

**CIRCULAR DATED 6 APRIL 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your Shares, you should forward this Circular, the Notice of Annual General Meeting and Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**CWG INTERNATIONAL LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200610437K)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

**This Circular is issued to you together with the Annual Report 2016 of CWG International Ltd. The resolution proposed to be passed in relation to the above matter is set out in the Notice of Annual General Meeting attached to the Annual Report 2016.**

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## DEFINITIONS

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

<b>“2017 AGM”</b>	:	The AGM to be held on 24 April 2017 at Meeting Room 308, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593
<b>“ACRA”</b>	:	The Accounting Corporate and Regulatory Authority
<b>“AGM”</b>	:	The annual general meeting of the Company
<b>“Annual Report 2016”</b>	:	Annual report of the Company for the financial year ended 31 December 2016
<b>“Circular”</b>	:	This Circular dated 6 April 2017
<b>“Company”</b>	:	CWG International Ltd., a company incorporated in the Republic of Singapore
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50, of Singapore, as amended, supplemented or modified from time to time
<b>“Constitution”</b>	:	The Memorandum and Articles of Association of the Company
<b>“Controlling Shareholder”</b>	:	A person who:-  (a) holds directly or indirectly fifteen per cent. (15%) or more of the number of all voting shares in the Company; or  (b) in fact exercises control over the Company
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“EPS”</b>	:	Earnings Per Share
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
<b>“Listing Rules”</b>	:	The listing rules of the SGX-ST set out in the Listing Manual
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 23 March 2017
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“month”</b>	:	A calendar month
<b>“NTA”</b>	:	Net tangible assets
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders for the time being of the Shares (other than the Central Depository (Pte) Limited), or in the case of Depositors, Depositors who have shares entered against their name in the Depository Register

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## DEFINITIONS

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<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Share Buyback”</b>	:	The buy-back of Shares by the Company in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
<b>“Share Buyback Mandate”</b>	:	A general mandate to be given by Shareholders to authorize the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular, the provisions of the Companies Act (including the rules and regulations promulgated thereunder) and the Listing Rules
<b>“Substantial Shareholder”</b>	:	A person who has an interest of not less than five per cent. (5%) of the issued voting shares of the Company
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively
<b>“%”</b>	:	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 Securities and Futures Act (Cap 289) of Singapore.

The term **“treasury shares”** shall have the meaning ascribed to it in section 4 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, 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 Companies Act or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act or statutory modification as the case may be.

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

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## LETTER TO SHAREHOLDERS

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### CWG INTERNATIONAL LTD.

(Company Registration Number: 200610437K)  
(Incorporated in the Republic of Singapore)

#### Directors

Qian Jianrong	(Executive Chairman and Chief Executive Officer)
Tian Honglei	(Executive Director and Head of Human Resource and Compliance)
Chua Hwee Song	(Chief Financial Officer and Executive Director)
Thio Shen Yi	(Lead Independent Director)
Kwok Wei Woon	(Independent Director)
Lai Huen Poh	(Independent Director)

#### Registered Office

6 Eu Tong Sen Street  
#04-08 The Central  
Singapore 059817

6 April 2017

To: The Shareholders of CWG International Ltd.

Dear Sir/Madam

#### PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

##### 1. INTRODUCTION

The Directors wish to refer to (i) the Notice of AGM dated 6 April 2017, accompanying the Annual Report 2016 to convene the AGM to be held on 24 April 2017 (the “**2017 AGM**”); and (ii) the ordinary resolution to seek Shareholders’ approval for the proposed renewal of the general mandate to be given for the purchase or acquisition by the Company of its own Shares (the “**Share Buyback Mandate**”).

The purpose of this Circular is to provide the Shareholders with information relating to and to seek the approval of Shareholders at the AGM for renewal of the Share Buyback Mandate as set out in this Circular.

##### 2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

###### 2.1 Background

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Listing Manual that an issuer which wishes to purchase its own shares has to obtain approval from its shareholders to do so at a general meeting.

The Share Buyback Mandate was first adopted in an extraordinary general meeting of the Company on 7 November 2016. The mandate will, unless renewed again, expire on the date of the 2017 AGM.

In this regard, Shareholders’ approval is being sought at the 2017 AGM for the renewal of the Share Buyback Mandate by Ordinary Resolution 9, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buyback Mandate.

###### 2.2 Rationale for the Share Buyback Mandate

The approval of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in Section 2.3.1 below at any time, during the period when the Share Buyback Mandate is in force.

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## LETTER TO SHAREHOLDERS

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The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to the growth and expansion of the business, Share Buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.
- (c) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders' confidence and employees' morale.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in Section 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the Mainboard of the SGX-ST.

The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the Mainboard of the SGX-ST.

### 2.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:

#### 2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. Further, the total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the 2017 AGM at which approval for the renewal of the Share Buyback Mandate is approved. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit.

**Purely for illustrative purposes only**, on the basis of 662,038,606 in issue (excluding 4,812,400 Shares held in treasury) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 66,203,860 (representing 10% of the total number of issued Shares excluding 4,812,400 Shares held in treasury as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the period referred to in Section 2.3.2 below.

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## LETTER TO SHAREHOLDERS

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### 2.3.2 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 2017 AGM at which the Share buyback 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 purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

### 2.3.3 Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares can be effected by the Company by way of:

- (a) On-market purchases transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback (“**On-Market Purchases**”); and/or
- (b) off-market purchases (“**Off-Market Purchase**”) effected otherwise than on the SGX-ST pursuant to an equal access scheme.

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Listing Manual, the Companies Act and the Constitution of the Company, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

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

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Listing Manual, issue an offer document to all Shareholders containing 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 purchase or acquisition of Shares;

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## LETTER TO SHAREHOLDERS

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- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the Mainboard of the SGX-ST;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 2.3.4 Maximum price to be paid for the Shares

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the “**Maximum Price**”) in either case, excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and is deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

### 2.4 **Sources of Funds**

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Previously, any payment made by the Company in consideration of the purchase or acquisition of its Shares may only be made out of the Company’s distributable profits. The Companies Act currently permits the Company to also purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).



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## LETTER TO SHAREHOLDERS

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The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### **2.5 Status of Purchased or Acquired Shares**

- 2.5.1 Under Section 76B of the Companies Act, any Shares purchased or acquired by the Company through a Share Buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.
- 2.5.2 All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all 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.
- 2.5.3 Under the Companies Act, the 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 Companies Act are summarised below:
- (a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. As at the Latest Practicable Date, the Company has 662,038,606 issued Shares and 4,812,400 Shares held in treasury. Assuming no further Shares are issued on or prior to the 2017 AGM, the Company may pursuant to the purchase or acquisition of Shares under the Share Buyback Mandate, hold up to 66,203,860 treasury shares.
  - (b) 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 Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.
  - (c) 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. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.
  - (d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:
    - (i) sell the treasury shares (or any of them) for cash;
    - (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme and/or performance share plan;

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## LETTER TO SHAREHOLDERS

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- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Singapore Minister for Finance.

The Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

### 2.6 Financial Effects

- 2.6.1 The financial effects of the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. Any Share Buyback will:

- (a) reduce the number of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company upon the cancellation of such repurchased Shares.

- 2.6.2 Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company upon cancellation of the repurchased Shares. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

- 2.6.3 The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA per Share of the Group.

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## LETTER TO SHAREHOLDERS

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2.6.4 The financial effects presented below are based on the following assumptions: -

*Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 662,038,606 issued Shares and 4,812,400 treasury Shares.

*Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 662,038,606 Shares in issue (excluding 4,812,400 Shares held in treasury) as at the Latest Practicable Date and assuming no further Shares are issued by the Company on or prior to the 2017 AGM, the purchase by the Company of 10% of its Shares will result in the purchase of 66,203,860 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 66,203,860 Shares at the Maximum Price of S\$0.180 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) 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 66,203,860 Shares is approximately S\$11.94 million (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 66,203,860 Shares at the Maximum Price of S\$0.206 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) 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 66,203,860 Shares is approximately S\$13.65 million (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

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

- (i) the Share Buyback Mandate had been effective on 1 January 2016; and
- (ii) such Share purchases are funded solely by internal resources,

## LETTER TO SHAREHOLDERS

The financial effects on the Company and the Group based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2016, are set out below: -

### (A) PURCHASES MADE ENTIRELY OUT OF CAPITAL AND HELD AS TREASURY SHARES

#### (i) *Market Purchase*

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<u>As at 31 December 2016</u>	Group		Company	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	332,033	332,033	-5,011	-5,011
	<b>630,610</b>	<b>630,610</b>	<b>1,577,261</b>	<b>1,577,261</b>
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	642,623	642,623	—	—
	<b>1,487,928</b>	<b>1,487,928</b>	<b>1,721,042</b>	<b>1,721,042</b>
Treasury Shares	-522	-57,840	-522	-57,840
Total Equity	1,487,406	1,430,088	1,720,520	1,663,202
Less: Non-controlling Interest	-642,623	-642,623	—	—
<b>Total Shareholders' Funds</b>	<b>844,783</b>	<b>787,465</b>	<b>1,720,520</b>	<b>1,663,202</b>
Net Tangible Assets	844,783	787,465	1,720,520	1,663,202
Current Assets	13,720,710	13,662,870	280,085	222,245
Current Liabilities	8,091,434	8,091,434	1,359	1,359
Total Borrowings	8,123,950	8,123,950	—	—
Number of Shares ('000)	666,186	599,982	666,186	599,982
<b>Financial Ratios</b>				
NTA per share (cents)	191.04	202.57	236.68	253.24
Current Ratio (times)	1.7	1.7	206.1	163.5
Basic EPS (cents)	14.23	15.80	N/A	N/A

## LETTER TO SHAREHOLDERS

### (ii) Off-Market Purchase

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<b>As at 31 December 2016</b>	<b>Group</b>		<b>Company</b>	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	332,033	332,033	–5,011	–5,011
Sub-total	<b>630,610</b>	<b>630,610</b>	<b>1,577,261</b>	<b>1,577,261</b>
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	642,623	642,623	–	–
	<b>1,487,928</b>	<b>1,487,928</b>	<b>1,721,042</b>	<b>1,721,042</b>
Treasury Shares	–522	–66,028	–522	–66,028
Total Equity	1,487,406	1,421,900	1,720,520	1,655,014
Less: Non-controlling Interest	–642,623	–642,623	–	–
<b>Total Shareholders' Funds</b>	<b>844,783</b>	<b>779,277</b>	<b>1,720,520</b>	<b>1,655,014</b>
Net Tangible Assets	844,783	779,277	1,720,520	1,655,014
Current Assets	13,720,710	13,654,682	280,085	214,057
Current Liabilities	8,091,434	8,091,434	1,359	1,359
Total Borrowings	8,123,950	8,123,950	–	–
Number of Shares ('000)	666,186	599,982	666,186	599,982
<b>Financial Ratios</b>				
NTA per share (cents)	191.04	201.21	236.68	251.88
Current Ratio (times)	1.7	1.7	206.1	157.5
Basic EPS (cents)	14.23	15.80	N/A	N/A

## LETTER TO SHAREHOLDERS

### (B) PURCHASES MADE OUT OF CAPITAL AND CANCELLED

#### (i) Market Purchase

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<u>As at 31 December 2016</u>	Group		Company	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Share capital	298,577	241,259	1,582,272	1,524,954
Reserves	332,033	332,033	-5,011	-5,011
	<b>630,610</b>	<b>573,292</b>	<b>1,577,261</b>	<b>1,519,943</b>
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	642,623	642,623	—	—
	<b>1,487,928</b>	<b>1,430,610</b>	<b>1,721,042</b>	<b>1,663,724</b>
Treasury Shares	-522	-522	-522	-522
Total Equity	1,487,406	1,430,088	1,720,520	1,663,202
Less: Non-controlling Interest	-642,623	-642,623	—	—
<b>Total Shareholders' Funds</b>	<b>844,783</b>	<b>787,465</b>	<b>1,720,520</b>	<b>1,663,202</b>
Net Tangible Assets	844,783	787,465	1,720,520	1,663,202
Current Assets	13,720,710	13,662,870	280,085	222,245
Current Liabilities	8,091,434	8,091,434	1,359	1,359
Total Borrowings	8,123,950	8,123,950	—	—
Number of Shares ('000)	666,186	599,982	666,186	599,982
<b>Financial Ratios</b>				
NTA per share (cents)	191.04	202.57	236.68	253.24
Current Ratio (times)	1.7	1.7	206.1	163.5
Basic EPS (cents)	14.23	15.80	N/A	N/A

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### (ii) Off-Market Purchase

	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<u>As at 31 December 2016</u>	Group		Company	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Share capital	298,577	233,071	1,582,272	1,516,766
Reserves	332,033	332,033	-5,011	-5,011
	<b>630,610</b>	<b>565,104</b>	<b>1,577,261</b>	<b>1,511,755</b>
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	642,623	642,623	—	—
	<b>1,487,928</b>	<b>1,422,422</b>	<b>1,721,042</b>	<b>1,655,536</b>
Treasury Shares	-522	-522	-522	-522
Total Equity	1,487,406	1,421,900	1,720,520	1,655,014
Less: Non-controlling Interest	-642,623	-642,623	—	—
<b>Total Shareholders' Funds</b>	<b>844,783</b>	<b>779,277</b>	<b>1,720,520</b>	<b>1,655,014</b>
Net Tangible Assets	844,783	779,277	1,720,520	1,655,014
Current Assets	13,720,710	13,654,682	280,085	214,057
Current Liabilities	8,091,434	8,091,434	1,359	1,359
Total Borrowings	8,123,950	8,123,950	—	—
Number of Shares ('000)	666,186	599,982	666,186	599,982
<b>Financial Ratios</b>				
NTA per share (cents)	191.04	201.21	236.68	251.88
Current Ratio (times)	1.7	1.7	206.1	157.5
Basic EPS (cents)	14.23	15.80	N/A	N/A

#### Notes:

- (1) NTA is defined as total Shareholders' funds less intangible assets.
- (2) Current ratio is defined as current assets divided by current liabilities.

**Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group as at 31 December 2016, and is not necessarily representative of the future financial performance of the Group.**

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## LETTER TO SHAREHOLDERS

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The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buyback before execution. Although the Share Buyback Mandate would authorize the Company to buy back up to ten per cent. (10%) of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back all ten per cent. (10%) of the issued Shares in full. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased as treasury shares.

### Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

## 2.7 Listing Manual

While the Listing Manual does not expressly prohibit any purchase of shares by an issuer during any particular time, because the issuer 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 Share Buyback 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 of:

- (a) one (1) month immediately preceding the announcement of the Company's annual results; and
- (b) two (2) weeks immediately preceding the announcement of the Company's quarterly results.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of an issuer or its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 23.33% of the issued Shares (excluding treasury shares), are in the hands of the public.

Assuming the Company were to purchase or acquire the entire 10% of the total number of its issued Shares, there will be approximately 14.81% of the issued Shares (excluding treasury shares), being held in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the Mainboard of the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.



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### 2.8 Interests of Directors and Substantial Shareholders

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:

	Direct Interest <sup>(1)</sup>		Deemed Interest <sup>(1)</sup>	
	Number of Shares	%	Number of Shares	%
<b>Directors</b>				
Qian Jianrong <sup>(2)</sup>	—	—	499,241,587	75.4
Tian Honglei	—	—	—	—
Chua Hwee Song <sup>(3)</sup>	—	—	300,000	0.05
Thio Shen Yi	—	—	—	—
Kwok Wei Woon	—	—	—	—
Lai Huen Poh	—	—	—	—
<b>Substantial Shareholder</b>				
Sinway Investment Co., Ltd.	499,241,587	75.4	—	—

**Notes:**

- (1) The percentage shareholding interest is based on 662,038,606 issued Shares.
- (2) Mr Qian Jianrong owns 86.0% of the equity interest in Sinway Investment Co., Ltd., and is therefore deemed to be interested in 499,241,587 Shares held by Sinway Investment Co., Ltd. The other shareholders of Sinway Investment Co., Ltd. are Mao En (7.5%), Gong Ming (4.3%) and Tian Honglei (2.2%).
- (3) Mr Chua Hwee Song is deemed interested in the 150,000 Shares held by Philip Securities Pte. Ltd. as nominee and another 150,000 Shares held by CIMB Securities (Singapore) Pte Ltd as nominee.

### 2.9 Take-over Code Implications from Share Buybacks

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 2.9.1 Obligations to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the 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 Take-over Code ("**Rule 14**").

#### 2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert ("**concert parties**") 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 the company.

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

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## LETTER TO SHAREHOLDERS

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- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, 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.

### 2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, a Shareholder and his concert parties will incur 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 Shareholder and his concert parties would increase to 30% or more, or in the event that such Shareholder and his concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Shareholder and his concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Shareholder and his 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 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 (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

## LETTER TO SHAREHOLDERS

Based on the information in the Company's Register of Shareholders as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 of the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. The Directors are not aware of any potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

**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 purchase or acquisition of Shares by the Company should consult the Securities Industry Council of Singapore and/or their professional advisers at the earliest opportunity.**

### 2.9.4 Share Buybacks in the previous 12 months

Date of purchase	Type of purchase	Number of Shares purchased	Highest price per Share paid (S\$)	Lowest price per Share paid (S\$)	Total consideration paid for the purchases <sup>(1)</sup> (S\$)
13 January 2017	Market Purchase	400,000	0.170	0.168	67,930.13
12 January 2017	Market Purchase	300,000	0.171	0.170	51,368.90
11 January 2017	Market Purchase	379,900	0.171	0.170	65,088.27
10 January 2017	Market Purchase	600,000	0.177	0.173	105,506.37
9 January 2017	Market Purchase	200,000	0.174 (price paid per Share)	–	34,907.98
6 January 2017	Market Purchase	600,000	0.171	0.166	101,233.15
5 January 2017	Market Purchase	600,000	0.167	0.166	100,089.62
4 January 2017	Market Purchase	467,500	0.166	0.165	77,423.76
3 January 2017	Market Purchase	600,000	0.165	0.164	98,974.58
30 December 2016	Market Purchase	400,000	0.164 (price paid per Share)	–	65,872.50
29 December 2016	Market Purchase	65,000	0.164 (price paid per Share)	–	10,695.93
28 December 2016	Market Purchase	200,000	0.162 (price paid per Share)	–	32,587.21
<b>Total</b>		<b>4,812,400</b>			<b>811,678.40</b>

**Notes:**

(1) Including stamp duties, clearing charges etc. paid or payable for the Shares

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## LETTER TO SHAREHOLDERS

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### 3. REPORTING REQUIREMENTS

- 3.1 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.
- 3.2 The Company shall notify ACRA within 30 days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchase, including the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased or acquired out of the profits or capital of the Company, and such other information as required by the Companies Act.
- 3.3 Rule 886(1) of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:
- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
  - (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the closing of acceptances of the offer for the Off-Market Purchase.
- 3.4 The notification of such purchases or acquisitions of Shares to the SGX-ST shall include details of the total number of Shares authorised for purchase, the date of purchase, prices paid for the total number of Shares purchased, the purchase price per Share or the highest and lowest purchase price per Share, the number of Shares cancelled, the number of Shares held as treasury shares, and the number of issued Shares excluding treasury shares after purchase, in the form prescribed under the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.
- 3.5 The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:
- (a) date of the sale, transfer, cancellation and/or use;
  - (b) purpose of such sale, transfer, cancellation and/or use;
  - (c) number of treasury shares sold, transferred, cancelled and/or used;
  - (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
  - (e) percentage of the number of treasury shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and
  - (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

### 4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 9 set out in the Notice of AGM dispatched to Shareholders together with the Annual Report 2016 of the Company.

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## LETTER TO SHAREHOLDERS

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### 5. 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 Share Buyback Mandate, 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 this 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 this Circular in its proper form and context.

### 6. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at 6 Eu Tong Sen Street, #04-08, The Central, Singapore 059817 during normal business hours on weekday from the date of this Circular up to and including the date of the 2017 AGM:

- (a) the Constitution of the Company; and
- (b) Annual Report 2016.

Yours faithfully  
For and on behalf of the Board of Directors

**QIAN JIANRONG**

Executive Chairman and Chief Executive Officer