

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

THE PROPOSED DISPOSAL OF A 25% SHAREHOLDING INTEREST IN WANYUAN YUANBANG RESORT DEVELOPMENT CO., LTD.

1. INTRODUCTION

- 1.1 The Board of Directors of China Yuanbang Property Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") wish to announce that its wholly-owned subsidiary, Guangdong Yuanbang Real Estate Development Co., Ltd. (广东元邦房地产开发有限公司) (the "**Vendor**"), has on 21 December 2015 (the "**Signing Date**") agreed to dispose of its 25% shareholding interest (the "**Sale Shares**") in Wanyuan Yuanbang Resort Development Co., Ltd. (万源元邦旅游产业开发有限公司) ("**Wanyuan Yuanbang Resort**") to Wanyuan City Qinba Electronic Commerce Co., Ltd. (万源市秦巴电子商务有限公司) (the "**Purchaser**") pursuant to a sale and purchase agreement (the "**Agreement**") entered into between the Vendor, the Purchaser and Guangzhou City Po Xing Decoration Design Co., Ltd. (广州市魄信装饰设计有限公司) ("**Po Xing Design**") (the "**Proposed Disposal**").
- 1.2 The Agreement shall take effect upon the payment of RMB27 million of the Consideration (as defined below) by the Purchaser to the Vendor.

2. PARTICULARS OF WANYUAN YUANBANG RESORT

- 2.1 Wanyuan Yuanbang Resort was incorporated in the People's Republic of China ("**PRC**") on 28 June 2011 and it has a registered capital of RMB50 million and a paid-up capital of RMB150 million. As at the Signing Date, each of the Vendor and Po Xing Design holds 82% and 18% shareholding interest in Wanyuan Yuanbang Resort respectively.
- 2.2 As at the Signing Date, Wanyuan Yuanbang Resort holds 100% of the shareholding interest in the following companies incorporated in the PRC:
- (a) Wanyuan Yuanbang Property Development Co., Ltd. (万源元邦房地产开发有限公司) ("**Wanyuan Yuanbang Property**");
 - (b) Wanyuan Dabashan Tourism Co., Ltd. (万源大巴山旅游有限公司) ("**Wanyuan Dabashan**");
 - (c) Wanyuan Mingyue Bashan Hotel Management Co., Ltd. (万源明月巴山酒店管理有限公司) ("**Wanyuan Bashan Hotel**");
 - (d) Wanyuan Yuanbang Property Management Co., Ltd. (万源元邦物业管理有限公司) ("**Wanyuan Yuanbang Property Management**"); and

- (e) Wanyuan Yuanbang Modern Agricultural Development Co., Ltd. (万源元邦现代农业开发有限公司) ("**Wanyuan Yuanbang Agriculture**", together with Wanyuan Yuanbang Property, Wanyuan Dabashan, Wanyuan Bashan Hotel, Wanyuan Yuanbang Property Management and Wanyuan Yuanbang Resort, the "**Wanyuan Yuanbang Resort Group**").
- 2.3 The Wanyuan Yuanbang Resort Group's business comprises the development of the Batai Mountain Project (the "**Project**"), which involves the development of a plot of land with an area of approximately 120 sq km located in the vicinity of Batai Mountain National Park (八台山国家地质公园) and Longtan River Scenic Area (龙潭河景区) with the long-term aim of developing a premier tourist attraction with an AAAAA-grade national scenic area certification from the National Tourism Administration of PRC within 10 years. This is the Group's first tourism property project, with a mixture of residential, villa and commercial units under development since 2012.
- 3. CONSIDERATION**
- 3.1 The total consideration for the Proposed Disposal is RMB37,500,000 (approximately S\$8,203,000)¹ (the "**Consideration**").
- 3.2 The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on a willing-buyer and willing-seller basis after taking into account the Vendor's investment cost and the net asset value and fair value of Wanyuan Yuanbang Resort Group.
- 3.3 The Consideration shall be satisfied by the Purchaser in the following manner:
- (a) within seven (7) working days of the Signing Date, the Purchaser shall pay RMB10 million (approximately S\$2,187,000) to the Vendor via bank's funds transfer;
 - (b) before 20 January 2016, the Purchaser shall pay RMB17 million (approximately S\$3,719,000) to the Vendor via bank's funds transfer; and
 - (c) within two (2) years of the Signing Date, the Purchaser shall pay the remaining RMB10.5 million (approximately S\$2,297,000) (the "**Final Payment**") in instalments to the Vendor via cash.
- 3.4 Under the Agreement, the Purchaser shall be responsible for the follow-up financing of the capital of Wanyuan Yuanbang Resort. If the Purchaser can obtain financing at a rate that is below 150% of the Bank of China benchmark interest rate, the Purchaser can set off such saving in financing cost (the "**Financing Cost Savings**") from the Final Payment.
- 3.5 Under the Agreement, the Purchaser shall also be responsible for procuring support or development funds from the PRC government for the projects of the Company ("**Support Funds**"). If the Financing Cost Savings exceed RMB10.5 million, the Purchaser can set off 15% of the Support Funds from the Final Payment. If the Financing Cost Savings is below RMB10.5 million, the Purchaser can set off 20% of the Support Funds from the Final Payment. The balance of the Final Payment after the above set off shall be settled in cash by the Purchaser.

¹ Unless indicated otherwise, the indicative RMB-to-S\$ exchange rate used for the purposes of this Announcement is RMB4.5716: S\$1.

4. THE PROPOSED DISPOSAL

- 4.1 Pursuant to the Agreement, the Vendor agreed to sell to the Purchaser, and the Purchaser agreed to buy from the Vendor, the Sale Shares.
- 4.2 Within seven (7) days of the receipt of the Consideration of RMB27 million by the Vendor, both the Vendor and the Purchaser shall commence the share transfer registration procedures with the relevant PRC regulatory authority in respect of the Sale Shares.
- 4.3 Upon completion of the Proposed Disposal, the Vendor will hold 57% shareholding interest in Wanyuan Yuanbang Resort.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Project is a major project that requires substantial resources and funds to develop. The Proposed Disposal will enable the Company to bring in the Purchaser as a strategic partner on the Project. The Company can rely and leverage on (a) the Purchaser's experience in the tourism development industry and (b) the Purchaser's extensive networks and resources in the Wanyuan area for the benefit of Wanyuan Yuanbang Resort Group and the Project.

6. GAIN ON PROPOSED DISPOSAL AND USE OF PROCEEDS

- 6.1 Based on the latest announced audited consolidated financial statements of Wanyuan Yuanbang Resort Group and the Group for the financial year ended 30 June 2015 ("**FY2015**"), the net book value of the Sale Shares is approximately RMB7,353,000 (approximately S\$1,608,000). The excess of the proceeds from the Proposed Disposal over the book value of the Sale Shares is approximately RMB30,147,000 (approximately S\$6,594,000).
- 6.2 The Company will realise an estimated net gain of approximately RMB30,147,000 (approximately S\$6,594,000) from the Proposed Disposal.
- 6.3 The Company intends to use the sale proceeds from the Proposed Disposal for the working capital of the Group.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the pro forma financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per share of the Company ("**Share**") and the earnings per Share ("**EPS**") based on the latest announced audited consolidated financial statements of the Group for FY2015 are as follows:

(a) Effect on NTA per Share

Assuming that the Proposed Disposal had been completed on 30 June 2015, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2015, the effect on the NTA per Share for FY2015 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to shareholders as at 30 June 2015 (S\$ '000)	168,665	175,260
Number of Shares ('000)	69,400	69,400
NTA per Share (Singapore dollars)	2.43	2.53

(b) Effect on EPS

Assuming that the Proposed Disposal had been completed on 1 July 2014, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2015, the effect on the EPS for FY2015 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss)/profit attributable to shareholders for FY2015 (S\$ '000)	(5,866)	1,306
Weighted average number of Shares ('000)	69,400	69,400
EPS (Singapore cents)	(8.45)	1.88

8. REQUIREMENTS OF THE SGX-ST LISTING MANUAL

8.1 The relative figures computed on the bases set out in Rule 1006 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") with respect to the Proposed Disposal based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 30 September 2015 are as follows:

<u>Listing Rule</u>	<u>Bases</u>	<u>Relative Figures (%)</u>
(a) 1006(a) :	Net asset value of the Sale Shares of RMB7,089,000 (approximately S\$1,551,000) compared with the net asset value of the Group of RMB769,981,000 (approximately S\$168,427,000).	0.9%
(b) 1006(b) :	Net loss attributable to the Sale Shares of RMB264,000 (approximately S\$58,000), compared with the net profits of the Group of RMB916,000 (approximately S\$200,000).	(28.9)%

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| (c) 1006(c) : | The aggregate value of the Consideration in respect of the Proposed Disposal of RMB37,500,000 (approximately S\$8,203,000) compared with the market capitalisation of the Company of approximately S\$19,085,000 (based on the volume weighted average price of the Shares transacted on 18 December 2015, being the last market day preceding the Signing Date). | 43.0% |
| (d) 1006(d) : | The number of equity securities issued by the Group as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable |
| (e) 1006(e) : | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. | Not applicable |

8.2 Based on the above, the Proposed Disposal constitutes a major transaction for the purposes of Chapter 10 of the Listing Manual and requires the approval of the Company's shareholders, unless waived by the SGX-ST. The Company intends to submit an application to the SGX-ST for purposes of seeking a waiver from the requirement of obtaining shareholders' approval for the Proposed Disposal, as it is of the view, *inter alia*, that the Proposed Disposal involves the sale of part of the non-core business of the Group, Wanyuan Yuanbang Resort will still remain as the Company's subsidiary after the Proposed Disposal, and there is no change to the risk profile of the Group as a result of the Proposed Disposal. The Company will release an announcement to update shareholders (as required) in due course.

9. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

10. **SERVICE CONTRACTS OF DIRECTORS**

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal. Accordingly, there is no service contract entered into.

11. **DOCUMENT FOR INSPECTION**

A copy of the Agreement is available for inspection during normal business hours at the office of the Share Transfer Agent at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD
CHINA YUANBANG PROPERTY HOLDINGS LIMITED

Stephen Chong Ching Hoi
Chief Financial Officer/Company Secretary
28 December 2015