of its material assets or material change in the nature of the CPPL Group's business.

4.4 Comparable companies analysis

For the purposes of assessing the Effective Consideration, we have referred to the current valuation statistics of selected listed companies on the SGX-ST, which are fairly comparable in terms of market capitalisation and which businesses may be considered to be broadly comparable to the CPPL Group (“**Comparable Companies**”). We have had discussions with the Directors and the Management about the suitability and reasonableness of the Comparable Companies acting as a basis for comparison with the CPPL Group.

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We recognise that there is no listed company which can be considered to be identical to the CPPL Group in terms of, *inter alia*, composition of business activities, scale of business operations, asset base, track record, geographical markets, market capitalisation, market/industry size, future prospects, risk profile, political risk, accounting policies, financial position and other relevant criteria. Furthermore, the CPPL Group is not publicly-listed on any stock exchange while the Comparable Companies are all publicly-listed companies on the SGX-ST. Therefore, any comparisons made are necessarily limited and are intended to serve only as an illustrative guide.

We set out in the table below the Comparable Companies, together with a brief description of their business activities:–

Comparable Companies	Financial year-end	Business activities
China Yuanbang Property Holdings Limited (“ China Yuanbang ”)	30 June	China Yuanbang is a premium brand Guangzhou-based property developer that focuses on the development of quality residential and commercial properties, targeting at the middle to upper-middle income market segments.
Debao Property Development Ltd. (“ Debao ”)	31 December	Debao is an integrated property developer of quality integrated residential properties and commercial properties from Foshan City, Guangdong Province, the PRC.
CWG International Ltd. (“ CWG ”)	31 December	CWG is an international real estate group with businesses that include real estate investment and development, fund and asset management, spanning across Singapore, Australia, the United States and the PRC. The group has established track record in developing quality residential and commercial properties and the group’s portfolio also includes education facilities.
Pan Hong Holdings Group Limited (“ Pan Hong ”)	31 March	Pan Hong is a property developer focused on developing high quality residential and commercial properties in the second and third-tier cities of the PRC.

Source: Annual reports and/or corporate websites of the respective Comparable Companies

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For the purpose of our evaluation and for illustration, we have made comparisons between the CPPL Group and the Comparable Companies on a historical basis using the following valuation measures:–

Valuation measure	Description
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“EV/EBITDA”)	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debts (inclusive of finance lease liabilities, and loans from shareholders) less the cash and cash equivalents.</p> <p>EBITDA is the earnings before interests, taxes, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its trailing 12-month pre-tax consolidated operating cash flow performance, without regard to its capital structure as well as its interest, taxation, depreciation and amortisation charges.</p>
Price-to-Earnings (“P/E”)	<p>This ratio is computed by dividing the market capitalisation of a company by the trailing 12-month consolidated net profits attributable to owners of a company.</p> <p>The P/E is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Price-to-NAV (“P/NAV”)	<p>This ratio illustrates the market price of a company’s shares relative to the NAV per share. NAV is defined as total assets less total liabilities, and excludes, where applicable, minority or non-controlling interests.</p> <p>The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>Comparisons of companies using NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>

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Valuation measure	Description
Price-to-NTA (“P/NTA”)	<p>This ratio illustrates the market price of a company’s shares relative to the NTA per share. NTA is defined as total assets less total liabilities as well as intangible assets, and excludes, where applicable, minority or non-controlling interests.</p> <p>The NTA figure provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p> <p>Comparisons of companies using NTA are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>

The valuation measures of the Comparable Companies set out below are based on their respective market capitalisations after the close of market as at the Latest Practicable Date.

Comparable Companies	Market capitalisation as at the Latest Practicable Date ⁽¹⁾ (S\$ million)	EV/EBITDA ⁽²⁾ (times)	P/E ⁽³⁾ (times)	P/NAV ⁽⁴⁾ (times)	P/NTA ⁽⁵⁾ (times)
China Yuanbang	15.3	286.9 ⁽⁶⁾	N.A. ⁽⁷⁾	0.1	0.1
Debao	12.9	18.0	N.A. ⁽⁷⁾	—*	—*
CWG	129.1	9.2	2.8	0.8	0.8
Pan Hong	156.3	9.1	5.4	0.5	0.5
Mean		12.1	4.1	0.4	0.4
Median		9.2	4.1	0.3	0.3
Maximum		286.9	5.4	0.8	0.8
Minimum		9.1	2.8	—*	—*
The CPPL Group (as implied by the Effective Consideration)		N.A.⁽⁸⁾	N.A.⁽⁸⁾	1.0⁽⁹⁾	1.0⁽⁹⁾

Source: Bloomberg L.P., announcements and/or annual reports of the respective Comparable Companies

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Notes:–

“N.A.” – Not applicable

“**” – Less than 0.05 time

- (1) The market capitalisations of the respective Comparable Companies are based on their respective last transacted share prices and outstanding number of issued shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) The EV/EBITDA ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective trailing 12 months' EBITDA based on the latest financial results as announced by the respective Comparable Companies.
- (3) The P/E ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective trailing 12 months' net profit attributable to shareholders based on the latest financial results as announced by the respective Comparable Companies.
- (4) The P/NAV ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective NAVs for the latest financial periods as announced by the respective Comparable Companies.
- (5) The P/NTA ratios of the Comparable Companies are based on (i) their respective market capitalisations as at the Latest Practicable Date; and (ii) their respective NTAs for the latest financial periods as announced by the respective Comparable Companies.
- (6) China Yuanbang has been excluded as statistical outlier from the computation of mean and median EV/EBITDA.
- (7) This multiple is not applicable as the company recorded trailing 12 months' net loss attributable to shareholders.
- (8) This multiple is not applicable as the CPPL Group recorded negative trailing 12 months' EBITDA and trailing 12 months' net loss attributable to owners of the company (as the case may be).
- (9) Based on the Adjusted NAV or Adjusted NTA (as the case may be) of the CPPL Group as at 30 September 2017 as computed in paragraph 4.3(b) above.

Based on the above analysis, we note that the P/NAV or P/NTA ratio of the CPPL Group, as implied by the Effective Consideration, is higher than the range of the P/NAV and P/NTA ratios of the Comparable Companies.

The above comparisons with the Comparable Companies are necessarily limited, and are meant to serve as illustrations only.

4.5 Financial effects of the Proposed Disposal

Details of the *pro forma* financial effects of the Proposed Disposal on the Group are set out in paragraph 2.8 of the Circular. We wish to highlight that the *pro forma* financial effects of the Proposed Disposal on the Group have been prepared based on the latest audited consolidated financial statements of the Group for FY2016.

In summary, we note the following:–

(a) Share Capital

The Proposed Disposal has no impact on the Company's issued share capital.

(b) NTA per Share

The NTA per Share of the Group will decrease slightly from 9.79 Singapore cents to 8.96 Singapore cents after the Completion.

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(c) Earnings per Share

The earnings per Share of the Group will increase from 1.41 Singapore cents to 1.55 Singapore cents after the Completion.

(d) Gearing Ratio

The gearing ratio of the Group will increase from 0.17 time to 0.20 time after the Completion.

The *pro forma* financial effects of the Proposed Disposal are for illustrative purposes only and are not intended to be indicative or reflect the actual future financial situation of the Company and the Group after the Completion. They are not indicative of the financial performance or position that could have attained had the Proposed Disposal taken place in accordance with the assumptions stated in paragraph 2.8 of the Circular. We recommend that the Independent Directors advise the independent Shareholders to read the information carefully, in particular the bases and assumptions set out therein relating to the preparation of the *pro forma* financial effects.

4.6 Other relevant considerations in relation to the Proposed Disposal

4.6.1 The Company's dispute with Mr Luo

On 14 November 2017, the Company announced that a total of RMB118 million had been transferred from Huizhou Daya Bay to Huizhou Daya Bay Dong Gang Industrial Co., Limited ("**HDB Dong Gang**") and Hunan Toener Investment Group Co., Limited ("**Toener Investment Group**") between 3 July 2017 and 25 October 2017 without prior approval of the Board or the board of directors of Huizhou Daya Bay ("**Unauthorised Withdrawals**"). HDB Dong Gang and Toener Investment Group are both controlled by Mr Luo. The Board had nonetheless highlighted that the financial impact of the Unauthorised Withdrawals on the Company is not expected to be material. Please refer to the Company's announcements dated 14 November 2017 and 16 November 2017 for further information.

The Company has taken legal actions in Singapore and the PRC in relation to the Unauthorised Withdrawals. The Company and CPPL entered into the Settlement Deed with Mr Luo, pursuant to which the parties agreed to a full and final settlement of any and all, *inter alia*, disputes, claims and/or counterclaims between the Company and Mr Luo arising out of, under and/or in connection with, *inter alia*, the Unauthorised Withdrawals and the legal actions taken by the Company in Singapore and the PRC in relation to the Unauthorised Withdrawals.

We note that the Proposed Disposal is one of the conditions under the Settlement Deed. **We wish to highlight that we do not evaluate or comment on the rationale for, as well as the legal and commercial risks and/or merits (if any) of, the Settlement Deed.**

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4.6.2 Voluntary suspension of trading in the Shares

We note that the Company had, on 20 November 2017, requested for a voluntary suspension of trading in its Shares as the Board was of the opinion that it would be prudent for the Company to do so until such time that the matters in respect of, *inter alia*, the Unauthorised Withdrawals are resolved.

4.6.3 Gain on disposal of the CPPL Group

The Company, through CPPL, had acquired the 60% of the registered capital of Huizhou Daya Bay from Lhasa Xiang Ze Industrial Co., Limited (formerly known as Shenzhen Tong Ze Industrial Co., Limited) (a company wholly-owned by Mr Luo) in November 2015. Mr Luo, through Lhasa Xiang Ze Industrial Co., Limited, has continued to own the remaining 40% of the registered capital of Huizhou Daya Bay. At the time of the acquisition, construction of the Huizhou Daya Bay development project had been substantially completed. It was intended that 399 residential units would be held as investment properties by Huizhou Daya Bay and rented out as holiday apartments for recurring income, while the remaining residential units would be for sale.

We note that the Group expects to realise a net gain of approximately S\$1.6 million from the Proposed Disposal, being the excess of the proceeds from the Proposed Disposal over the book value of the CPPL Group as at 30 September 2017, after accounting for the proposed assignment in respect of the Outstanding Amount and assuming that (i) CPPL does not repay any amount on the Shareholder's Loan during the period between the date of the SPA and the date of Completion; and (ii) the Proposed Disposal was completed on 30 September 2017. Please refer to paragraph 2.5 of the Circular for more information.

4.6.4 No other alternative offers from third parties

The Board has confirmed that, as at the Latest Practicable Date, there has been no offer to purchase the CPPL Group other than from Mr Luo.

4.6.5 Use of proceeds

The Consideration is to be satisfied by the Company setting off the equivalent sum under the Outstanding Indebtedness as at Completion.

In the event of the Proposed Novation taking place prior to Completion, the Consideration shall be satisfied fully in cash. The Company intends to use 100% of any such net cash proceeds from the Proposed Disposal (after deducting expenses of approximately S\$0.2 million) for working capital purposes.

5. OUR OPINION

In arriving at our opinion, we have reviewed and deliberated on factors which we consider to be relevant and to have a significant bearing on our assessment as to whether, from a financial perspective, the Proposed Disposal is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders. These factors include, *inter alia*, the views and representations made by the Directors and the Management. We have carefully considered factors which we deem essential and balance

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them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

Based on our analysis, and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, from a financial perspective, the Proposed Disposal is, on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

In arriving at our opinion, we have relied on, *inter alia*, relevant statements contained in the Circular, confirmations, advice and representations by the Directors and the Management, and the Company's announcements in relation to the Proposed Disposal. We wish to emphasise that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of, the Settlement Deed, or the Proposed Disposal as one of the conditions of the Settlement Deed. Such remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Proposed Disposal vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Proposed Disposal, but any recommendations made by the Independent Directors in respect of the Proposed Disposal shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Proposed Disposal as an Interested Person Transaction) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh
Managing Director

APPENDIX II – VALUATION LETTER

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2017 of the property interests of the Group.



Asia-Pacific Consulting and Appraisal Limited
Room 1501(112), 15F, SPA Centre,
53-55 Lockhart Road,
Wanchai Hong Kong

February 20, 2018

The Board of Directors
Emerging Towns & Cities Singapore Ltd.
80 Raffles Place
#26-05 UOB Plaza 1
Singapore 048624

Dear Sirs,

In accordance with your instructions to value the properties in which Emerging Towns & Cities Singapore Ltd. (“ETC Singapore”) and Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited 惠州大亞灣美泰誠有限責任公司 (hereinafter together referred to as the “Group”) have interests in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 31 December 2017 (the “date of valuation”).

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

We have valued the property interests in Group I by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

We have valued the remaining portion of property interests in Group II by income approach by taking into account the net rental income of the properties derived from the existing leases as apartment hotel with due allowance for the reversionary income potential of the operation, which has been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to comparable sale transactions (including the sale prices of the units contracted for before and subsequent to the valuation date) as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation (including Land Appreciation Tax) which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value.

APPENDIX II – VALUATION LETTER

In valuing the property interests, we have complied with all the requirements contained in Part VII of Chapter 4 of the Listing Manual Section B: Rules of Catalist (“the Exchange Listing Rules”) issued by the Singapore Exchange Securities Trading Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the instructing party and the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any lease amendments. It is assumed that the copies of the documents obtained are consistent with their originals.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the instructing party and the Group. We have also sought confirmation from the instructing party and the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G.D. Cheng
MRICS
Director

Note: David G.D. Cheng is a Chartered Surveyor who has 17 years' experience in the valuation of properties in the PRC, Hong Kong and the Asia-Pacific region.

APPENDIX II – VALUATION LETTER

SUMMARY OF VALUES

Group I – Property interests held for sales by the Group in the PRC

No. Property	Capital value attributable to the Group as at 31 December 2017 RMB
1. 33 residential units of Haiyunyayuan Building 海韻雅苑 No. 1-3 Xiachong Dayawan Huizhou Guangdong Province The PRC	25,800,000
Sub-total:	25,800,000

Group II – Property interests held for investment by the Group in the PRC

No. Property	Capital value attributable to the Group as at 31 December 2017 RMB
2. 399 residential units of Haiyunyayuan Building 海韻雅苑 No. 1-3 Xiachong Dayawan Huizhou Guangdong Province The PRC	246,100,000
Sub-total:	246,100,000
Grand-total:	271,900,000

APPENDIX II – VALUATION LETTER

VALUATION CERTIFICATE

Group I – Property interests held for sale by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2017 RMB
1.	33 residential units of Haiyunyayuan Building 海韻雅苑 No. 1-3 Xiachong Dayawan Huizhou Guangdong Province The PRC	<p>The property comprises 33 residential units, within 3 residential buildings completed in July 2015.</p> <p>The property has a total gross floor area of approximately 1,565.15 sq.m.</p> <p>The land use rights of the property have been granted for the terms of 70 years expiring on 10 August 2081 for residential use.</p>	The property is currently vacant.	25,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hui Wan Guo Yong (2011) No. 8210200615 dated 24 August 2011 issued by the Huizhou Land Administration Bureau, the land use rights of a parcel of land with a site area of approximately 15,000 sq.m. have been granted to Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited 惠州大亞灣美泰誠有限責任公司 for residential use for a term expiring on 10 August 2081.
2. Pursuant to a Pre-Sales Permit – Hui Wan Fang Yu Xu Zi [2013] No. 049 (惠灣房預許字[2013]第049號) issued by the Huizhou Dayawan Economic & Technology Development Housing and Land Administration Bureau (惠州大亞灣經濟技術開發區房地局) in favour of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司), Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司) is entitled to sell the development in the market.
3. As advised by Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司), all these 33 residential units of the property has been contracted for sale to various third parties at a total sale price of RMB25,800,000, and the handover to the various purchasers have not been completed as at the valuation date.
4. In valuing the property, we have assumed that:
 - (a) proper ownership title in the property has been obtained and the property can be freely transferred, sub-let or mortgaged by the owner without payment of any further land grant premium or transfer fee;
 - (b) all required approvals and certificates necessary for the construction and occupation of the property have been duly obtained and are in full force and effect;
 - (c) the sales contracts in note 3 above is valid and shall remain in effect for the term.

APPENDIX II – VALUATION LETTER

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2017 <i>RMB</i>
2.	399 residential units of Haiyunyayuan Building 海韻雅苑 No. 1-3 Xiachong Dayawan Huizhou Guangdong Province The PRC	The property comprises 399 residential units within 3 24-storey residential buildings completed in June 2015. The 399 residential units of the property has a total gross floor area of approximately 18,821.88 sq.m.	The property is leased to an independent party as apartment hotel purpose.	246,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hui Wan Guo Yong (2011) No. 8210200615 dated 24 August 2011 issued by the Huizhou Land Administration Bureau, the land use rights of a parcel of land with a site area of approximately 15,000 sq.m. have been granted to Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司) for residential use for a term expiring on 10 August 2081.
2. Pursuant to a Pre-Sales Permit – Hui Wan Fang Yu Xu Zi [2013] No. 049 (惠灣房預許字[2013]第049號) issued by the Huizhou Dayawan Economic & Technology Development Housing and Land Administration Bureau (惠州大亞灣經濟技術開發區房地局) in favour of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司), Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司) is entitled to sell the development in the market.
3. Pursuant to a Tenancy Agreement signed on 24 August 2015, the 399 residential units of the property are leased to eStay (China) Limited., an independent party of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司) for a term with the expiry date on 21 July 2021.
4. As advised by Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亞灣美泰誠有限責任公司), 260 residential units of the property has been contracted for sale to various third parties at a total sale price of RMB212,712,744, and the handover to the various purchasers have not been completed as at the valuation date.
5. Pursuant to a Supplemental Tenancy Agreement signed on 23 September 2015, the rent of the foresaid 399 residential units in note 3 has been confirmed RMB2,000 per unit per month, and will be adjusted per half year according to market level and will not be less than RMB2,000 per unit per month.
6. In valuing the property, we have assumed that:
 - (a) proper ownership title in the property has been obtained and the property can be freely transferred, sub-let or mortgaged by the owner without payment of any further land grant premium or transfer fee;
 - (b) all required approvals and certificates necessary for the construction and occupation of the property have been duly obtained and are in full force and effect;
 - (c) the sales tenancy agreement in note 3 above is valid and shall remain in effect for the term.

NOTICE OF EXTRAORDINARY GENERAL MEETING

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 198003839Z)
(the “Company”)

All capitalised terms in the Resolutions below and defined in the circular dated 28 February 2018 to the shareholders of the Company (the “Circular”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at 55 Market Street #03-01, Singapore 048941 on 15 March 2018 (Thursday) at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following Resolutions:

ORDINARY RESOLUTION 1 – PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CEDAR PROPERTIES PTE. LTD.

Resolved that:

- (a) approval be and is hereby given for the sale of the entire issued and paid-up share capital of the Company’s wholly-owned subsidiary, Cedar Properties Pte. Ltd., to Mr Luo Shandong in accordance with the terms and conditions of the sale and purchase agreement entered into between the Company and Mr Luo Shandong (the “**Proposed Disposal**”) which constitutes an interested person transaction under the Catalist Rules; and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Disposal, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Proposed Disposal.

ORDINARY RESOLUTION 2 – THE PROPOSED EXTENSION OF THE EXPIRY DATE OF THE CONVERSION RIGHT UNDER THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG

Resolved that:

- (a) approval be and is hereby given for the extension of the expiry date of the Conversion Right under the convertible loan agreement entered into between the Company and Mr Luo Shandong by an additional 12 months (the “**Proposed Extension**”); and
- (b) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Proposed Extension as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3 – THE PROPOSED NOVATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG

Resolved that:

- (a) approval be and is hereby given for the transfer and novation by Mr Luo Shandong to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the convertible loan agreement entered into between the Company and Mr Luo Shandong (the “**Proposed Novation**”), provided that:
- (i) the Company shall source and identify the third party or third parties in respect of the Proposed Novation;
 - (ii) the identity or identities of such third party or third parties shall be subject to approval by the SGX-ST;
 - (iii) as at completion of the Proposed Novation, none of such third party or third parties shall be a director or substantial shareholder (or associate of such director or substantial shareholder) of the Company or other person specified in Rule 812 and Rule 904(4) of the Catalist Rules; and
 - (iv) the allotment and issue of any Conversion Shares to such third party or third parties will not result in any one of such third party or third parties holding an aggregate direct and deemed interest in the Company of 15% or more of the enlarged share capital of the Company; and
- (b) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Proposed Novation as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Group Chairman
28 February 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Save for a member who is a relevant intermediary as defined in Note 2, a member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A member who is a relevant intermediary entitled to attend the Extraordinary General Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) A proxy need not be a member of the Company.
 - (4) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
 - (5) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624** at least 72 hours before the time fixed for the Extraordinary General Meeting. A Depositor’s name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the Extraordinary General Meeting in order for him to be entitled to vote at the Extraordinary General Meeting.
 - (6) By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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PROXY FORM

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 198003839Z)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 2 for the definition of "relevant intermediary").

For investors who have used their CPF moneys to buy shares in the capital of EMERGING TOWNS & CITIES SINGAPORE LTD., this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name), NRIC/Passport Number* _____
of _____ (Address)
being a member/members of **EMERGING TOWNS & CITIES SINGAPORE LTD.** (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

or, failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting to be held at 55 Market Street #03-01, Singapore 048941 on 15 March 2018 (Thursday) at 9.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

	RESOLUTIONS	For*	Against*
1.	Ordinary Resolution PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CEDAR PROPERTIES PTE. LTD.		
2.	Ordinary Resolution THE PROPOSED EXTENSION OF THE EXPIRY DATE OF THE CONVERSION RIGHT UNDER THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG		
3.	Ordinary Resolution THE PROPOSED NOVATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG		

* If you wish to exercise all your votes "**For**" or "**Against**", please indicate your vote "**For**" or "**Against**" with "**X**" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018.

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

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

PROXY FORM

Notes:

1. Save for a member who is a relevant intermediary as defined in Note 2, a member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
2. A member who is a relevant intermediary entitled to attend the Extraordinary General Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
“**Relevant intermediary**” means:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at **80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624** not less than 72 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Cap 50) of Singapore.
9. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Extraordinary General Meeting if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Extraordinary General Meeting.
10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Company.
11. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as Observers are required to submit in writing, a list with details of the investors’ name, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 72 hours before the time appointed for holding the Extraordinary General Meeting.
12. A Depositor’s name must appear in the Depository Register not less than 72 hours before the time appointed for the holding of the Extraordinary General Meeting in order for him to be entitled to vote at the Extraordinary General Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 February 2018.