

CIRCULAR DATED 7 APRIL 2016

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

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

If you have sold or transferred all your ordinary shares in the capital of Anchun International Holdings Ltd. (the "**Company**") represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



ANCHUN INTERNATIONAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200920277C)

CIRCULAR TO SHAREHOLDERS

in relation to

- 1. THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY, AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED ("PROPOSED SHARE CONSOLIDATION"); AND**
- 2. THE PROPOSED SHARE PURCHASE MANDATE.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 April 2016 at 10:30 a.m.
Date and time of Extraordinary General Meeting	:	29 April 2016, at 10:30 a.m. (or as soon thereafter immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9:30 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Shenton Room, M Hotel Singapore, 81 Anson Road, Singapore 079908

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DEFINITIONS

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

- “ACRA”** : Accounting and Corporate Regulatory Authority
- “Act”** : The Companies Act (Cap. 50) of Singapore as amended or modified from time to time
- “AGM”** : Annual general meeting
- “Articles”** : The Articles of Association of the Company
- “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 trustee 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 thirty per cent. (30%) or more; and
- (b) 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 thirty per cent. (30%) or more
- “Associated Company”** : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group and over which the Company has control
- “Board”** : The board of Directors of the Company from time to time
- “Books Closure Date”** : The time and date, to be determined by the Directors, at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 7 April 2016
- “Company”** : Anchun International Holdings Ltd.
- “Consolidated Shares”** : Shares in the capital of the Company after completion of the Proposed Share Consolidation

DEFINITIONS

“Controlling Shareholder”	: A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
“Director”	: A director of the Company (whether executive or non-executive) as at the date of this Circular and the term “Directors” shall be construed accordingly
“Effective Trading Date”	: The date on which the Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares
“EGM”	: The extraordinary general meeting of the Company to be held on 29 April 2016, at 10:30 a.m. (or as soon thereafter immediately following the conclusion or adjournment of the AGM to be held at 9:30 a.m. on the same day and at the same place), notice of which is set out on pages 26 to 29 of this Circular
“EPS”	: Earnings per Share
“Existing Shares”	: Shares in the capital of the Company prior to the Proposed Share Consolidation
“FY”	: The financial year ended, or as the case may be, ending 31 December
“Group”	: The Company and its subsidiaries
“Group Company”	: Any company within the Group
“Immediate Family”	: In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Latest Practicable Date”	: 24 March 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as amended from time to time
“Market Day”	: A day on which SGX-ST is open for securities trading
“Market Purchase”	: An on-market Share Purchase
“Memorandum”	: The Memorandum of Association of the Company
“Non-Executive Director”	: A director (including an independent director) who does not perform any executive function in the Company
“Notice of EGM”	: The notice of the EGM as set out on pages 26 to 29 of this Circular
“NTA”	: Net tangible assets
“Off-Market Purchase”	: An off-market purchase of Shares by the Company, otherwise than on a stock exchange, in accordance with an equal access scheme
“Ordinary Resolutions”	: The ordinary resolutions as set out in the Notice of EGM

DEFINITIONS

“Proposed Share Consolidation”	: The proposed consolidation of every ten (10) Existing Shares in the capital of the Company held by Shareholders of the Company at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“Proposed Share Purchase Mandate”	: The proposed general mandate set out in the Notice of EGM, to be given by the Shareholders at a general meeting of the Company, authorising the Directors to exercise all powers of the Company to purchase or otherwise acquire the Company’s issued Shares upon and subject to the terms of such mandate set out in this Circular
“Proxy Form”	: The proxy form in respect of the EGM as set out in this Circular
“Record Date”	: The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“RMB”	: Renminbi
“Securities Account”	: A securities account maintained by a Depositor with CDP
“SFA”	: The Securities and Futures Act (Cap. 289) of Singapore as amended, supplemented or modified from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose direct securities accounts maintained with CDP are credited with the Shares
“Share(s)”	: Ordinary share(s) in the capital of the Company
“Share Purchase”	: A purchase of Shares by the Company pursuant to the Proposed Share Purchase Mandate
“Share Registrar”	: The share registrar of the Company, Boardroom Corporate & Advisory Services Pte Ltd
“SIC”	: Securities Industry Council
“Substantial Shareholder”	: A person who has an interest in not less than five per cent. (5%) of all the issued voting shares
“Take-over Code”	: The Singapore Code on Take-overs and Mergers
“S\$” or “cents”	: Singapore dollars and cents respectively
“%” or “per cent.”	: Per centum or per centum

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

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Act.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the one gender shall, where applicable, include all other and neuter genders. References to natural 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 term defined under the Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, unless otherwise provided, have the meaning ascribed to it under the Act, the SFA or the Listing Manual or such modification thereof, as the case may be.

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

Any reference in this Circular to a time of day or date shall be a reference to a time of day or date, as the case may be, in Singapore unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

ANCHUN INTERNATIONAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200920277C)

Board of Directors:

Xie Ding Zhong (Non-Executive Chairman)
Xie Ming (Executive Director and Chief Executive Officer)
Zheng Zhi Zhong (Executive Director and Chief Operations Officer)
Dai Feng Yu (Executive Director)
Lee Gee Aik (Lead Independent Director)
Tan Min-Li (Independent Director)
Andrew Bek (Independent Director)
Yang Chun Sheng (Independent Director)

Registered Office:

81 Anson Road
Suite 8.20
Singapore 079908

7 April 2016

To: The Shareholders of the Company

Dear Sir/Madam,

- (1) **THE PROPOSED SHARE CONSOLIDATION;**
- (2) **THE PROPOSED SHARE PURCHASE MANDATE**

1 INTRODUCTION

1.1 The Directors are convening the EGM, to be held on 29 April 2016, immediately after the conclusion of the AGM to be held on the same day, to seek the Shareholders' approval for:

- (a) the Proposed Share Consolidation; and
- (b) the adoption of the Proposed Share Purchase Mandate

1.2 The resolutions for the Proposed Share Consolidation and the adoption of the Proposed Share Purchase Mandate are set out as Ordinary Resolution 1 and Ordinary Resolution 2 respectively, in the Notice of EGM. The purpose of this Circular is to provide the Shareholders with information relating to these resolutions.

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

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

2. THE PROPOSED SHARE CONSOLIDATION

2.1 Background

On 26 February 2016, the Board of Directors announced that the Company is proposing to undertake the Proposed Share Consolidation, subject, *inter alia*, to:

- (a) the approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST, and
- (b) the approval of the Shareholders, by way of ordinary resolution at an EGM to be convened.

LETTER TO SHAREHOLDERS

Pursuant to the Proposed Share Consolidation, the Company will consolidate every ten (10) Existing Shares registered in the name of each Shareholder, as at the Books Closure Date, into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded without compensation to the affected Shareholders. All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit, in the interests of the Company.

Each Consolidated Share shall rank equally in all respects with the Existing Shares held immediately prior to the consolidation and with each other, and will be traded in board lots of 100 Consolidated Shares.

As at the Latest Practicable Date, the Company has an issued share capital of S\$45,449,200, divided into 505,000,000 Existing Shares, and has no outstanding securities convertible into Shares.

Assuming no new Shares or securities convertible into Shares are issued by the Company up to the Books Closure Date, the Company will, upon completion of the Proposed Share Consolidation, have an issued share capital of S\$45,449,200 divided into 50,500,000 Consolidated Shares.

The Proposed Share Consolidation will not involve any diminution of liability in respect of unpaid capital or the payment of any paid-up capital of the Company to the Shareholders or any payment by the Shareholders to the Company. It will have no impact on the issued and paid-up share capital of the Company or the equity of the Company and its subsidiaries and will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding down.

Subject to Shareholders' approval being obtained at the EGM, the Shareholders' holdings of Consolidated Shares arising from the Proposed Share Consolidation will be ascertained as at the Books Closure Date.

2.2 Rationale for the Proposed Share Consolidation

On 1 August 2014, MAS and SGX jointly announced that, with effect from March 2015, all issuers listed on the Mainboard of the SGX-ST would be required to maintain a minimum trading price of S\$0.20 ("**MTP Requirement**"). The MTP Requirement was introduced to improve the overall quality and attractiveness of the securities market in Singapore, as well as to curb excessive speculation and market manipulation.

SGX has since announced that issuers will be first assessed for compliance with the MTP Requirement twelve (12) months from 2 March 2015 (i.e. on 1 March 2016) and, thereafter, on a quarterly basis ("**Review Date**").

The assessment of whether an issuer has met the MTP Requirement will be based on the volume weighted average price ("**VWAP**") of an issuer's shares for the six (6) months preceding the applicable Review Date.

Issuers that fail to fulfil the MTP Requirement on any applicable Review Date will be placed on the SGX-ST watch-list and will, thereafter, have 36-months to exit the watch-list. Issuers who fail to exit the watch-list will be subject to delisting in accordance with the SGX-ST Listing Rules.

LETTER TO SHAREHOLDERS

Following the Company's announcement of the Proposed Share Consolidation on 26 February 2016, SGX has, on 1 March 2016, granted the Company an extension of time of six (6) months for the MTP Requirement review date to be extended from 1 March 2016 to 1 September 2016 ("**Waiver**") as the Company may require more time to complete the Proposed Share Consolidation and comply with the MTP Requirement.

As at the Latest Practicable Date, the 6-month VWAP of the Shares was S\$0.047, which is below the MTP Requirement of S\$0.20. In view of this, the Company is proposing to undertake the Proposed Share Consolidation to facilitate compliance with the MTP Requirement.

For illustrative purposes, the theoretical adjusted 6-month VWAP of the Consolidated Shares after the Proposed Share Consolidation is estimated to be S\$0.47 per Consolidated Share.

The EGM to obtain Shareholders' approval for the Proposed Share Consolidation is also proposed to be held at the same time as the AGM in order to save costs for the Company.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will enable the desired results to be achieved or sustained in the longer term.

2.3 Conditions for the Proposed Share Consolidation

The implementation of the Proposed Share Consolidation is subject to Shareholders' approval, by way of an ordinary resolution at the EGM, and to the approval of the SGX-ST for the listing and quotation of the Consolidated Shares arising from the Proposed Share Consolidation.

On 23 March 2016, the Company announced that it had obtained approval from the SGX-ST for the dealing in and the listing and quotation of up to 50,500,000 Consolidated Shares, subject to:

- (a) compliance with the SGX-ST's listing requirements, and
- (b) the approval of the Shareholders, by way of ordinary resolution at an EGM to be convened.

The aforesaid approval by the SGX-ST shall, however, not be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company, its subsidiaries and/or their securities.

If the Proposed Share Consolidation is approved by the Shareholders at the EGM, an announcement will be made by the Company, in due course, to notify the Shareholders of the Books Closure Date and the Effective Trading Date.

2.4 Updating of Register of Members and Depository Register

Subject to approval at the EGM, the number of Consolidated Shares to be issued pursuant to the Proposed Share Consolidation will be determined based on the Shareholders' respective shareholdings, as at 5.00 p.m., on the Books Closure Date. The Register of Members and the Depository Register will be updated to reflect this number of Consolidated Shares and the Consolidated Shares will begin trading, in board lots of 100 Consolidated Shares, on the Effective Trading Date.

2.4.1 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the Existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Books Closure Date.

LETTER TO SHAREHOLDERS

After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 for cancellation and issuance of New Share Certificates in replacement thereof, as described below.

2.4.2 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any further action. The Company will make arrangements with CDP to effect the exchange of the Old Share Certificates for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited or do not wish to deposit their Old Share Certificates with CDP as aforesaid are advised to forward all their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Books Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to them unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members of the Company.

Shareholders should deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the above provisions only after the Company's announcement of the Books Closure Date.

2.4.3 Share Certificates Not Valid for Settlement of Trades on the SGX-ST

As the Company is under a book-entry (scripless) settlement system, Shareholders are reminded that their physical share certificates are not valid for settlement of trades in the Shares on the SGX-ST but will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates, in replacement thereof, for an indefinite period. The New Share Certificates will also not be valid for delivery for trades done on the SGX-ST, although they will continue to be *prima facie* evidence of legal title.

2.5 Trading Arrangements for the Consolidated Shares

Subject to approval of the Proposal Share Consolidation at the EGM, trading in the Consolidated Shares, in board lots of 100 Consolidated Shares, will commence from 9.00 a.m. on the Effective Trading Date. Accordingly, ten (10) Existing Shares, as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date, will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date and trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

2.6 Trading Arrangements for Odd Lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit, in the interests of the Company.

LETTER TO SHAREHOLDERS

The Shares are currently traded in board lots of 100 Shares. Following the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid.

Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade these odd lots on the SGX-ST should note that the unit share market has been set up to allow trading in odd lots with a minimum size of one Consolidated Share on the SGX-ST. The unit share market will enable trading of the Consolidated Shares in the ready market in odd lots of any quantity less than one board lot.

2.7 Financial Effects of the Proposed Share Consolidation.

For illustrative purposes only, based on the audited consolidated financial statements of the Company for FY2015, the financial effects of the Proposed Share Consolidation on the Company are set out below:

2.7.1 Share Capital

	As at 31 December 2015	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Issued and Paid Up Capital (S\$)	45,449,200	45,449,200
Number of Shares ('000)	505,000	50,500

2.7.2 Consolidated NTA

	As at 31 December 2015	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
NTA (RMB'000)	327,324	327,324
NTA per Share (RMB)	0.648	6.48

2.7.3 Earnings per Share ("EPS")

	As at 31 December 2015	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Profit/(loss) attributable to Shareholders (RMB'000)	8,827	8,827
EPS ⁽¹⁾ (RMB cents)	1.75	17.5

(1) Based on the weighted average number of Shares in issue.

2.7.4 Gearing

The Proposed Share Consolidation will not affect the gearing of the Company.

LETTER TO SHAREHOLDERS

3. THE PROPOSED SHARE PURCHASE MANDATE

3.1 Background

Under the Act, companies are allowed to purchase or otherwise acquire their own ordinary shares, stocks and preference shares, in the manner set out in the Act, if their articles of association expressly permit them to do so and provided such purchase is made in accordance with and in the manner prescribed by the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

The Act provides that any shares purchased or otherwise acquired by a company may either be cancelled or held or dealt with as treasury shares.

It is a requirement under the Act and the Listing Manual that a company that wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders to do so, at a general meeting. Accordingly, approval is being sought from Shareholders, at the EGM, for the adoption of the Proposed Share Purchase Mandate.

If approved, the Proposed Share Purchase Mandate will take effect from the date of the EGM and will continue in force until the date of the next AGM of the Company, or such date as the next AGM is required by law to be held, unless, prior thereto, Share Purchases are carried out to the full extent mandated or the mandate is revoked or varied by the Company in a general meeting.

If approved, the Proposed Share Purchase Mandate may be put to Shareholders for renewal at each subsequent AGM of the Company, at the discretion of the Directors.

3.2 Rationale

The Proposed Share Purchase Mandate will give the Board the flexibility to purchase Shares when the circumstances are deemed appropriate. The Board believes that Share purchases provide the Company and the Board with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It also allows the Board to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

Depending on market conditions and available funding arrangements at the time, Share Purchases may lead to an enhancement of the EPS and/or NAV per Share. Share Purchases will only be made when the Board believes that such purchases would benefit the Company and the Shareholders.

3.3 Terms of the Proposed Share Purchase Mandate

3.3.1 *Maximum Number of Shares*

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company.

In accordance with Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired by the Company pursuant to the Proposed Share Purchase Mandate shall not exceed ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the passing of **Ordinary Resolution 2** set out in the Notice of EGM ("**Maximum Limit**"), unless the Company has effected a cancellation of Shares pursuant to a reduction of its issued share capital, in accordance with the applicable provisions of the Act, at any time during the relevant period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares as so altered.

Whilst the Proposed Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the full 10% threshold, it should be noted that purchases or acquisitions of Shares pursuant to the Proposed Share Purchase Mandate may not be carried out up to the full 10% limit as authorised or at all and that no purchases or acquisitions of Shares will be made in circumstances which would or may have a material adverse effect on the financial position of the Company.

LETTER TO SHAREHOLDERS

For illustration purposes only, based on 505,000,000 Shares, being the total number of Shares as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the EGM:

- (a) not more than 50,500,000 Shares (representing 10% of the issued share capital of the Company) may be purchased or acquired by the Company pursuant to the Proposed Share Purchase Mandate, disregarding the Proposed Share Consolidation;
- (b) assuming the Proposed Share Consolidation is successfully effected, in turn, the Company would have approximately 50,500,000 Consolidated Shares and not more than 5,050,000 Consolidated Shares may be bought by the Company, pursuant to the Proposed Share Purchase Mandate.

3.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM (at which the Proposed Share Purchase Mandate is approved) up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the Company has purchased up to the Maximum Limit of Shares, or
- (c) the date on which the authority conferred by the Proposed Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is earlier.

3.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) Market Purchases, transacted on the SGX-ST, through one or more licensed stockbrokers appointed by the Company for that purpose; and/or
- (b) Off-Market Purchases effected pursuant to an equal access scheme.

An Off-Market Purchase must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;
- (b) all such persons shall be given a reasonable opportunity to accept the offers made, and
- (c) the terms of all of the offers shall be the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements and;
 - (ii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

The Directors may impose such terms and conditions which are not inconsistent with the Proposed Share Purchase Mandate, the Listing Manual and the Act as they consider fit, in the interests of the Company, in connection with or in relation to any equal access scheme or schemes.

LETTER TO SHAREHOLDERS

An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the Share Purchase shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company shall as required by Rule 885 of the Listing Manual in accordance with an equal access scheme as defined in Section 76C of the Companies Act, issue an offer document to all Shareholders. The offer document shall contain, at least, the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Purchase;
- (d) the consequences, if any, of the Share Purchase by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchase; and
- (g) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

3.3.4 *Purchase Price*

The purchase price (excluding brokerage, commission, applicable taxes and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for Shares, as determined by the Directors, pursuant to Share Purchases for Market Purchases and Off-Market Purchases must not exceed 105% and 110%, respectively, of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition).

For the above purposes:

“Average Closing Price” means the average of the Closing Market Prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

“Closing Market Price” means the last dealt price for a Share transacted through the SGX-ST’s Central Limit Order Book trading system as shown in any publication of the SGX-ST or other sources; and

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“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 Status of Purchased Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as treasury shares. All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

3.5 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

3.5.1 *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares at that time.

3.5.2 *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company, in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time, but subject always to the Take-over Code:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees’ share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares, or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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3.6 Source of Funds

The Company may use internal resources and/or external borrowings to finance the Company's purchase or acquisition of its Shares pursuant to the Proposed Share Purchase Mandate. The Directors do not propose to exercise the Proposed Share Purchase Mandate to such an extent that it would materially affect the working capital requirements or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

3.6.1 Solvency Test

Under the Act, the Company may not enter into any Share Purchase transaction unless it is solvent. Pursuant to Section 76F of the Act, a company is solvent if:

- (a) the company is able to pay its debts in full at the time of the payment referred to in subsection (1) of Section 76F of the Act and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition or release, become less than the value of its liabilities (including contingent liabilities).

3.7 Financial Impact

3.7.1 General

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2015 and are not necessarily representative of future financial performance of the Group. Although the Proposed Share Purchase Mandate would authorise the Company to purchase up to 10% of the Company's issued Shares, the Company may not necessarily purchase or be able to purchase 10% of the issued Shares in full.

3.7.2 Financial Effects of the Proposed Share Purchase Mandate

It is not possible for the Company to realistically calculate or quantify the impact and financial effects of purchases that may be made pursuant to the Proposed Share Purchase Mandate as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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The Directors do not propose to exercise the Proposed Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy Back Mandate will be exercised with a view to enhance the earnings and/or NTA value per Share of the Group.

The illustrative financial effects on the Group, based on the audited consolidated financial statements of the Group for FY2015, are prepared assuming the following:

(a) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the Company has 505,000,000 issued Shares.

(b) Illustrative Financial Effects

Purely for illustrative purposes, on the basis of 505,000,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the EGM, the purchase by the Company of 10% of its issued Shares will result in the purchase of 50,500,000 Shares.

In the case of Market Purchase by the Company and assuming that the Company purchases or acquires 50,500,000 Shares at the Maximum Price of S\$0.0483 for each Share (being the price equivalent to 105% of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 50,500,000 Shares (excluding ancillary expenses such as related brokerage, commissions, goods and services tax, stamp duties and clearance fees) is approximately S\$ 2.44 million (RMB11.60 million, it is calculated based on Bloomberg's relative exchange rate per S\$1.00 as of the Latest Practicable Date).

In the case of Off-Market Purchase by the Company and assuming that the Company purchases or acquires 50,500,000 Shares at the Maximum Price of S\$0.0506 per Share (being the price equivalent to 110% of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 50,500,000 Shares (excluding ancillary expenses such as related brokerage, commissions, goods and services tax, stamp duties and clearance fees) is approximately S\$2.56million (RMB12.15 million, it is calculated based on Bloomberg's relative exchange rate per S\$1.00 as of the Latest Practicable Date).

For illustrative purposes only and on the basis of the above assumptions set out above as well as the following:

- (i) the Proposed Share Purchase Mandate had been effective on 1 January 2015; and
- (ii) such Share purchases are funded solely by the internal resources within the Group and/or borrowings,

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the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Proposed Share Purchase Mandate on the audited consolidated financial statements of the Group for FY2015 are presented below:

(RMB'000) As at 31 December 2015	Group			
	Market Purchase		Off-Market Purchase	
	Before	After	Before	After
Share capital and Reserves	327,617	327,617	327,617	327,617
Treasury Shares	–	(11,600)	–	(12,152)
Total Shareholders' Equity	327,617	316,017	327,617	315,465
	327,324	315,724	327,324	315,172
Current assets	321,360	309,760	321,360	309,208
Current liabilities	125,809	125,809	125,809	125,809
Working capital	195,551	183,951	195,551	183,399
Total borrowings	22,488	22,488	22,488	22,488
Number of Shares ('000)	505,000	454,500	505,000	454,500
Financial ratios				
NTA per Share ⁽²⁾ (cents)	64.8	69.5	64.8	69.3
Gearing ratio ⁽³⁾ (times)	0.07	0.07	0.07	0.07
Current ratio ⁽⁴⁾ (times)	2.55	2.46	2.55	2.46
Basic EPS (cents)	1.75	1.94	1.75	1.94

Notes:

1. NTA is computed based on net asset value less intangible assets.
2. NTA per Share is computed based on total issued Shares (excluding treasury shares).
3. Gearing ratio equals to total borrowings divided by Shareholders' funds.
4. Current ratio equals to current assets divided by current liabilities.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Proposed Share Purchase Mandate on the NTA per Share and earnings/(loss) per Share as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 December 2015, and is not necessarily representative of future financial performance.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Proposed Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from the SGX-ST.

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3.8 Listing Manual

3.8.1 *Listing Status of the Shares*

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed, is at all times held by the public. As at the Latest Practicable Date, approximately 33.42% of the total Shares in issue are held by public Shareholders.

The Company is of the view that there is a sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.8.2 *Reporting Requirements*

The Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, inter alia, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the purchase price per share or (in the case of Market Purchases) the purchase price per share or the highest price and lowest price per share, the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under the Listing Manual.

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including inter alia, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by

the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

3.8.3 *No Purchases during Price Sensitive Developments*

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Purchase Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with the best practices on dealing with securities under the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its FY and one month immediately preceding the announcement of the Company's annual (full-year) results.

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3.8.4 Details of Shares bought by the Company in the previous 12 months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

3.9 Takeover Implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

3.9.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Takeover Code.

3.9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and
- (c) an individual and the close relatives thereof.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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3.9.3 *Effect of Rule 14 and Appendix 2*

With effect from 9 April 2012, and in general terms, the effect of Rule 14 and Appendix 2 of the Takeover Code is that, the Directors and persons acting in concert with them will be exempted from an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months, provided that the conditions for exemption set out in paragraph 3(a) of Appendix 2 of the Takeover Code are satisfied. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Share Purchase.

The interests of the Directors and Substantial Shareholders of the Company in the Shares are disclosed in paragraph 4 below.

As at the Latest Practicable Date, assuming (a) the Company purchases the maximum amount of 10% of the issued ordinary share capital of the Company, and (b) there is no change in the number of Shares held or deemed to be held by the Directors and substantial Shareholders prior to and after the exercise of the Proposed Share Purchase, none of the Directors and substantial Shareholders would become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code in the event the Company purchases the maximum limit of 10% of its issued ordinary share capital (excluding treasury shares).

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any Share Purchase by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

3.10 Tax Implications

Pursuant to sections 10I and 10J of the Income Tax Act (Cap 134) of Singapore ("**Income Tax Act**"), where a company purchases its own shares and makes payment out of its contributed capital, it will not be regarded as a payment of dividend but a return of capital. Where a company purchases its own shares using its distributable profits, it is deemed as having paid a dividend to the shareholders from whom the shares are purchased or acquired.

For Market Purchases, the Company may apply to the SGX-ST for a special trading counter for the purposes of effecting the Market Purchase, subject to approval being obtained from Shareholders for the Proposed Share Purchase Mandate at the EGM.

Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases through the special trading counter set up on the SGX-ST will, subject to the fulfilment of certain conditions by the Shareholders, be treated for income tax purposes, in the hands of the Shareholders as the receipt of a dividend. This dividend is exempt from tax under the one-tier corporate tax system which became effective on 1 January 2003. Under the one-tier corporate tax system, resident companies pay a final income tax on their corporate profits and any distributions of dividends from their corporate profits will be exempt from tax in the hands of its shareholders.

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Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases through the normal ready counters will be treated for income tax purposes like any other disposal of Shares and not as a dividend. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or a capital nature.

Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase in accordance with an equal access scheme authorised by the Company, and such Shareholders are not transferees to whom Section 10N of the Income Tax Act applies, will be treated for income tax purposes as the receipt of dividends and therefore exempt from tax in the hands of the Shareholders.

The above statements are general in nature and are based on certain aspects of current tax laws in Singapore which are in force as of the date of this letter and are subject to any changes in such laws, or in the interpretation of these laws occurring after the date of this letter, which changes could be made on a retroactive basis. These statements should not be regarded as a comprehensive description of all the tax considerations that may be relevant to a decision to vote in favour of or against the Proposed Share Purchase Mandate.

Shareholders should note that the foregoing statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Proposed Share Purchase Mandate. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest ⁽¹⁾ (%)
Directors			
Xie Ding Zhong	1,200,000	–	0.24
Xie Ming	–	108,000,000 ⁽²⁾	21.39
Zheng Zhi Zhong	–	–	–
Dai Feng Yu	–	40,822,000 ⁽³⁾	8.08
Lee Gee Aik	–	–	–
Tan Min-Li	–	–	–
Andrew Bek	–	16,000,000 ⁽⁴⁾	3.17
Yang Chun Sheng	–	–	–

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	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest ⁽¹⁾ (%)
Substantial Shareholders			
Liang Gong Zeng	–	44,700,000 ⁽⁵⁾	8.85
Li Chun Yang	–	51,995,000 ⁽⁶⁾	10.30
Li Bin	–	40,975,000 ⁽⁷⁾	8.11
Xie Xing	–	108,000,000 ⁽⁸⁾	21.39
Ma Ong Kee	–	32,554,000 ⁽⁹⁾	6.45
Giant Yield Global Limited	44,700,000	–	8.85
Dawn Vitality International Limited	42,522,000 ⁽¹⁰⁾	–	8.42
Ace Sense Holdings Limited	108,000,000	–	21.39
Oriental Eagle Holdings Limited	51,100,000	–	10.12
Inventive Result Enterprises Limited	40,975,000	–	8.11

Notes:-

- (1) Percentage calculated based on 505,000,000 Shares of the Company as at the Latest Practicable Date.
- (2) Xie Ming is deemed to be interested in 108,000,000 Shares held by Ace Sense Holdings Limited.
- (3) Dai Feng Yu is deemed to be interested in 40,822,000 Shares held by Dawn Vitality International Limited.
- (4) Andrew Bek is deemed to be interested in 16,000,000 Shares held by Able Gallery Ltd.
- (5) Liang Gong Zeng (who resigned as a Director of the Company as of 24 March 2016) is deemed to be interested in 44,700,000 Shares held by Giant Yield Global Limited.
- (6) Li Chun Yang is deemed to be interested in 51,100,000 Shares held by Oriental Eagle Holdings Limited and 895,000 Shares held in the name of a nominee account.
- (7) Li Bin is deemed to be interested in 40,975,000 Shares held by Inventive Result Enterprises Limited.
- (8) Xie Xing is deemed to be interested in 108,000,000 Shares held by Ace Sense Holdings Limited.
- (9) Ma Ong Kee is deemed to be interested in 32,554,000 Shares in a nominee account with Morgan Stanley Asia (S) Securities Pte Ltd.
- (10) Of the 42,552,000 Shares, Dawn Vitality International Limited is holding 1,700,000 Shares on trust for certain employees who are participants under the Anchun Performance Share Plan 2014.

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5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 26 to 29 of this Circular, will be held at Shenton Room, M Hotel Singapore, 81 Anson Road, Singapore 079908 on 29 April 2016, at 10.30 a.m. (or as soon thereafter immediately following the conclusion or adjournment of the AGM of the Company to be held at 9.30 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the said notice.

6. NOTICE OF BOOKS CLOSURE DATE

The Books Closure Date for the purpose of determining Shareholders' entitlements pursuant to the Proposed Share Consolidation will be announced at a later date.

7. DIRECTORS' RECOMMENDATION

7.1 Proposed Share Consolidation

The Directors are of the opinion that the proposed Share Consolidation would be beneficial to, and is in the best interests of the Company and, accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 1 relating to the Proposed Share Consolidation as set out in the Notice of EGM (on pages 26 to 29 of this Circular).

7.2 Proposed adoption of the Share Purchase Mandate

The Directors are of the opinion that the Proposed Share Purchase Mandate would be beneficial to, and is in the best interests of the Company and, accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 2 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of EGM (on pages 26 to 29 of this Circular).

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a 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 arrive at the registered office of the Company not less than forty-eight (48) hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

8.2 When Depositor regarded as Shareholder

In view of Section 81SJ of the SFA, a Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register seventy-two (72) hours before the EGM.

A Depositor is not regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat. Depositors who wish to attend and vote at the EGM, and whose names are shown in the records of CDP as at a time no later than seventy-two (72) hours prior to the time of the EGM, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of any proxy form.

Individual Depositors who are unable to attend the EGM personally and wish to appoint their nominee(s) to attend, and Depositors who are not individuals, must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the registered office of the Company not less than forty-eight (48) hours before the time fixed for the EGM.

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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 Share Purchase Mandate, the Proposed Share Consolidation, 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.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 81 Anson Road Suite 8.20 Singapore 079908 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Memorandum and Articles of the Company;
- (b) the Company's announcement of 26 February 2016 in relation to the Proposed Share Consolidation and Proposed Share Purchase Mandate.

Yours faithfully,
For and on behalf of the Board

Xie Ming
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

ANCHUN INTERNATIONAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200920277C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of Anchun International Holdings Ltd. (the "**Company**") will be held at Shenton Room, M Hotel Singapore, 81 Anson Road Singapore 079908 on 29 April 2016, at 10.30 a.m., or as soon thereafter immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place, for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below. All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the circular dated 7 April 2016 to shareholders of the Company.

ORDINARY RESOLUTIONS:

1. THE PROPOSED SHARE CONSOLIDATION

That with effect from the date to be determined by the Directors of the Company and pursuant to the Articles of Association of the Company, approval be and is hereby given:

- (a) for the proposed consolidation of every ten (10) Existing Shares held by Shareholders as at a books closure date to be determined by the Directors ("**Books Closure Date**") into one (1) Consolidated Share in the manner set out in the circular to Shareholders dated 7 April 2016;
- (b) to disregard any fraction of a Consolidated Share which may arise from the proposed Share Consolidation pursuant to paragraph (a) above, and for all fractions of Consolidated Shares to which holders of the Existing Shares would otherwise be entitled to, be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company;
- (c) for the Directors of the Company to be authorised to fix the Books Closure Date and the date on which the Shares will trade in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and
- (d) for the Directors and each of them to be authorised, empowered to complete and do and execute all such things and acts as they or he may think necessary or expedient to give effect to this Resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes, as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the “**Share Purchase Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next AGM of the Company is held or is required by law to be held;
 - (ii) the date on which the share purchases are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;
- (d) for purposes of this Resolution:

“**Prescribed Limit**” means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the company as altered (excluding any treasury shares that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 110% of the Average Closing Price, where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

NOTICE OF EXTRAORDINARY GENERAL MEETING

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**market day**” means a day on which the SGX-ST is open for trading in securities; and

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

BY ORDER OF THE BOARD

Wee Woon Hong
Company Secretary
7 April 2016

Notes:

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the Extraordinary General Meeting on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy needs not be a member of the Company.
2. Pursuant to Section 181 of the Companies Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Extraordinary General Meeting. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as percentage of the whole) to be represented by each proxy. A proxy needs not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notorially certified or office copy thereof must be lodged at the registered office of the Company at 81 Anson Road Suite 8.20 Singapore 079908, not less than 48 hours before the time appointed for the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 an officer or attorney duly authorised.
6. A corporation which is a member may, by resolution of its directors or other governing body, appoint such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/ her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

“Personal data” in this notice has the same meaning as “personal data” in the Personal Data Protection Act 2012 (“PDPA”), which includes your and your proxy’s and/or representative’s name, address and NRIC/Passport No. By 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 and its proxy(ies)’s or representative’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 express 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, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. Your and your proxy and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

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ANCHUN INTERNATIONAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200920277C)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in Anchun International Holdings Ltd., this Circular is sent to them at the request of their CPF Approved Nominees, and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is therefore, 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.

PROXY FORM

I/We _____ (Name)

of _____ (Address)

being a member/members of Anchun International Holdings Ltd. ("Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/your behalf at the Extraordinary General Meeting (the "EGM") of the Company to be held at Shenton Room, M Hotel Singapore, 81 Anson Road, Singapore 079908, on Friday, 29 April 2016 at 10.30 a.m., (or soon thereafter immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) and at any adjournment or postponement thereof. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/ proxies will vote or abstain from voting at his/her discretion.

<input type="checkbox"/>	Please tick here if more than two proxies will be appointed (Please refer to note 2). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.
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(If you wish to exercise all your votes 'For' or 'Against', please tick '✓' within the box provided.)

Alternatively, please indicate the number of votes as appropriate.)

Ordinary Resolutions		For	Against
The Proposed Share Consolidation	(Resolution 1)		
The adoption of the Proposed Share Purchase Mandate	(Resolution 2)		

Dated this _____ day of _____ 2016

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

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES ON THE REVERSE



Notes:

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the Extraordinary General Meeting on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy needs not be a member of the Company.
2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Extraordinary General Meeting. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as percentage of the whole) to be represented by each proxy. A proxy needs not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof must be lodged at the registered office of the Company at 81 Anson Road Suite 8.20 Singapore 079908, not less than 48 hours before the time appointed for the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 an officer or attorney duly authorised.
6. A corporation which is a member may, by resolution of its directors or other governing body, appoint such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore. 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 EGM if he is able to do so.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.