

CHINA YUANBANG PROPERTY HOLDINGS LIMITED
(the "**Company**")
(Company Registration No.: 39247)
(Incorporated in Bermuda on 4 December 2006)

- (1) **GRANT OF WAIVER FROM RULE 1014 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL OF A 25% SHAREHOLDING INTEREST IN WANYUAN YUANBANG RESORT DEVELOPMENT CO., LTD.; AND**
- (2) **CORRIGENDUM IN RELATION TO THE ANNOUNCEMENT DATED 28 DECEMBER 2015**
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1. INTRODUCTION

- 1.1 The Board of Directors of China Yuanbang Property Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the announcement dated 28 December 2015 ("**28 December 2015 Announcement**") on the proposed disposal of 25% shareholding interest in Wanyuan Yuanbang Resort Development Co., Ltd. (万源元邦旅游产业开发有限公司) ("**Wanyuan Yuanbang Resort**") by the Company's wholly-owned subsidiary, Guangdong Yuanbang Real Estate Development Co., Ltd. (广东元邦房地产开发有限公司) (the "**Vendor**") to Wanyuan City Qinba Electronic Commerce Co., Ltd. (万源市秦巴电子商务有限公司) (the "**Purchaser**") pursuant to a sale and purchase agreement entered into between the Vendor, the Purchaser and Guangzhou City Po Xing Decoration Design Co., Ltd. (广州市魄信装饰设计有限公司) ("**Po Xing Design**") (the "**Proposed Disposal**").
- 1.2 The Purchaser is not an associate, nominee, trustee of and is not related to the directors and controlling shareholders of the Company and their respective associates.
- 1.3 Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the 28 December 2015 Announcement.

2. CONDITIONAL APPROVAL OF THE WAIVER APPLICATION

- 2.1 As mentioned in paragraph 8.2 of the 28 December 2015 Announcement, the Company had on 3 February 2016 submitted an application to the SGX-ST for purposes of seeking a waiver from the requirement of obtaining shareholders' approval for the Proposed Disposal (the "**Waiver**").
- 2.2 The Company is pleased to announce that the SGX-ST has informed the Company on 17 February 2016 that the SGX-ST has no objection to granting the Waiver subject to the following conditions:
- (a) disclosure via SGXNet of the Board of Directors' unanimous view that the Proposed Disposal is in the best interest of the Company and its shareholders;
 - (b) disclosure via SGXNet of the Company's confirmation that the Purchaser is not an associate, nominee, trustee of and is not related to the directors and controlling shareholders of the Company and their respective associates;

- (c) the Company's compliance with Rule 1010 of the Listing Manual;
- (d) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (e) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company; and
- (f) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company.

2.3 The Company has complied with Rule 1010 of the Listing Manual in making the 28 December 2015 Announcement, as referred to in paragraph 2.2(c) above. This announcement is to satisfy the requirements referred to in paragraph 2.2(a), (b) and (d) above. The Company has submitted the confirmations referred to in paragraph 2.2(e) and (f) above on 3 February 2016.

3. REASONS FOR SEEKING THE WAIVER

The Company's reasons for seeking the Waiver were as follows:

- (a) The Proposed Disposal will not result in a material change to the nature of the Group's business and the Company's risk profile

As stated in the Company's 2015 Annual Report, the Company 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. This is the Company's core business.

On the other hand, the business of Wanyuan Yuanbang Resort Group comprises the development of the Project, which is a tourism property project, with a mixture of residential, villa and commercial units under development.

As Wanyuan Yuanbang Resort's business is in tourism property, which is a non-core business of the Group, the Proposed Disposal will not result in a material change to the nature of the Group's business and the risk profile of the Company.

Furthermore, the Group will continue to hold a majority stake (i.e. 57% shareholding interest) in Wanyuan Yuanbang Resort even after the completion of the Proposed Disposal. The decrease in shareholding interest will not impact the Vendor's legal rights as a shareholder of Wanyuan Yuanbang Resort, apart from having a proportionately reduced vote by way of its shareholding reduction arising from the Proposed Disposal.

In addition, the Board of Directors of the Company has resolved that it is of the opinion that there will be no material change in the risk profile of the Company arising from the Proposed Disposal, on the following bases:

- (i) Wanyuan Yuanbang Resort's business is a non-core business of the Group; and

- (ii) The Group will still hold a majority stake of 57% shareholding interest in Wanyuang Yuanbang Resort after the completion of the Proposed Disposal.
- (b) The Proposed Disposal would be in the interest of the Group and the Company's shareholders

In addition, in compliance with the condition as referred to in paragraph 2.2(a) above, it is the unanimous view of the Board of Directors of the Company that the Proposed Disposal is in the best interest of the Company and its shareholders.

The reasons for this view are as follows:

- (i) The Company will achieve a net gain from the Proposed Disposal

Based on the latest announced audited consolidated financial statements of Wanyuan Yuanbang Resort Group and the Group for FY2015, the Company will realise an estimated net gain of approximately RMB30,147,000 (approximately S\$6,594,000) from the Proposed Disposal. The sale proceeds from the Proposed Disposal will be used for the working capital of the Group. The Proposed Disposal would enhance the net tangible assets per share of the Company from S\$2.43 to S\$2.53, assuming that the Proposed Disposal had been effected at the end of FY2015. The Proposed Disposal would also enhance the earnings per share of the Company from a loss of Singapore cents 8.45 to a gain of Singapore cents 1.88, assuming that the Proposed Disposal had been effected at the beginning of FY2015.

- (ii) The Company will gain a reputable strategic partner for the Project

The Project is a major project that requires substantial resources and funds to develop. The Proposed Disposal will enable the Company to bring in the Purchaser as a strategic partner on the Project. The Purchaser has extensive experience in the tourism development industry and extensive networks and resources in the Wanyuan area. By having the Purchaser as shareholder of Wanyuan Yuanbang Resort, the Purchaser will contribute its experience, network and resources to Wanyuan Yuanbang Resort for the benefit of Wanyuan Yuanbang Resort Group, the Project and the Group.

- (iii) Dispensation of shareholders' meeting does not prejudice the shareholders

The Proposed Disposal has the support of the Company's non-executive chairman and substantial shareholder, Madam Lin Yeju. Madam Lin Yeju has a deemed interest of approximately 51.62% in the capital of the Company. Madam Lin Yeju has no interest in the Proposed Disposal (other than as the Company's substantial shareholder). Given Madam Lin's support, it is inevitable that the Proposed Disposal will proceed as the requisite approval for the Proposed Disposal can be obtained at any shareholders' meeting convened for this purpose. Given her support, the costs and time that would be incurred in holding a shareholders' meeting, such as the costs of printing the circular, the costs of convening the meeting and the costs of professionals involved in the preparation of the documentation for the meeting, would outweigh any benefit to the Company in holding the shareholders' meeting.

4. **CORRIGENDUM IN RELATION TO THE 28 DECEMBER 2015 ANNOUNCEMENT**

The Company wishes to clarify that paragraph 2.1 of the 28 December 2015 Announcement shall be revised and read as follows:

"Wanyuan Yuanbang Resort was incorporated in the People's Republic of China ("PRC") on 28 June 2011 and it has a registered capital of RMB50 million ~~and a paid-up capital of RMB150 million~~. As at the Signing Date, each of the Vendor and Po Xing Design holds 82% and 18% shareholding interest in Wanyuan Yuanbang Resort respectively."

Save for the above, there are no other changes to be made to the 28 December 2015 Announcement.

BY ORDER OF THE BOARD
CHINA YUANBANG PROPERTY HOLDINGS LIMITED

Stephen Chong Ching Hoi
Chief Financial Officer/Company Secretary
17 February 2016