

**CIRCULAR DATED 4 OCTOBER 2019**

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

**If you are in any doubt as to the contents of this Circular or the action that 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 Shares (as defined herein), you should immediately forward this Circular, the Notice of SGM (as defined herein) and the accompanying Proxy Forms (as defined herein) immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. If you have sold or transferred all your Shares which are held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular, the Notice of SGM and the accompanying Proxy Forms to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular and the accompanying documents to be sent to the purchaser or transferee.

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any statements made, reports contained and opinions expressed in this Circular.



## **CHINA YUANBANG PROPERTY HOLDINGS LIMITED**

(Company Registration Number: 39247)  
(Incorporated in Bermuda)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

#### **THE PROPOSED CAPITAL REORGANISATION (AS DEFINED HEREIN)**

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

- |   |   |  |
|---|---|--|
| Last date and time for lodgement of Proxy Forms | : | 27 October 2019 at 10:30am   |
| Date and time of Special General Meeting        | : | 29 October 2019 at 10:30am (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10:00am on the same day and at the same place) |
| Place of Special General Meeting                | : | Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593   |

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## DEFINITIONS

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

- “Announcement”** : The announcement made by the Company on 3 September 2019 in relation to the Proposed Capital Reorganisation
- “Authorised Capital Diminution”** : The diminution of the authorised share capital of the Company of HK\$600,000,000 by HK\$593,060,000, as described in Section 3.3.1(b) of this Circular
- “Authorised Capital Increase”** : The increase of the authorised share capital of the Company from HK\$6,940,000 to HK\$60,000,000, as described in Section 3.3.1(b) of this Circular
- “Authority”** : The Monetary Authority of Singapore
- “Bermuda Companies Act”** : The Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
- “Board”** : The board of directors of the Company for the time being
- “Bye-laws”** : The bye-laws of the Company as amended, supplemented or modified for the time being
- “Capital Reduction”** : The reduction of the issued and paid-up share capital of the Company from HK\$138,800,000 to HK\$6,940,000, as described in Section 3.3.1(a) of this Circular
- “Capital Reorganisation Announcement”** : The announcement to be made by the Company to confirm the Proposed Capital Reorganisation Effective Date, as described in Section 3.3.4 of this Circular
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular dated 4 October 2019 issued by the Company to Shareholders
- “Company”** : China Yuanbang Property Holdings Limited
- “Controlling Shareholder”** : A person who holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings (unless otherwise determined by the SGX-ST), or who in fact exercises control over the Company
- “Crediting of Contributed Surplus”** : The crediting of the amount of credit arising from the Capital Reduction to the contributed surplus account of the Company, as described in Section 3.3.1(c) of this Circular
- “Depositor Proxy Form”** : The depositor proxy form accompanying this Circular
- “Directors”** : The directors of the Company for the time being
- “FY”** : Financial year ending or ended (as the case may be) on 30 June

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## DEFINITIONS

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<b>“Group”</b>	: The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	: 27 September 2019, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities
<b>“Member Proxy Form”</b>	: The member proxy form accompanying this Circular
<b>“New Share Certificates”</b>	: Share certificates for Shares which reflect a par value of HK\$0.10 each, as described in Section 3.3.5(a) of this Circular
<b>“Notice of SGM”</b>	: The notice of the SGM set out on pages 16 to 18 of this Circular
<b>“NAV”</b>	: The net assets value of the Group
<b>“Old Share Certificates”</b>	: Share certificates for Shares which reflect a par value of HK\$2.00 each, as described in Section 3.3.5(a) of this Circular
<b>“Proposed Capital Reorganisation”</b>	: The Capital Reduction, the Authorised Capital Diminution, the Authorised Capital Increase and the Crediting of Contributed Surplus, further details of which are set out in Section 3.3.1 of this Circular
<b>“Proposed Capital Reorganisation Effective Date”</b>	: The expected effective date of the Proposed Capital Reorganisation, if approved, being 29 October 2019 or such other date as the Directors may determine in accordance with the Bermuda Companies Act
<b>“Proxy Forms”</b>	: The Depositor Proxy Form and the Member Proxy Form in respect of the SGM, accompanying this Circular
<b>“Register of Members”</b>	: The register of members of the Company
<b>“Securities Account”</b>	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	: The Securities and Futures Act (Chapter 289 of Singapore), or any statutory modification or re-enactment thereof for the time being in force
<b>“SGM”</b>	: The special general meeting of the Company to be convened and held on 29 October 2019 at 10:30am, notice of which is set out on pages 16 to 18 of this Circular
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Share Transfer Agent”</b>	: B.A.C.S. Private Limited
<b>“Shareholders”</b>	: The registered holders of the Shares
<b>“Shares”</b>	: Ordinary shares in the capital of the Company

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## DEFINITIONS

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- “subsidiary holdings”** : Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act (Chapter 50 of Singapore)
- “Substantial Shareholder”** : A substantial shareholder of the Company as defined under Section 2(6) of the SFA
- “Watch-list”** : The watch-list of the SGX-ST
- “%” or “per cent.”** : Per centum or percentage

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

The terms **“associated company”**, and **“subsidiary”** shall have the meanings ascribed to them respectively in the Listing Manual.

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

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 include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Bermuda Companies Act or the Listing Manual (or any modification thereof) and not otherwise defined in this Circular shall have the same meaning assigned to it in the Bermuda Companies Act or the Listing Manual (or any modification thereof), as the case may be.

Any reference to a time of a day in this Circular is a reference to Singapore time.

### **Exchange Rate**

Unless otherwise specified, the following exchange rates as at the Latest Practicable Date (**“Latest Exchange Rate”**) have been used throughout this Circular:

S\$1.00: RMB5.1624  
S\$1.00: HK\$5.6774  
HK\$1.00: RMB0.9099

The Latest Exchange Rate as set out above are used for illustration purposes only and should not be construed as a representation that the relevant amounts have been or could be converted at the rate above or at any other rate or at all.

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## LETTER TO SHAREHOLDERS

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### CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Company Registration Number: 39247)  
(Incorporated in Bermuda)

**Directors:**

Lin Yeju, *Non-Executive Chairman*  
Ouyang Sheng, *Executive Director, Chief Executive Officer*  
Zhou Jiangtao, *Executive Director*  
Teo Yi-dar, *Independent Director*  
Chong Soo Hoon Sean, *Independent Director*  
Xia Weichang, *Independent Director*

**Registered Office:**

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

**4 October 2019**

To : The Shareholders of China Yuanbang Property Holdings Limited

Dear Sir/Madam

#### THE PROPOSED CAPITAL REORGANISATION

##### 1. INTRODUCTION

The Board is convening the SGM to be held at Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 29 October 2019 at 10:30am (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10:00am on the same day and at the same place) to seek Shareholders' approval for the Proposed Capital Reorganisation, which involves a reorganisation of the Company's share capital to reduce the par value of its Shares from HK\$2.00 to HK\$0.10.

The purpose of this Circular is to provide Shareholders with relevant information pertaining to, and to explain the rationale for, the Proposed Capital Reorganisation and to seek Shareholders' approval for the Proposed Capital Reorganisation to be tabled at the forthcoming SGM. The Notice of SGM is set out on pages 16 to 18 of this Circular.

The SGX-ST takes no responsibility for the contents of this Circular, including the accuracy of any statements made, reports contained and opinions expressed in this Circular.

##### 2. SGX-ST WATCH-LIST AND ASSOCIATED RISKS

###### 2.1 SGX-ST Watch-list and Exit Criteria

The Company was placed on the Watch-list under the minimum trading price entry criteria with effect from 5 June 2018. Pursuant to Rule 1311(2) of the Listing Manual, the SGX-ST will place an issuer on the Watch-list if it recorded a volume-weighted average price of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the last six (6) months under review.

Pursuant to Rule 1314(2) of the Listing Manual, an issuer on the Watch-list under the minimum trading price entry criteria may be removed from that Watch-list if the issuer records a volume-weighted average price of at least S\$0.20 and an average daily market capitalisation of S\$40 million or more over the last six (6) months.

The Group has been actively seeking opportunities with other property developers on new projects in Guangdong province and believes that an improvement in the financial performance of the Group will restore investors' confidence. The Group will continue to maintain a prudent approach in its business activities and seeks to finetune its business development strategy, where appropriate. Barring any unforeseen circumstances, the business initiatives set out above are intended to

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## LETTER TO SHAREHOLDERS

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facilitate the Group's efforts towards meeting the minimum trading price entry criteria in order to exit the Watch-list.

As further explained in Section 3.2 of this Circular, the Directors are of the view that the Proposed Capital Reorganisation will provide the Company with greater flexibility on its future capital structure to enable the Company to take advantage of opportunities as and when they arise. Therefore, it is hoped that the Proposed Capital Reorganisation will provide greater flexibility for the Group's efforts towards meeting the minimum trading price entry criteria in order to exit the Watch-list.

### 2.2 Review of Watch-list Exit Criteria

**Shareholders should note that the Company must meet the requirements in Section 2.1 in order to avoid delisting from the Official List of the SGX-ST. If the Company fails to satisfy the criteria set out in Section 2.1 of this Circular by 4 June 2021, being 36 months from the date on which it was placed on the Watch-list, the SGX-ST may either remove the Company from the Official List of the SGX-ST, or suspend trading of the Shares (without the agreement of the Company) with a view to removing the Company from the Official List of the SGX-ST.**

The table below shows the movements in the Company's volume-weighted average price and market capitalisation in the last 12 months:

Month	Volume-weighted average price <sup>(1)</sup> (S\$)	Market capitalisation <sup>(2)</sup> (S\$ million)
October 2018	0.163	11.3
November 2018	0.214	14.9
December 2018	0.205	14.2
January 2019	0.269	18.7
February 2019	0.249	17.3
March 2019	0.278	19.3
April 2019	0.289	20.1
May 2019	0.279	19.4
June 2019	0.286	19.8
July 2019	0.276	19.1
August 2019	0.268	18.6

*Source: Thomson Reuters Eikon*

**Notes:**

- (1) Volume-weighted average price is computed based on the total traded value of the Shares divided by the total traded volume for each of the above periods.
- (2) Market capitalisation is computed based on the volume-weighted average price and the total number of Shares for each of the above periods.

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## LETTER TO SHAREHOLDERS

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### 3. THE PROPOSED CAPITAL REORGANISATION

#### 3.1 Overview of the Proposed Capital Reorganisation

Under the laws of Bermuda, shares of a Bermuda company may not be issued at a price which is lower than the par value of the shares. As at the Latest Practicable Date, the authorised share capital of the Company is HK\$600,000,000 divided into 300,000,000 Shares with a par value of HK\$2.00 each, of which 69,400,000 Shares have been issued and are fully paid-up.

Bye-law 6 of the Bye-laws provides that the Company may, from time to time, by special resolution (as defined in the Bye-laws), subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

The Directors are convening the SGM to seek Shareholders' approval for the Proposed Capital Reorganisation to reduce the par value of each Share from HK\$2.00 to HK\$0.10.

#### 3.2 Rationale for the Proposed Capital Reorganisation

The closing prices of the Shares ranged between S\$0.230 (equivalent to approximately HK\$1.306 based on the Latest Exchange Rate) and S\$0.350 (equivalent to approximately HK\$1.987) during the three (3) months prior to the Latest Practicable Date with a volume weighted average price of approximately S\$0.270 (equivalent to approximately HK\$1.533), which is below the existing par value of its Shares of HK\$2.00.

The concept of par value is applicable to the Company as it is a company incorporated in Bermuda, which (unlike certain other jurisdictions such as Singapore) have yet to abolish this concept. Under the laws of Bermuda, shares of a Bermuda company may not be issued at a price which is lower than the par value of the shares. The Proposed Capital Reorganisation will provide the Company with greater flexibility to issue new Shares with a par value of HK\$0.10 each at an issue price closer to its volume weighted average price in the future should fund raising opportunities or requirements arise and facilitate corporate actions which may require the issuance of new Shares, such as a rights issue or placement.

The amount of credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. Any credit balance in the contributed surplus account of the Company may, as long as the Company is solvent, be applied in such manner as the Directors may determine in accordance with the Bye-laws and all applicable laws. The credit balance will provide the Company with greater flexibility in relation to future distributions, if any, out of contributed surplus. Shareholders should note that whether or not the Company will make a distribution out of contributed surplus and the timing and amount of any distribution to be paid will depend on the Company's earnings, financial position including cash flow position, future capital requirements, future plans and other relevant factors. Shareholders should note that as at the date of this Circular, there are currently no plans to make any distribution out of the increased contributed surplus arising from the Proposed Capital Reorganisation.

The Directors are therefore of the view that the Proposed Capital Reorganisation will mitigate the limitations generally associated with the concept of par value, allow for more meaningful financial reporting and provide the Company with greater flexibility on its future capital structure to enable the Company to take advantage of opportunities as and when they arise.

#### 3.3 Details of the Proposed Capital Reorganisation

##### 3.3.1 The Proposed Capital Reorganisation

The Proposed Capital Reorganisation will involve the following:

- (a) the reduction of the issued and paid-up share capital of the Company (the "**Capital Reduction**") from HK\$138,800,000 divided into 69,400,000 Shares with a par value of HK\$2.00 each, to HK\$6,940,000 divided into 69,400,000 Shares with a par value of HK\$0.10 each, by the cancellation of the paid-up share capital of the Company to the extent of

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## LETTER TO SHAREHOLDERS

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HK\$1.90 on each of the Shares with a par value of HK\$2.00 in issue on the Proposed Capital Reorganisation Effective Date so that each issued Share with a par value of HK\$2.00 shall be treated as one (1) fully paid Share with a par value of HK\$0.10 as at the Proposed Capital Reorganisation Effective Date, and any liability of the holder of such Shares to make any further contribution to the share capital of the Company on each such Share shall be treated as satisfied. As at the Latest Practicable Date, all issued Shares in the capital of the Company have been fully paid-up;

- (b) subject to and forthwith upon the Capital Reduction taking effect, the cancellation of all of the authorised but unissued Shares with a par value of HK\$2.00 each in the share capital of the Company (which shall include, without limitation, the authorised but unissued share capital resulting from the Capital Reduction) and the diminution of the authorised share capital of the Company of HK\$600,000,000 by HK\$593,060,000<sup>1</sup> representing the amount of Shares so cancelled (the “**Authorised Capital Diminution**”), and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company be increased from HK\$6,940,000 to HK\$60,000,000 by the creation of 530,600,000 Shares with a par value of HK\$0.10 each as shall represent the difference between 600,000,000 Shares with a par value of HK\$0.10 each and the number of Shares with a par value of HK\$0.10 each in issue after the Capital Reduction (the “**Authorised Capital Increase**”);
- (c) subject to and forthwith upon the Capital Reduction taking effect, the amount of credit arising from the Capital Reduction in the sum of HK\$131,860,000 (equivalent to RMB127,188,000 based on a historical exchange rate of RMB1: HK\$0.964568 as at the date the Shares were issued) being credited to the contributed surplus account of the Company (the “**Crediting of Contributed Surplus**”); and
- (d) the authorisation of the Directors to utilise any credit balance in the contributed surplus account of the Company in accordance with the Bye-laws and all applicable laws.

### 3.3.2 Effects of the Proposed Capital Reorganisation

Upon the Proposed Capital Reorganisation taking effect on the Proposed Capital Reorganisation Effective Date:

- (a) the par value of each issued and unissued Share will be reduced from HK\$2.00 to HK\$0.10;
- (b) the authorised share capital will be reduced from HK\$600,000,000, divided into 300,000,000 Shares with a par value of HK\$2.00 each, to HK\$60,000,000, divided into 600,000,000 Shares with a par value of HK\$0.10 each;
- (c) the issued and paid-up share capital (based on the number of issued Shares as at the Latest Practicable Date) will be reduced from HK\$138,800,000 divided into 69,400,000 Shares with a par value of HK\$2.00 each to HK\$6,940,000 divided into 69,400,000 Shares with a par value of HK\$0.10 each and the number of issued Shares will remain unchanged at 69,400,000 Shares; and
- (d) the contributed surplus account of the Company will be increased from HK\$38,532,000 to HK\$170,392,000.

Upon the Proposed Capital Reorganisation becoming effective, there is no change in the number of issued and paid-up Shares held by, or the percentage level of shareholding of, each Shareholder or Depositor as a result of the Proposed Capital Reorganisation. The Shares with a par value of HK\$0.10 each will rank *pari passu* in all respects with each other. Other than the costs and expenses incurred in relation to the Proposed Capital Reorganisation which are not expected to have any material effect on the financial position of the Group, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company.

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<sup>1</sup> In respect of the Authorised Capital Diminution, the Company wishes to clarify that the authorised share capital of the Company should be diminished by HK\$593,060,000 instead of HK\$461,200,000 as reflected in the Announcement.

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## LETTER TO SHAREHOLDERS

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The Proposed Capital Reorganisation will not involve the diminution of any liability in respect of any unpaid capital and will also not result in a return of capital or cash to Shareholders. The amount of credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company.

**Please refer to Section 3.4 of this Circular for further details on the financial effects of the Proposed Capital Reorganisation.**

### 3.3.3 Conditions of the Proposed Capital Reorganisation

The implementation of the Proposed Capital Reorganisation is subject to, *inter alia*, the following:

- (a) the approval by the Shareholders of the Proposed Capital Reorganisation by way of a special resolution (as defined in the Bye-laws) at the SGM i.e. the Proposed Capital Reorganisation has to be approved by a resolution passed by a majority of not less than three-fourths (3/4) of the votes cast by the Shareholders, being entitled so to do, present and voting at the SGM (either voting in person or by duly authorised corporate representative or by proxy);
- (b) compliance with the relevant legal procedures and requirements under Bermuda laws to effect the Proposed Capital Reorganisation, including but not limited to the following:
  - (i) the publication of a notice in an appointed newspaper in Bermuda at a date not more than thirty (30) days and not less than fifteen (15) days before the Proposed Capital Reorganisation Effective Date as required under Section 46(2)(a) of the Bermuda Companies Act; and
  - (ii) the filing of the following documents with the Registrar of Companies in Bermuda within 30 days of the Proposed Capital Reorganisation Effective Date:
    - (A) a memorandum of reduction of share capital;
    - (B) a certified true copy of the special resolution passed in respect of the Capital Reduction; and
    - (C) a copy of the notice referred to in (i) above published in an appointed newspaper in Bermuda; and
- (c) the receipt of all necessary approvals (if any) from the regulatory authorities, as may be required in respect of the Proposed Capital Reorganisation.

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

On 16 September 2019, the Company had obtained in-principle approval from SGX-ST for the listing and quotation of 69,400,000 Shares in the capital of the Company with a new par value of HK\$0.10 each arising from the Proposed Capital Reorganisation, replacing the existing 69,400,000 issued and paid-up Shares with a par value of HK\$2.00 each. The in-principle approval from SGX-ST is not to be taken as an indication of the merits of the Proposed Capital Reorganisation, the Shares, the Company and/or its subsidiaries.

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## LETTER TO SHAREHOLDERS

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### 3.3.4 Proposed Capital Reorganisation Effective Date

Subject to the approval of the Shareholders for the Proposed Capital Reorganisation by way of a special resolution being duly passed at the SGM as mentioned above, the Proposed Capital Reorganisation Effective Date is expected to be 29 October 2019. An announcement will be made by the Company to confirm the Proposed Capital Reorganisation Effective Date (the “**Capital Reorganisation Announcement**”).

### 3.3.5 Issue of Share Certificates

#### (a) Deposit of Old Share Certificates with CDP

Shareholders who hold physical share certificates for Shares which reflect a par value of HK\$2.00 in their own names (the “**Old Share Certificates**”) and who wish to deposit the same with CDP and have their Shares with a par value of HK\$0.10 each credited to their Securities Accounts must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Proposed Capital Reorganisation Effective Date. After the Proposed Capital Reorganisation Effective Date, CDP will only accept for deposit share certificates for Shares which reflect a par value of HK\$0.10 each (the “**New Share Certificates**”). Shareholders who wish to have their Shares credited to their Securities Accounts after the Proposed Capital Reorganisation Effective Date must first deliver their Old Share Certificates to the Share Transfer Agent, B.A.C.S Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544, in exchange for New Share Certificates. The New Share Certificates will then be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within ten (10) Market Days from the date of receipt of the Old Share Certificates. Upon receipt of the New Share Certificates in their own names, Shareholders may then proceed to deposit these New Share Certificates in their own names with CDP.

#### (b) Issue of New Share Certificates

Depositors having Shares standing to the credit of their Securities Accounts and Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Proposed Capital Reorganisation Effective Date need not take any action. The Company will arrange with CDP to facilitate the exchange of the Old Share Certificates for the New Share Certificates pursuant to the Proposed Capital Reorganisation.

Shareholders who do not deposit their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP will have their Old Share Certificates cancelled by the Company. Upon such cancellation, the Company will issue New Share Certificates to the Shareholders in respect of the Shares registered in their names as appearing in the Register of Members as at the Proposed Capital Reorganisation Effective Date pursuant to the Proposed Capital Reorganisation.

The Old Share Certificates shall be void and will cease to have any effect or be valid for any purpose.

To facilitate the destruction of the Old Share Certificates, Shareholders with Shares registered in their names in the Register of Members are encouraged to return to the Share Transfer Agent, B.A.C.S Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544, their Old Share Certificates in respect of such Shares.

However, whether or not the Old Share Certificates are delivered to the Share Transfer Agent at least twelve (12) Market Days prior to the Proposed Capital Reorganisation Effective Date, the Old Share Certificates shall be deemed to be cancelled and New Share Certificates will be issued to such Shareholders pursuant to the Proposed Capital Reorganisation. The New Share Certificates will be sent to such Shareholders at their own risk by ordinary post within ten (10) Market Days from the Proposed Capital Reorganisation Effective Date.

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## LETTER TO SHAREHOLDERS

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No receipts will be issued by the Share Transfer Agent for the receipt of physical Old Share Certificates tendered.

(c) Share Certificates Not Valid for Settlement of Trades on the SGX-ST

Shareholders who hold physical share certificates are reminded that their Old Share Certificates are no longer good for settlement of trading in the Shares on the SGX-ST, as the Company is under a book-entry (scripless) settlement system, but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Transfer Agent. The New Share Certificates will not be valid for delivery pursuant to trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

Shareholders are to deliver their respective Old Share Certificates to the Share Transfer Agent or CDP in accordance with the provisions set out in this Section 3.3.5 only after the Capital Reorganisation Announcement is made.

Shareholders are to notify the Share Transfer Agent if they have lost any of their existing Old Share Certificates or if there are any changes in their addresses from that reflected in the Register of Members.

### 3.4 Financial Effects of the Proposed Capital Reorganisation

The *pro forma* financial effects of the Proposed Capital Reorganisation on share capital of the Company, Shareholders' funds and reserves, NAV, earnings and gearing of the Group are set out below. The *pro forma* financial effects have been prepared based on the audited financial statements of the Group for FY2019. The *pro forma* financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual results of the Company and/or the Group, and do not reflect the actual future financial situation of the Group after the completion of the Proposed Capital Reorganisation.

#### 3.4.1 Share capital

The effects of the Proposed Capital Reorganisation on the share capital of the Company as at the Latest Practicable Date are as follows:

	Before Proposed Capital Reorganisation	After Proposed Capital Reorganisation
<b><u>Authorised share capital</u></b>		
Number of Shares	300,000,000	600,000,000
Par value (HK\$)	2.00	0.10
<b>Total (HK\$)</b>	<b>600,000,000</b>	<b>60,000,000</b>
<b><u>Issued and paid-up share capital</u></b>		
Number of Shares	69,400,000	69,400,000
Par value (HK\$)	2.00	0.10
<b>Total (HK\$)</b>	<b>138,800,000</b>	<b>6,940,000</b>

## LETTER TO SHAREHOLDERS

### 3.4.2 Shareholders' funds and reserves

The Shareholders' funds and reserves of the Group before and after the Proposed Capital Reorganisation are as follows:

RMB ('000)	Before Proposed Capital Reorganisation <sup>(1)</sup>	After Proposed Capital Reorganisation <sup>(1)</sup>
Share capital	133,882	6,694
Share premium	302,585	302,585
Treasury shares	–	–
Other reserves	139,039	139,039
Contributed surplus <sup>(1)</sup>	–	127,188
Retained profits	111,269	111,269
<b>Total</b>	<b>686,775</b>	<b>686,775</b>

**Notes:**

- (1) Based on the historical exchange rate of HK\$1: RMB0.964568 as at the date the Shares were issued.
- (2) The increase in contributed surplus occurs as the reduction in par value of the Shares will not result in any return of capital to Shareholders. Accordingly, the capital remained intact but it has been presented with a reduced share capital and a corresponding increase in contributed surplus.

### 3.4.3 NAV, earnings and gearing

The implementation of the Proposed Capital Reorganisation is not expected to have any material effects on the NAV, earnings and gearing of the Group. No capital will be returned to Shareholders and there will be no change in the number of Shares held by the Shareholders immediately after the Proposed Capital Reorganisation.

## 4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders of the Company in the issued share capital of the Company, as recorded in the Register of Directors' Interests and the Register of Substantial Shareholders' Interests, respectively, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Lin Yeju	–	–	35,826,700 <sup>(2)</sup>	51.62
Ouyang Sheng	–	–	–	–
Zhou Jingtao	–	–	–	–
Teo Yi-dar	–	–	–	–
Xia Weichang	–	–	–	–
Chong Soo Hoon Sean	–	–	–	–
<b>Substantial Shareholders</b>				
Chen Jianfeng	32,040,000	46.17	3,786,700 <sup>(3)</sup>	5.45
Proven Choice Group Limited <sup>(4)</sup>	12,960,000	18.67	–	–
Wang Lin Jia <sup>(4)</sup>	–	–	12,960,000	18.67

**Notes:**

- (1) Based on the Company's total issued share capital of 69,400,000 Shares as at the Latest Practicable Date. The Company does not have any treasury shares or subsidiary holdings as at the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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- (2) Madam Lin Yeju is deemed to be interested in all the Shares that her spouse, Mr Chen Jianfeng.
- (3) Shares held by DBS Vickers Securities (S) Pte Ltd for Mr Chen Jianfeng as beneficial owner.
- (4) Proven Choice Group Limited is an investment company incorporated in the British Virgin Islands. It is wholly owned by Mr Wang Lin Jia who is not related to any Directors or Substantial Shareholders. Accordingly, Mr Wang Lin Jia is deemed to be interested in all the Shares held by Proven Choice Group Limited.

Save as disclosed in this Circular, none of the Directors has any interest, direct or indirect, in the Proposed Capital Reorganisation (other than through their respective shareholdings in the Company). To the best of the knowledge of the Directors, none of the Substantial Shareholders has any interest, direct or indirect, in the Proposed Capital Reorganisation (other than through their respective shareholdings in the Company).

### 5. SPECIAL GENERAL MEETING

Shareholders' approval will be sought at the SGM for the Proposed Capital Reorganisation. The proposal for the Proposed Capital Reorganisation will be tabled as a special resolution at the SGM, as set out in the Notice of SGM.

The SGM will be held at Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 29 October 2019 at 10:30am (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10:00am on the same day and at the same place) for the purpose of considering and, if thought fit, passing the resolutions relating to the Proposed Capital Reorganisation set out in the Notice of SGM.

### 6. ACTION TO BE TAKEN BY SHAREHOLDERS

- 6.1 Shareholders who are unable to attend the SGM and who wish to appoint a proxy or proxies to attend and vote at the SGM on their behalf should complete, sign and return the Member Proxy Form attached to the Notice of SGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Share Transfer Agent in Singapore, at 8 Robinson Road #03-00, ASO Building, Singapore 048544, not less than 48 hours before the time fixed for the SGM or any adjournment thereof.
- 6.2 The completion and return of the Member Proxy Form by a Shareholder will not preclude him from attending the SGM and voting in person at the SGM in place of his proxy if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the SGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the SGM. Only Shareholders whose names are entered in the Register of Members and who are entitled to attend and vote at a general meeting of the Company will receive a proxy form with this Circular. A proxy need not be a Shareholder.
- 6.3 A Depositor shall not be regarded as a Shareholder entitled to attend the SGM and to speak and vote thereat. Depositors who are individuals and who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the SGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgment of any proxy form. Depositors who are individuals and are unable to attend the SGM personally and wish to appoint their nominee or nominees to attend and vote on their behalf and Depositors who are not individuals, will find attached to the Notice of SGM the Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Transfer Agent in Singapore, at 8 Robinson Road #03-00, ASO Building, Singapore 048544, not less than 48 hours before the time fixed for the SGM or any adjournment thereof. The completion and return of the Depositor Proxy Form by an individual Depositor does not preclude him from attending and voting in person at the SGM in place of his nominee or nominees if he so wishes.

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## LETTER TO SHAREHOLDERS

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### 7. DIRECTORS' RECOMMENDATIONS

The Board, having considered, *inter alia*, the terms and the rationale of the Proposed Capital Reorganisation, is of the opinion that the Proposed Capital Reorganisation is in the best interests of the Company. Accordingly, the Board recommends that Shareholders vote in favour of the special resolution in respect of the Proposed Capital Reorganisation at the SGM.

### 8. 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 Capital Reorganisation and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in 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.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's Share Transfer Agent in Singapore, at 8 Robinson Road #03-00, ASO Building, Singapore 048544, during normal business hours from the date hereof up to and including the date of the SGM:

- (a) the Memorandum of Association and Bye-laws of the Company; and
- (b) the Company's latest annual report for FY2019.

Yours faithfully

**Lin Yeju**

Non-Executive Chairman

For and on behalf of the Board of Directors of

**China Yuanbang Property Holdings Limited**

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## NOTICE OF SPECIAL GENERAL MEETING

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### CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No. 39247)

## NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting (the “**SGM**”) of China Yuanbang Property Holdings Limited (the “**Company**”) will be held at Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 29 October 2019 at 10:30am (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10:00am on the same day and at the same place) for the purpose of considering and, if thought fit, passing the following resolutions:

*All capitalised terms used in this Notice of SGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Circular to the Shareholders of the Company dated 4 October 2019.*

### AS A SPECIAL RESOLUTION

#### THE PROPOSED CAPITAL REORGANISATION

That:-

- (A) with effect from 29 October 2019 or such other date as the Directors of the Company may determine in accordance with the Companies Act 1981 of Bermuda (the “**Proposed Capital Reorganisation Effective Date**”):
- (i) the issued and paid-up share capital of the Company be reduced (the “**Capital Reduction**”) from HK\$138,800,000 divided into 69,400,000 shares with a par value of HK\$2.00 each, to HK\$6,940,000 divided into 69,400,000 shares with a par value of HK\$0.10 each, by the cancellation of the paid-up share capital of the Company to the extent of HK\$1.90 on each of the shares with a par value of HK\$2.00 in issue on the Proposed Capital Reorganisation Effective Date so that each issued share with a par value of HK\$2.00 shall be treated as one (1) fully paid share with a par value of HK\$0.10 as at the Proposed Capital Reorganisation Effective Date, and any liability of the holder of such shares to make any further contribution to the share capital of the Company on each such share shall be treated as satisfied;
  - (ii) subject to and forthwith upon the Capital Reduction taking effect, all of the authorised but unissued shares with a par value of HK\$2.00 each in the share capital of the Company (which shall include, without limitation, the authorised but unissued share capital resulting from the Capital Reduction) be cancelled and the authorised share capital of the Company of HK\$600,000,000 be diminished by HK\$593,060,000 representing the amount of shares so cancelled (the “**Authorised Capital Diminution**”), and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company be increased from HK\$6,940,000 to HK\$60,000,000 by the creation of 530,600,000 shares with a par value of HK\$0.10 each (the “**Authorised Capital Increase**”);
  - (iii) subject to and forthwith upon the Capital Reduction taking effect, the credit arising from the Capital Reduction in the sum of HK\$131,860,000 be credited to the contributed surplus account of the Company (the “**Crediting of Contributed Surplus**”); and
  - (iv) the Directors of the Company be authorised to utilise any credit balance in the contributed surplus account of the Company in such manner as may be determined by the Directors in accordance with the Bye-laws of the Company and all applicable laws,
- (collectively, the “**Proposed Capital Reorganisation**”); and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (B) the Directors of the Company and each of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things and/or procure to be done any and all acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this special resolution and to exercise such discretion in connection with, relating to or arising from the Proposed Capital Reorganisation and/or the matters contemplated herein, with such modifications thereto (if any) as they or she/he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Capital Reorganisation.

By Order of the Board

**Lin Yeju**  
Non-Executive Chairman

4 October 2019

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## NOTICE OF SPECIAL GENERAL MEETING

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### Notes:

1. With the exception of CDP (which may appoint more than two proxies), a member of the Company who is entitled to attend and vote at the SGM is entitled to appoint not more than two proxies to attend and vote in his stead. A member who wishes to appoint a proxy to attend and vote on his behalf thereat should complete, sign and return the attached Member Proxy Form in accordance with the instructions printed thereon. A proxy need not be a member of the Company.
2. A Depositor who is an individual and whose name appears in the Depository Register as maintained by CDP as at a time not earlier than forty-eight (48) hours prior to the time fixed for the holding of the SGM, and who is unable to attend the SGM personally and wishes to nominate a person to attend and vote on his behalf thereat as CDP's proxy and Depositors which are not individuals, should complete, sign and return the attached Depositor Proxy Form in accordance with the instructions printed thereon. An individual Depositor that has nominated a person to attend and vote at the SGM on his behalf as CDP's proxy may attend and vote in person as CDP's proxy at the SGM if he so wishes.
3. All proxy forms must be deposited at the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours prior to the time fixed for holding of the SGM.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM 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 or service providers) for the purpose of the processing, administration and analysis of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, the Listing Manual, 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 or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) 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.