

CIRCULAR DATED 21 SEPTEMBER 2018

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 The Place Holdings Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

Your attention is drawn to page 35 of this Circular in respect of actions to be taken if you wish to attend and vote at the Extraordinary General Meeting.

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



THE PLACE

天阶控股

THE PLACE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED SUBSCRIPTION OF EQUITY INTEREST IN TIANJIE YUNTAI WANRUN (XIUWU) PROPERTY DEVELOPMENT CO., LTD. AS AN INTERESTED PERSON TRANSACTION;**
- (2) THE PROPOSED DIVERSIFICATION OF BUSINESS INTO THE TOURISM RELATED BUSINESS;**
- (3) THE PROPOSED PERFORMANCE SHARE SCHEME; AND**
- (4) THE PROPOSED PARTICIPATION BY MR. SUN QUAN, A NON-EXECUTIVE DIRECTOR AND A DEEMED CONTROLLING SHAREHOLDER, IN THE PERFORMANCE SHARE SCHEME.**

Independent Financial Adviser
in respect of the Proposed Subscription as an Interested Person Transaction



STIRLING COLEMAN

施霖高诚

www.stirlingcoleman.com

STIRLING COLEMAN CAPITAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200105040N)

IMPORTANT DATES AND TIMES:

- | | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 10 October 2018 at 2.00 p.m. |
| Date and time of Extraordinary General Meeting | : | 12 October 2018 at 2.00 p.m. |
| Place of Extraordinary General Meeting | : | Meeting Room 320, Level 3
Suntec Singapore Convention & Exhibition Centre,
1 Raffles Boulevard, Suntec City, Singapore 039593 |

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DEFINITIONS

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

“associate”	:	Has the meaning ascribed to it in the Listing Manual
“AIC”	:	Administration for Industry and Commerce (工商行政管理局)
“Additional Voting Restriction”	:	Has the meaning ascribed to it in Section 2.13 (a) of this Circular
“Auditors”	:	The auditors of the Company for the time being
“Awards”	:	A contingent award of Shares granted pursuant to the rules of The Place PSS
“Board”	:	The board of Directors of the Company as at the date of this Circular
“BJ Vast Universe”	:	Beijing Vast Universe Culture Communication Co., Ltd. (北京中盛浩宇文化传播有限公司)
“BJ Aozhong”	:	Beijing Aozhongxingye Real Estate Development Co., Ltd. (北京奥中兴业房地产开发有限公司)
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 21 September 2018
“Clubhouse Development Project”	:	The development of corporate clubhouses on the Target Company’s Land
“Companies Act”	:	Companies Act (Chapter 50) of Singapore
“Company”	:	The Place Holdings Limited
“Completion”	:	The completion of the Proposed Subscription
“controlling shareholder”	:	Has the meaning ascribed to it in the Listing Manual
“CPF”	:	Central Provident Fund
“CEO”	:	Chief Executive Officer
“Directors”	:	The directors of the Company at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Shareholders to be convened for the purposes of considering and, if thought fit, passing the ordinary resolutions set out in the Notice of EGM on pages 74 to 76 of this Circular
“EPS”	:	Earnings per Share
“Existing Business”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“FY”	:	The financial year ending or ended 31 December, as the case may be
“Group”	:	The Company and its subsidiaries

DEFINITIONS

“IFA”	:	Stirling Coleman Capital Limited, the independent financial advisor appointed by the Company to advise the Recommending Directors
“IFA Letter”	:	The letter dated 21 September 2018 from the IFA to the Recommending Directors set out in Appendix 1 to this Circular in relation to the Proposed Subscription
“JTYI”	:	Jingneng Tianjie Yuntaishan Investment Co., Ltd. (京能天阶云台山投资有限公司)
“JTYI Group Companies”	:	The Target Company, Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. (云台天阶世贸（修武）房地产开发有限公司) and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd. (天阶云台（修武）置业有限公司), each a “JTYI Group Company”
“JTYI Group’s Land”	:	The approximately 270,500 square meters of commercial land owned by the Target Company and the approximately 2.4 million square meters of commercial land owned by Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd.
“Jingneng Tianjie (Beijing)”	:	Jingneng Tianjie (Beijing) Investment Co., Ltd. (京能天阶（北京）投资有限公司)
“Latest Practicable Date”	:	10 September 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Mount Yuntai”	:	Mount Yuntai (云台山) is located in Jiaozuo City (焦作市), Henan Province, the PRC
“Mount Yuntai Integrated Tourist Township Project”	:	An integrated tourism project registered with the Chinese local National Development and Reform Commission, which includes the Target Company’s Land
“Mr. Ji”	:	Mr. Ji Zenghe, the Executive Chairman of the Company
“Mr. Fan”	:	Mr. Fan Xianyong, the Executive Director and the CEO of the Company
“Mr. Sun”	:	Mr. Sun Quan is a Non-Executive Director as well as a deemed controlling shareholder of the Company. He is also the director and controlling shareholder of China Capital Impetus Investment Limited, the fund manager of Oriental Straits Fund III. Oriental Straits Fund III directly holds approximately 83.78% of the shareholding interest in the capital of the Company as at the Latest Practicable Date. Please refer to Section 8 of this Circular for more information as to Mr. Sun’s shareholding interest in the Company.
“Notice of EGM”	:	The notice of the EGM set out on pages 74 to 76 of this Circular
“NTA”	:	Net tangible assets
“Performance Share Scheme” or “The Place PSS”	:	The Performance Share Scheme of the Company, the rules of which are set out in Appendix 2

DEFINITIONS

“PRC”	:	People’s Republic of China
“Proposed Diversification”	:	The proposed diversification of the Group’s existing business to the Proposed New Business
“Proposed New Business”	:	Has the meaning ascribed to it in Section 3.2
“Proposed Participation by Mr. Sun”	:	The proposed participation by Mr. Sun in the Performance Share Scheme
“Proposed Performance Share Scheme”	:	The proposed adoption of the Performance Share Scheme
“Proposed Subscription”	:	Has the meaning ascribed to it in Section 2.1
“Proposed Transactions”	:	Collectively, (1) the Proposed Subscription, (2) the Proposed Diversification, (3) the Proposed Performance Share Scheme and (4) the Proposed Participation by Mr. Sun in the Performance Share Scheme
“Recommending Directors”	:	The Directors (save for Mr. Ji, Mr. Fan and Mr. Sun) who are independent for the purposes of the Proposed Subscription
“SFA”	:	Securities and Futures Act (Chapter 289)
“Shimao Tianjie”	:	Shimao Tianjie Investment Group Co., Ltd. (世贸天阶投资集团有限公司)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts with CDP are credited with those Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Subscription Agreement”	:	The subscription agreement dated 8 November 2017 entered into between TPYI (the Company’s wholly-owned subsidiary) and JTYI (the sole immediate shareholder of the Target Company) as amended, supplemented or modified from time to time
“Subscription Amount”	:	Has the meaning ascribed to it in Section 2.1 of this Circular
“Target Company”	:	Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd. (天阶云台万润(修武)房地产开发有限公司)
“Target Company’s Land”	:	Approximately 270,500 square meters of commercial land in the South East of Mount Yuntai that is owned by the Target Company
“TPYI”	:	The Place Yuntai Investment Pte. Ltd., a wholly owned subsidiary of the Company
“Valuer’s Report”	:	The valuation report dated 24 August 2018 prepared by the Valuer in respect of the Target Company’s Land

DEFINITIONS

“Valuer”	:	Savills Valuation and Professional Services Limited, being the independent valuer commissioned by the Company to conduct a valuation on the Target Company’s Land
“Xiuwu Development”	:	Xiuwu County Qixian Tourism Development Co., Ltd. (修武县七贤旅游开发有限公司)
“%” or “per cent”	:	Per centum or percentage

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

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

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

Unless otherwise stated, all amounts converted from:

- (a) US\$ to S\$ in this Circular shall be based on an indicative exchange rate of US\$1.00: S\$1.35;
- (b) US\$ to RMB in this Circular shall be based on an indicative exchange rate of US\$1.00: RMB6.59; and
- (c) RMB into S\$ in this Circular shall be based on an indicative exchange rate of RMB1.00: S\$0.205.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancy within the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders of the Company should not place undue reliance on such forward-looking statements, and the Company does not guarantee any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

LETTER TO SHAREHOLDERS

THE PLACE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

Board of Directors:

Ji Zenghe (Executive Chairman)
Fan Xianyong (Executive Director and CEO)
Sun Quan (Non-Executive Director)
Er Kwong Wah (Lead Independent Director)
Foo Chiah-Shiung (Hu Jiaxiong) (Independent Director)
Ng Fook Ai Victor (Independent Director)

Registered Office:

80 Marine Parade Road
#11-02 Parkway Parade
Singapore 449269

21 September 2018

To: The Shareholders of The Place Holdings Limited

Dear Sir / Madam

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with the rationale for, and information relating to, the Proposed Transactions, and to seek Shareholders' approval in respect of the same at the EGM to be held at 2.00 p.m. on 12 October 2018 at Meeting Room 320, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593.

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

2. THE PROPOSED SUBSCRIPTION

2.1 Introduction

The Company's wholly-owned subsidiary, The Place Yuntai Investment Pte. Ltd. ("TPYI"), had on 8 November 2017 entered into a subscription agreement ("**Subscription Agreement**") with Jingneng Tianjie Yuntaishan Investment Co., Ltd. ("JTYI"). Pursuant to the Subscription Agreement, TPYI will subscribe for equity interest amounting to 80% of the enlarged registered capital of Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd. ("**Target Company**") for a consideration of US\$20,530,000 (equivalent to RMB135,292,700 or S\$27,715,500) (the "**Subscription Amount**") (collectively, the "**Proposed Subscription**"). The Company announced the Proposed Subscription via SGXNET on 8 November 2017. Following the completion of the Proposed Subscription, the Target Company will be involved in the development of corporate clubhouses on the Target Company's Land ("**Clubhouse Development Project**"). Please refer to Section 2.3.2 for further details on the Clubhouse Development Project.

The Company will be funding the Subscription Amount with its internal resources. Based on its audited consolidated financial statements as at 31 December 2017, the Group has cash and cash equivalents of approximately S\$88 million.

The Subscription Amount, which will translate into 80% of the equity interest in the Target Company upon Completion, was arrived at following negotiations between TPYI and JTYI (the sole immediate shareholder of the Target Company) on a willing-buyer and willing-seller basis, taking into consideration the following factors:

- (i) It is estimated that a total of approximately RMB450 million (inclusive of the Subscription Amount) will be required for the Clubhouse Development Project;
- (ii) The Target Company currently has a registered capital of RMB30 million, which is fully paid up;

LETTER TO SHAREHOLDERS

- (iii) The ratio between the amount of registered capital and the total amount of investments of the Target Company that the Target Company is required to maintain needs to be at least 1:3. To elaborate, the relevant Chinese laws provide that where the total investments of a Sino-foreign equity joint venture enterprise exceeds US\$30 million (or RMB197,700,000), its registered capital shall be at least one-third of its total investment.¹ In the case of the Target Company, since the Clubhouse Development Project is expected to require an estimated investment amount of RMB450 million in total, the Target Company will have to have a registered capital of at least RMB150 million (i.e. an extra registered capital of RMB120 million in addition to the existing paid-up registered capital of RMB30 million). This requirement will be met following the completion of the Proposed Subscription (of which approximately RMB120 million will be for the Target Company's registered capital and the remaining approximately RMB15 million will be set aside for its capital reserves account); and
- (iv) The market value of the Target Company's Land is RMB111,000,000 (equivalent to approximately S\$22,755,000) as at 31 July 2018. Please refer to Section 2.2 of this Circular for more information on the Target Company's Land and its valuation.

The Target Company shall use the Subscription Amount exclusively for the Clubhouse Development Project, which is anticipated to take at least one year to complete following completion of the Proposed Subscription.

The Proposed Subscription, if approved, will allow the Group to participate in the development of the Mount Yuntai Tourist Township (the **"Mount Yuntai Integrated Tourist Township Project"**). Please refer to Section 2.3 for further details on the Mount Yuntai Integrated Tourist Township Project.

2.2 Information on the Target Company

The Target Company is a private limited company incorporated in the People's Republic of China (**"PRC"**) on 21 April 2011 with a registered and fully paid-up capital of RMB30 million. The principal business of the Target Company is project investment management, real estate development and construction, property sales and property management.

The Target Company is directly and wholly owned by JTYI. JTYI is an 80% / 20% joint venture between (i) Jingneng Tianjie (Beijing); and (ii) Xiuwu Development, which are both PRC-incorporated companies.

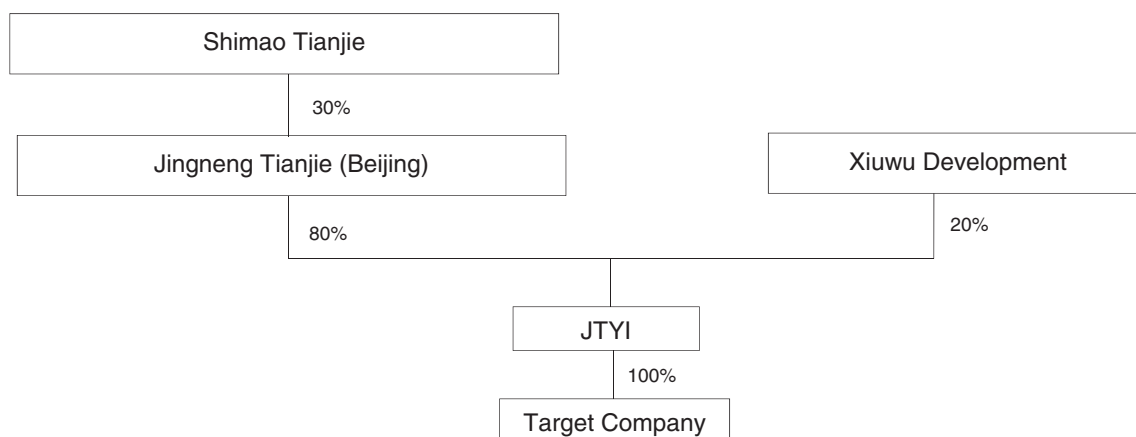
Xiuwu Development, an independent third party, is a tourist development company incorporated in Xiuwu county, and is wholly owned by Jiaozuo Yuntaishan Tourism Co., Ltd (焦作云台山旅游股份有限公司), a local state-owned tourism company supervised by the local state asset supervisory and administration office (修武县国有资产监督管理办公室).

Jingneng Tianjie (Beijing) is in turn 30% owned by Shimao Tianjie as at the date of the Subscription Agreement, and the controlling shareholders of Shimao Tianjie are Messrs Ji Zenghe (**"Mr. Ji"**) and Fan Xianrong (**"Mr. Fan"**). In other words, Mr. Ji's and Mr. Fan's aggregate effective interest in both JTYI and the Target Company (JTYI's wholly owned subsidiary) is approximately 24%. As Mr. Ji is the Executive Chairman of the Company and Mr. Fan is the Executive Director and CEO of the Company, the Proposed Subscription is therefore classified as an interested person transaction in accordance with Chapter 9 of the Listing Manual.

¹ Please refer to Article 3(4) of the Provisional Regulations of State Administration for Industry and Commerce on the Ratio Between the Registered Capital and the Total Amount of Investment of Sino-foreign Equity Joint Ventures. The aforesaid regulations can be accessed at the website of the Ministry of Commerce, People's Republic of China: <http://english.mofcom.gov.cn/article/lawsdata/chineselaw/200301/20030100064559.shtml> (date accessed: 10 September 2018).

LETTER TO SHAREHOLDERS

The Corporate Structure of the Target Company and its parent companies as at the date of the Subscription Agreement are illustrated below as follows:



For more information on the Target Company and its relationship with the Company, please refer to Section 2.13 of this Circular entitled “Interested Person Transaction”.

The Target Company owns approximately 270,500 square metres of commercial land in the Southeast of Mount Yuntai (the “**Target Company’s Land**”) and is located in the Mount Yuntai Scenic Area, along the south side of Hanzhuang Village in Xiuwu County, Henan Province. It is a 50-minute drive away from the centre of Jiaozuo City.

On 16 March 2012, the Target Company secured a State-owned Land Use Rights Certificate – Xiu Guo Yong (2012) Di 4 Hao from the relevant Chinese local government for use of the Target Company’s Land. The Target Company also secured a Construction Land Planning Permit (Di Zi Di 410821201200041 Hao) dated 11 June 2012, pursuant to which JTYI is permitted to use the Target Company’s Land for development. The Target Company is presently in the process of obtaining a Construction Permit and a Construction Project Planning Permit. Further details of the Target Company’s Land are as follows:

Location	: Land No.09-07-021, South of Hanzhuang Village, Xiuwu County, Jiaozuo City, Henan Province, the PRC
Site Area	: Approximately 405.75mu (equivalent to approximately 270,500.64 square metres)
Land Use	: Commercial
Condition	: Bare land
Land Use Rights Expiry Date	: 10 October 2051
Plot ratio	: ≤ 1.1

According to Savills Valuation and Professional Services Limited (“**Valuer**”), an independent valuer commissioned by the Company, the Target Company’s Land has a market value of RMB111,000,000 (equivalent to approximately S\$22,755,000), based on the direct land comparison valuation methodology. A copy of the valuation report dated 24 August 2018 (“**Valuer’s Report**”) issued by the Valuer is appended as **Appendix 3** to this Circular.

LETTER TO SHAREHOLDERS

As stated in the Valuer's Report, the Land Use Rights Grant Contract dated 10 October 2011 (in respect of the Target Company's Land) requires the construction works of the development to be completed by 1 December 2013 (the **"Initial Deadline"**). In the course of its valuation, the Valuer had valued the Target Company's Land on the hypothetical assumption that an extension for the completion of the construction works (**"Extension"**) would be granted by the relevant government authorities and the Valuer did not make any allowance for any penalties due to the delay of the completion of the construction works as stipulated in the Land Use Rights Grant Contract.

In relation to the Initial Deadline, the understanding between TPYI (the Company's wholly-owned subsidiary) and JTYI (the sole immediate shareholder of the Target Company) is that the Subscription Amount shall not be disbursed to the Target Company unless and until all the required permits have been granted by the relevant authorities without any fines or penalties whatsoever being imposed in connection therewith on the Target Company.

The Company will make announcements on the status of the application for the said Extension in its quarterly financial statements or as and when there are any material developments in relation to the Extension and/or the grant of the required permits.

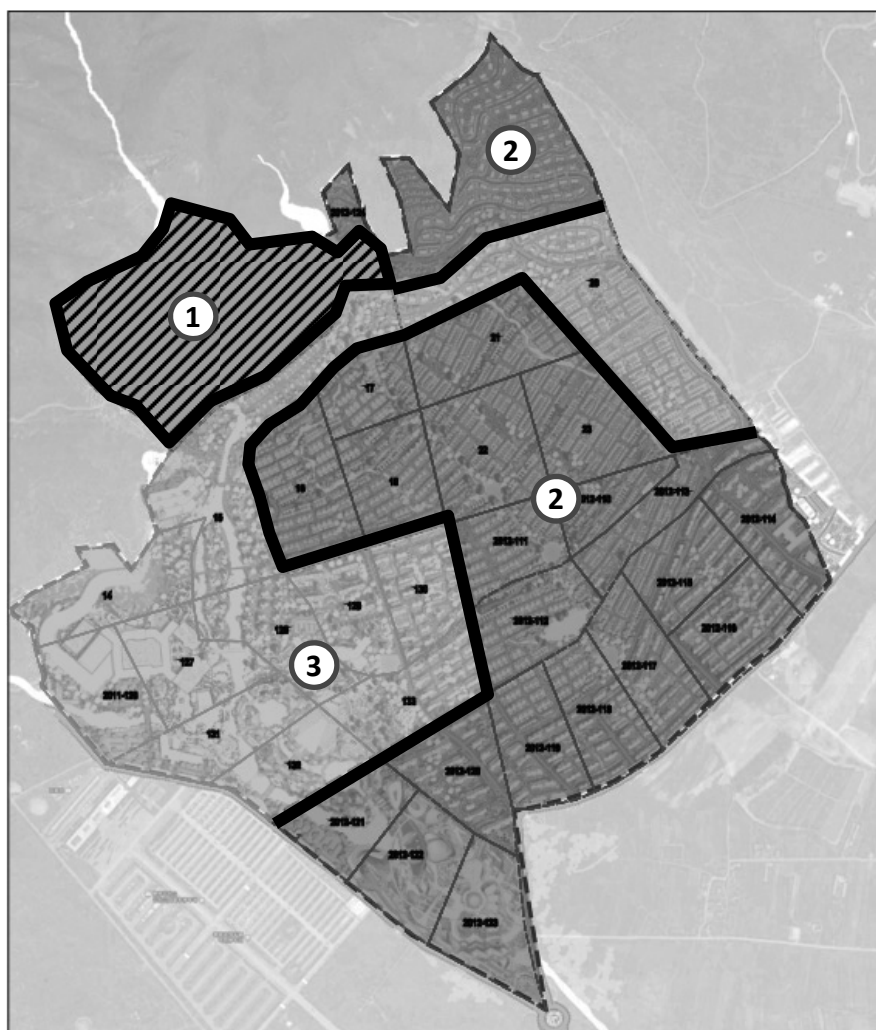
2.3 Information on the Mount Yuntai Integrated Tourist Township Project

2.3.1 Overview of the Mount Yuntai Integrated Tourist Township Project

The Target Company and two other wholly-owned subsidiaries of JTYI, Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. (云台天阶世贸(修武)房地产开发有限公司) and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd. (天阶云台(修武)置业有限公司) (together with the Target Company, the **"JTYI Group Companies"**) collectively own approximately 2.7 million square meters of commercial and residential land in the Southeast of Mount Yuntai. It is envisaged that each JTYI Group Company will develop the land owned by it with the aim of collectively developing an integrated tourism township comprising a large scale Leisure Hot Spring Water World, hotels (two 5-star hotels, one themed hotel, one 4-star hotel and one boutique hotel), The Place Fun World Theme Park, Skyscreen Performance Centre, Specialty Food Street, Commercial Homestay Street, Hot Spring and Health Centre, Rehabilitation Centre, corporate clubhouses and high-end elderly resorts.

LETTER TO SHAREHOLDERS

Please refer to the map below for the location of the Target Company's Land (shaded area coloured orange) vis-à-vis the JTYI Group's Land:



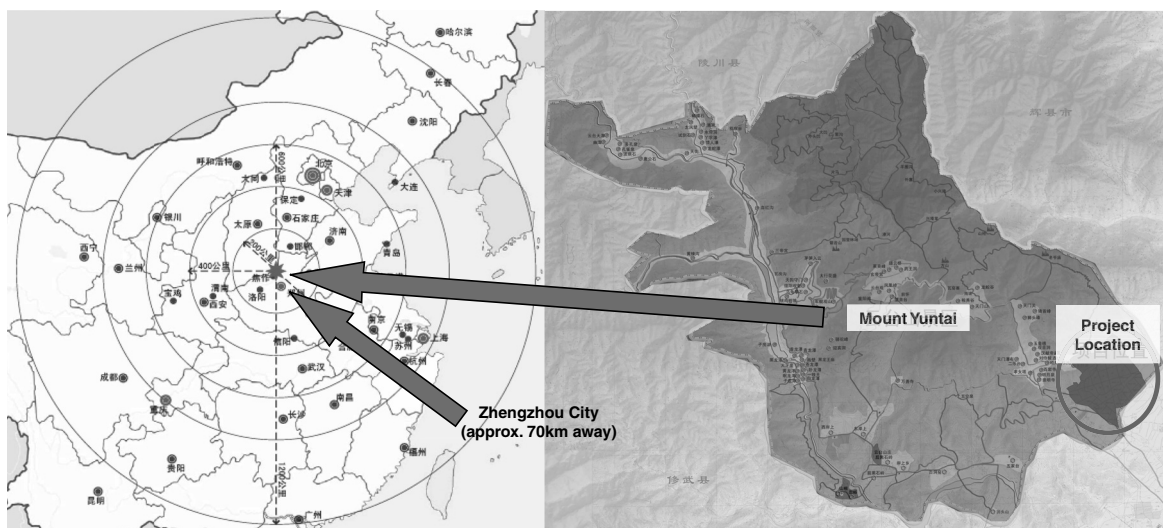
- ①  Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd.
("Target Company's Land")
- ②  Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd.
- ③  Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd.

Information on Mount Yuntai Scenic Area

Mount Yuntai is approximately 70km from Zhengzhou City, the provincial capital of Henan Province in the PRC. It is a tourist site with an "AAAAA" rating under the Tourism Attraction Rating Categories of China. Mount Yuntai is listed as one of the National Parks of China and as a geological park in the Global Geoparks by the United Nations Educational, Scientific and Cultural Organization. Mount Yuntai is also closely associated with rich Taichi culture (太极文化), Seven Sage culture (竹林七贤文化) and Yu Merchant culture (豫商文化). In 2016, approximately 5.4 million visitors visited Mount Yuntai. However, there has been limited development (i.e. hotels, resorts, malls, etc.) within the area to provide quality and diversified products and services to visitors.

LETTER TO SHAREHOLDERS

Please refer to the map below for the strategic location of Mount Yuntai:

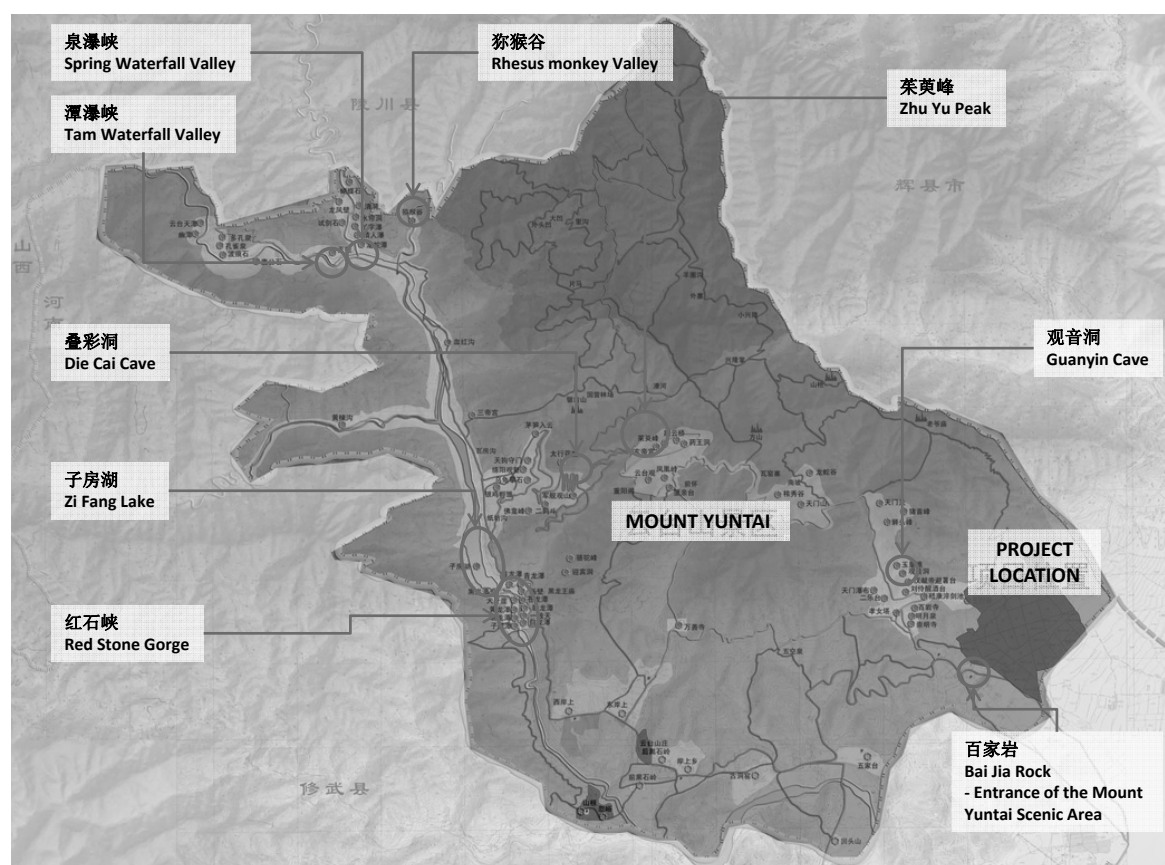


Please refer to the pictures below of Mount Yuntai Scenic Area during peak season:



LETTER TO SHAREHOLDERS

Please refer to the map below for the location of the JTYI Group's Land vis-à-vis some of the tourist attractions of Mount Yuntai Scenic Area:



2.3.2 Clubhouse Development Project

The Company intends to develop about 600 corporate clubhouses (企业会所) on the Target Company's Land. The corporate clubhouses will be designed and built for purposes which include but are not limited to hosting corporate and social events, family functions and business meetings, and each clubhouse will range from about 200 to 1000 square metres in area. The Company plans to sell most of the corporate clubhouses to corporate entities and individuals. However, it may retain the ownership of up to 120 corporate clubhouses with the intent to lease these clubhouses to corporate entities and individuals.

Preliminary preparation for the construction of the corporate clubhouses on the Target Company's Land has already started and construction is expected to commence in the second half of 2018. It is estimated that the development of the corporate clubhouses can only be completed in the second half of 2020 at the earliest. In order to improve the cash flow of the Target Company in the interim period, the Group intends for the pre-sale of the corporate clubhouses to commence in 2019. For clarification, the legal completion of any sale of corporate clubhouses will only be completed after the completion of the development. For the avoidance of doubt, the development of the corporate clubhouses by the Target Company is not dependent on the progress of any of the JTYI Group's own projects.

LETTER TO SHAREHOLDERS

As the Target Company will have a registered capital of US\$22.8 million or equivalent to approximately RMB150 million (upon completion of the Proposed Subscription), the Target Company will require an additional RMB300 million for the Clubhouse Development Project considering that the total investment amount required is likely to be approximately RMB450 million (Please refer to section 2.1 for further details). It is intended for this additional amount of RMB300 million to be funded by way of bank loans. In the event that the Target Company is not able to obtain the requisite additional funding from external borrowings, it may carry out its own fund-raising activities by introducing new strategic investor(s) to subscribe for new equity in the Target Company. In any case, the Company will ensure that it maintains a majority stake in the Target Company (i.e. at least 51% of the new enlarged registered capital of the Target Company) following the completion of any such fund-raising activities. That said, the Company will not rule out the possibility of providing the Target Company with more funding in the form of intra-Group loan(s) or otherwise (subject to a cap of S\$20 million) in order to reduce the financing cost of the Target Company.

The Company will comply with the listing rules of the Listing Manual governing interested person transactions, if applicable, for any loans granted by the Group to the Target Company.

2.3.3 Future Plans

Having taken into account (i) the scale and market capitalisation of the Company, which is relatively small compared to that of the Mount Yuntai Integrated Tourist Township Project as a whole, and (ii) the financial resources available to the Company, the Company has decided to first invest in the Target Company in order to establish a solid foundation in the tourism business, before investing further into the other two JTYI Group Companies, namely Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd.

After completion of the Proposed Subscription, the Group plans to further gear up on the development and management of the Mount Yuntai Integrated Tourist Township through a possible investment in Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. (**“Possible Investment in Shimao Xiuwu”**). For the avoidance of doubt, the Group has not committed to any concrete investment plan in relation to the Possible Investment in Shimao Xiuwu and no agreement in relation to the said investment has been entered into as at the Latest Practicable Date. The Company will make the relevant disclosures as and when there is any material development in relation to the Possible Investment in Shimao Xiuwu, and the Group will ensure that the applicable listing rules of the Listing Manual are duly complied with.

2.4 Net Book Value of the Target Company

Based on the Target Company's audited financial statements for the financial year ended 31 December 2017 (**“FY2017”**), the net book value of the Target Company is approximately RMB27,540,000 (equivalent to approximately S\$5,646,000).

2.5 Net Loss of the Target Company

Based on the Target Company's audited financial statements for FY2017, the net loss after tax attributable to the Target Company is approximately RMB841,000 (equivalent to approximately S\$172,000).

2.6 Conditions Precedent

Completion of the Proposed Subscription (**“Completion”**) is conditional upon the satisfaction or waiver (as the case may be) of, among other things, the following conditions precedent:

- (a) satisfactory due diligence on, among other things, the legal and financial affairs of the Target Company;
- (b) TPYI having obtained approvals from the relevant PRC regulatory authorities for the Proposed Subscription;

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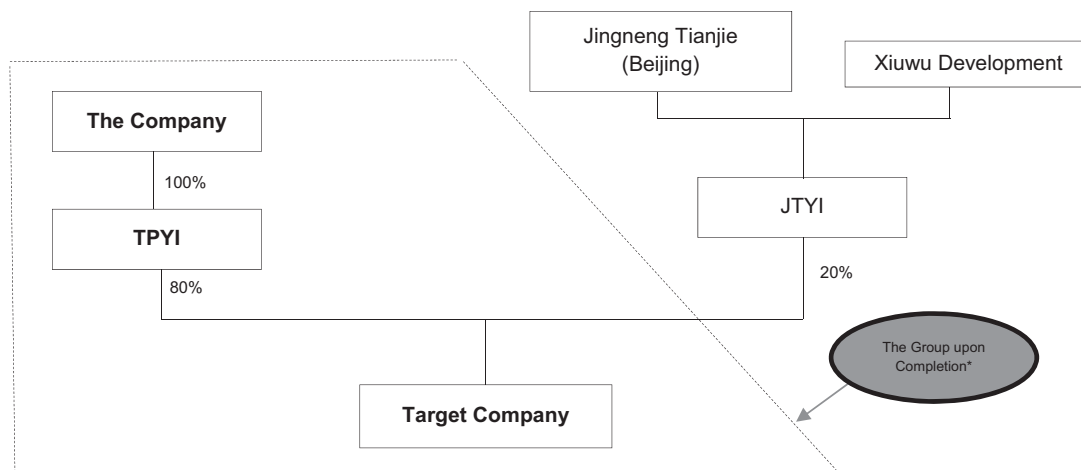
- (c) if required, approvals from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the Proposed Subscription; and
- (d) if required by the SGX-ST and/or the Listing Manual, approvals from the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) having being obtained for the Proposed Subscription.

2.7 Completion and the Group’s Structure upon Completion

a. Key Completion Matters:

- (a) TPYI shall pay the Subscription Amount to the Target Company within 10 working days from the date that the last condition precedent is satisfied as set out above in Section 2.6 of this Circular (failing which a penalty of 0.01% of any outstanding Subscription Amount shall be payable by TPYI for each day after such amount is due); and
- (b) the Target Company shall register the increase in registered capital of the Target Company with the relevant AIC in the PRC within 10 days following payment of the Subscription Amount (failing which TPYI shall have the right to terminate the Subscription Agreement and the Target Company shall be required to return the Subscription Amount to TPYI).

b. The Group’s structure upon Completion:



(*Note: Please note that for purposes of clarity, some subsidiaries and associated companies of the Company have not been included.)

2.8 Other Key Terms

(a) Decision Making

The highest authority of the Target Company shall be its board of directors, which shall comprise three members, two of whom shall be nominated by TPYI upon Completion. The remaining one (1) director will be nominated by JTYI, being the immediate 20% shareholder of the Target Company upon Completion.

Ordinary resolutions require at least 2/3 of the votes while major resolutions require unanimous approval of the board. Resolutions that require unanimous approval of the board include (i) amendments to Articles of Association of the Target Company; (ii) dissolution of the Target Company; (iii) adjustments to the Target Company’s registered capital; (iv) any transfer of shares of the Target Company by its shareholders; and (v) merger or division of the Target Company.

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(b) Legal Representative

Currently, the legal representative of the Target Company is Wu Gang (“**WG**”), a representative of JTYI. Upon Completion, WG will serve the Target Company as a director, representing JTYI’s interests in the Target Company. In light of this, WG will step down from the position of legal representative of the Target Company, and an employee of the Company will replace WG as the new legal representative of the Target Company upon Completion.

(c) Right of First Refusal

In connection with the Proposed Subscription, JTYI has provided TPYI with the right of first refusal to either (i) subscribe for new registered capital; or (ii) acquire from JTYI all or any of its shares in Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd. within eighteen (18) months from Completion (“**Right of First Refusal**”).

The Company will comply with the applicable listing rules of the Listing Manual prior to any exercise of the Right of First Refusal by TPYI, the wholly-owned subsidiary of the Company.

2.9 **Rationale**

Having exited the business of mechanical drilling, laser drilling, routing and manufacturing of integrated printed circuit boards in December 2016 and raised approximately S\$93 million from a share placement (see the Company’s circular dated 27 September 2016 for further details on the placement), the Company has been searching for suitable assets to acquire and/or invest in, which will enhance the value of the Group.

Notwithstanding its earlier diversification into the media and digital advertising business (see the Company’s circular dated 27 September 2016 for further details on the diversification), the Company has identified the domestic tourism business in the PRC as being able to provide better prospects for the growth of the Group. The outlook of the tourism business in the PRC is set out in Section 3.3 of this Circular.

The Proposed Subscription, together with the Right of First Refusal, allows the Group to participate in the development of the Mount Yuntai Integrated Tourist Township Project. The Group’s first foray into the domestic tourism business in the PRC is expected to enable the Company to enhance the value and growth of the Group over the long term.

The Company will also seek Shareholders’ approval to diversify into the tourism business – see Section 3 of this Circular for further information on the Proposed Diversification.

2.10 **Risks factors associated with the Proposed Subscription**

As the Proposed Subscription will be the means by which the Company diversifies into the tourism business, the risk factors associated with the Proposed Subscription are the same as those associated with the Proposed Diversification. Please refer to Section 3.4 of this Circular for further details on the risk factors associated with the Proposed Diversification.

2.11 **Relative Figures**

The relative figures of the Proposed Subscription computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual are as follows:

Rule 1006(a):

Net asset value of assets to be disposed of, compared with the Group’s net asset value	Not Applicable
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Rule 1006(b):

Net loss attributable to the assets acquired, compared with the Group’s net profit	19.03% ⁽¹⁾
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Rule 1006(c):

Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	13.09% ⁽²⁾
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Rule 1006(d):

Number of equity securities issued by the Company as consideration for the Transaction, compared with the number of equity securities previously in issue	Not Applicable
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Rule 1006(e):

The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Company's proved and probable reserves	Not Applicable
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Notes:

- (1) The audited net profit before tax of the Group for FY2017 was approximately S\$723,000. The audited net loss before tax attributable to 80% of the Target Company for FY2017 was approximately S\$137,600 (based on the exchange rate of S\$1 : RMB4.88).
- (2) Based on the consideration of S\$27,715,500 (based on the exchange rate of S\$1 : US\$1.35) and the Company's market capitalisation as at 7 November 2017 (being the full trading day immediately preceding the date of the Subscription Agreement) of S\$211,703,600.

The Proposed Subscription is a "Discloseable Transaction" as none of the relative figures under Rule 1006 exceed 20%. Notwithstanding the foregoing, the Proposed Subscription is subject to the approval of Shareholders given that it is an interested person transaction pursuant to Chapter 9 of the Listing Manual. Please refer to Section 2.13 and Section 8 of this Circular for further information.

2.12 Financial Effects

The pro forma financial effects of the Proposed Subscription set out below are purely for illustration purposes only and do not reflect the actual future financial situation of the Company or the Group after completion of the Proposed Subscription.

The pro forma financial effects of the Proposed Subscription presented below:

- (a) have been prepared based on the audited consolidated financial statements of the Group for FY2017 and on the audited financial statements of the Target Company for FY2017;
- (b) assumes that the Proposed Subscription had been completed on 1 January 2017 for illustrating the financial effects on the earnings per share ("**EPS**") of the Group, and on 31 December 2017 for illustrating the financial effects on the net tangible assets ("**NTA**") per share of the Group;
- (c) assumes the Subscription Amount equivalent to approximately S\$27,715,500 was paid up and the NTA attributable to 80% of the Target Company on 31 December 2017 is equivalent to approximately S\$26,688,000; and
- (d) excludes all professional fees incurred in connection with the Proposed Subscription.

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NTA per share

	Before the Proposed Subscription	After the Proposed Subscription
NTA of the Group as at 31 December 2017 (S\$'000)	91,826	90,798 ⁽¹⁾
Number of issued shares excluding treasury shares ('000)	5,880,654	5,880,654
NTA per share (S\$ cents)	1.56	1.54

EPS

	Before the Proposed Subscription	After the Proposed Subscription
Net profit of the Group for FY2017 (S\$'000)	270	132 ⁽²⁾
Weighted average number of ordinary shares outstanding for basic earnings per share computation ('000)	5,880,654	5,880,654
Basic EPS per share (S\$ cents)	0.004	0.002

Notes:

- (1) The audited NTA of the Group for FY2017 was approximately S\$91,826,000. Subscription Amount equivalent to approximately S\$27,715,500 is paid up and the NTA attributable to 80% of the Target Company for FY2017 is equivalent to approximately S\$26,688,000. (based on the exchange rate of S\$ 1 : RMB 4.88).
- (2) The audited net profit after tax of the Group for FY2017 was approximately S\$270,000. The audited net loss after tax attributable to 80% of the Target Company for FY2017 was approximately S\$137,600 (based on the exchange rate of S\$ 1 : RMB 4.88).

2.13 Interested Person Transaction

(a) **Interested Persons under Chapter 9 of the Listing Manual**

Pursuant to the conditions of the approval-in-principle granted by the SGX-ST dated 9 September 2016 ("**2016 AIP**") in respect of the transactions set out in the Company's circular dated 27 September 2016, any transactions or agreements to be entered into the by the Company or any entity at risk with Mr. Ji and Mr. Fan (who are Directors of the Company and substantial investors of Oriental Straits Fund III) and/or their associates will have to comply with the requirements of Chapter 9 of the Listing Manual. In addition, the 2016 AIP requires that for the purpose of seeking shareholders' approval under Chapter 9 of the Listing Manual for any proposal involving the fund's substantial investors (Mr. Ji and Mr. Fan) or their associates, Oriental Straits Fund III and its associates and China Capital Impetus Investment Limited (the fund manager of Oriental Straits Fund III) will abstain from voting at the proposal ("**Additional Voting Restriction**").

As at the date of the Subscription Agreement, Shimao Tianjie owns 30% of Jingneng Tianjie (Beijing), which in turn is the 80% shareholder of JTYI (the immediate sole shareholder of the Target Company). Mr. Ji and Mr. Fan are controlling shareholders of Shimao Tianjie, with 65% owned by Mr. Ji and 35% owned by Mr. Fan. Mr. Ji and Mr. Fan are also directors of the Company and substantial investors in Oriental Straits Fund III, a controlling shareholder of the Company that directly holds 4,926,759,333 Shares or 83.78% of the outstanding share capital of the Company.

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In view of the above, the Proposed Subscription between (a) the interested person - JTYI (the associate of Mr. Ji and Mr. Fan) and (b) the entity at risk - TPYI (the wholly-owned subsidiary of the Company) is classified as an interested person transaction in accordance with Chapter 9 of the Listing Manual.

(b) Materiality Thresholds under Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, Shareholders' approval is required for an interested person transaction of a value equal to, or exceeding, 5% of the Group's latest audited NTA.

The Subscription Amount, being the amount at risk to the Company, is US\$20,530,000 (equivalent to approximately S\$27,715,500). Based on the latest audited financial information of the Group for FY2017, the Group had net tangible assets of approximately S\$91,826,000 as at 31 December 2017. As such, the amount at risk amounts to approximately 30% of the Group's net tangible assets as at 31 December 2017. Accordingly, for the purposes of Chapter 9 of the Listing Manual, Shareholders' approval will be sought for the Proposed Subscription.

(c) Value of Interested Person Transactions

The aggregate value of the Group's interested person transaction with BJ Aozhong, a company which is controlled by Mr. Ji, the Company's Executive Chairman for FY2017, is S\$1,359,400.

The total value of the Group's interested person transactions with Oriental Straits Fund III, Mr. Ji, Mr. Fan and their respective associates (as defined in the Listing Manual) for FY2017 is S\$1,359,400.

For completeness, the Company had acquired Beijing Vast Universe Culture Communication Co., Ltd. ("**BJ Vast Universe**") on 3 January 2017. The relevant Company's announcement on the acquisition of BJ Vast Universe was made on 1 January 2017, and was further mentioned in the Company's quarterly results announcement since the completion of the acquisition of BJ Vast Universe.

On 27 December 2016, prior to the Company's acquisition of BJ Vast Universe, BJ Vast Universe had already entered into a management agreement ("**Management Agreement**") with BJ Aozhong, a company which is controlled by Mr. Ji, the Company's Executive Chairman.

Under the Management Agreement, BJ Vast Universe will manage certain assets of BJ Aozhong, including the landmark LED screen located at The Place Mall (世贸天阶商场), Beijing, and earn a fixed management fee of RMB6 million (equivalent to approximately S\$1.23 million) annually, coupled with a profit sharing arrangement, subject to performance. All management costs will be borne by BJ Vast Universe and will not exceed the fixed management fee of RMB6 million (equivalent to S\$1.23 million). Based on the audited report for FY2017, BJ Vast Universe generated a revenue of S\$2.4 million, of which 56% was derived from the Management Agreement, while the remaining 44% was generated from the management of cultural events and activities and fees for securing sponsorship. The Management Agreement will expire on 31 December 2019.

The Company's plan for BJ Vast Universe is that it will continue its current Media Business (as defined in the Company's circular dated 27 September 2016) while the Company diversifies further into the tourism-related business as proposed in this Circular.

For the avoidance of doubt, the Management Agreement is not connected to the Proposed Subscription, whether directly or indirectly.

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Save for the aforementioned transactions with Oriental Straits Fund III, Mr. Ji, Mr. Fan and their respective associates (as defined in the Listing Manual), the Group has no other interested person transactions for the current financial year.

(d) Abstention from Voting

Being the interested persons to the Proposed Subscription, Mr. Ji and Mr. Fan will abstain, and have undertaken to ensure that their associates will abstain, from voting on the resolution approving the Proposed Subscription at the EGM, if applicable. They shall also decline to accept appointment as proxies for any Shareholder to vote in respect of this ordinary resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his vote is to be cast in respect of the Proposed Subscription.

Further, in view of the Additional Voting Restriction imposed by the 2016 AIP, Oriental Straits Fund III and its associates and China Capital Impetus Investment Limited (the fund manager of Oriental Straits Fund III) will abstain from voting on the resolution approving the Proposed Subscription at the EGM. They shall also decline to accept appointment as proxies for any Shareholder to vote in respect of this ordinary resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his vote is to be cast in respect of the Proposed Subscription.

(e) Advice of the Independent Financial Advisor

Stirling Coleman Capital Limited (“**IFA**”) has been appointed as the independent financial adviser to the Recommending Directors. A copy of the IFA Letter in relation to the above is reproduced in **Appendix 1** to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety, and consider carefully the recommendations of the Recommending Directors in respect of the Proposed Subscription as set out in Section 9.1 of this Circular.

Information relating to the advice of the IFA to the Recommending Directors and the key factors it has taken into consideration have been extracted from the IFA Letter (and reproduced below in *italics*), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated. Shareholders are advised to read the following extracts in conjunction with, and in the context of the full text of the IFA Letter:

“6 RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors set out in section 5 above, and subject to the qualifications and assumptions made herein, we are of the view that, on balance the Proposed Subscription as an Interested Person Transaction is based on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

Accordingly, we are of the view that the Recommending Directors should recommend that Shareholders vote in favour of the Proposed Subscription to be proposed at the EGM.

In performing our evaluation and arriving at these conclusions, we wish to emphasise that the opinion set forth herein is based solely on publicly available information and information provided by the Directors and management of the Company and therefore does not reflect any projections or future financial performance of the Company after the completion of the Proposed Subscription and are based on the economic and market conditions prevailing as of the date of this Letter. Our advice is strictly confined to our views on the Proposed Subscription.

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This Letter (for inclusion in the Circular) and our opinion therein has been prepared as required under listing rule 921(4)(a) as well as for the use of the Recommending Directors in their consideration of the Proposed Subscription and their respective recommendation to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders in relation to the Proposed Subscription remains the responsibility of the Recommending Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not imply by implication to any other matter.”

(f) View of the Audit Committee

Having reviewed, *inter alia*, the terms and rationale of the Proposed Subscription, the financial effects thereof, as well as the advice and recommendations of the IFA, the Audit Committee, comprising Messrs Er Kwong Wah, Foo Chiah-Shiung (Hu Jiaxiong) and Ng Fook Ai Victor, concurs with the opinion of the IFA and is of the view that the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

2.14 Interests of Directors and Substantial Shareholders

Save for Mr. Ji, Mr. Fan, Oriental Straits Fund III and China Capital Impetus Investment Limited (the fund manager of Oriental Straits Fund III), none of the Directors or substantial Shareholders have any direct or indirect interests in the Proposed Subscription.

2.15 Service Agreements

No person is proposed to be appointed as a director of the Company in connection with the Proposed Subscription. Accordingly, no service agreement is proposed to be entered into between the Company and any such person.

3. THE PROPOSED DIVERSIFICATION

3.1 Existing Business of the Group

The existing core business of the Group, as approved by Shareholders in the extraordinary general meeting convened on 12 October 2016, is the media and digital advertising business (the “Existing Business”).

3.2 Information in relation to the Proposed New Business

The Company proposes to diversify into the development of integrated tourism and operation of tourism related “new retail” businesses which shall include the following:

- (a) developing and operating an integrated tourism business including but not limited to the development of tourist townships near renowned tourist destinations, the development of commercial malls, hotels, entertainment and recreation facilities, resorts, corporate clubhouses and wellness resorts for the elderly; and
- (b) establishing, acquiring and/or otherwise investing in companies in the “new retail” business (i.e. those which manage and/or provide retail services by incorporating new advances in technology including but not limited to big data, payment, logistics, virtual reality) within the tourism industry which has synergies with the Company’s integrated tourism business,

(collectively, the “Proposed New Business”).

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3.3 Rationale for the Proposed Diversification

The Board is proposing to change the core business of the Group to the Proposed New Business to enhance the Group's business performance and shareholder value, in particular via participating in the long-term growth prospects of the Chinese tourism market ("**Proposed Diversification**").

Tourism in China has been predicted to experience continual growth due to increasing affluence and rise in personal income levels, resulting in travel being the preferred outlet for the middle class.² In addition, it is more popular among Chinese travellers to travel domestically, especially during short holidays such as the Chinese Golden Week. Domestic travel had hit a record 2.54 billion trips in China during the first half of 2017.³ The central government has announced that it is aiming for spending on domestic tourism to reach USD\$890 billion by 2020, more than double the figure in 2013.⁴ In connection with this, the National Tourist Administration has unveiled a plan to upgrade the physical infrastructure of the tourist industry in order to support the growth of tourism. The Chinese government has also planned to cultivate 1,000 specialty townships by 2020, of which tourist townships form an important part of the plan, and the government has put in place policies to promote the growth of and investment into such townships.⁵

China is also the largest and most innovative e-Commerce retail market in the world, and one of the key trends shaping the retail sector in China is the emergence of "new retail", which delves into the increasing maturity of businesses in using data analytics and omni-channel technologies to create a seamless consumer journey between online and offline channels. Alibaba is at the forefront of omni-channel innovation with their "New Retail" model, which uses integrated data and logistics to enable retailers (both offline and online) to sell more goods, more effectively and more profitably.⁶

Against this backdrop, the Board believes that (i) there is growth potential in the Chinese tourism market as the government has shown support and encouragement to create a robust travel industry; and (ii) the industry support and acceptance for "new retail" by tech giants such as Alibaba will have a favourable spill-over effect on the tourism industry.

Furthermore, the Company also intends to recruit talents that have the relevant experience in the new retail business after the Proposed Diversification is approved by its Shareholders. Additionally, Mr. Ji and Mr. Fan have relevant experience in developing The Place, Beijing (世貿

² Jeremy Koh (28 June 2015), "Domestic tourism boom for China with growing middle class". Retrieved from www.channelnewsasia.com. The Company has not asked the authors of this publication for the consent to the inclusion of the information extracted from the specified publication under this section and they are hereby not liable for these statements. Although the directors of the Company have taken reasonable care in the extraction, complication and reproduction of the publication in their proper form and context in this Circular, they have not verified the accuracy of such information.

³ Adam Jourdan (29 September 2017), "Golden getaway: cost, safety prompt more Chinese tourists to stay closer to home". Retrieved from www.cnn.com. The Company has not asked the authors of this publication for the consent to the inclusion of the information extracted from the specified publication under this section and they are hereby not liable for these statements. Although the directors of the Company have taken reasonable care in the extraction, complication and reproduction of the publication in their proper form and context in this Circular, they have not verified the accuracy of such information.

⁴ Xinhua (9 January 2017), "China tourism revenue grows fast in 2016". Retrieved from www.english.gov.cn. The Company has not asked the authors of this publication for the consent to the inclusion of the information extracted from the specified publication under this section and they are hereby not liable for these statements. Although the directors of the Company have taken reasonable care in the extraction, complication and reproduction of the publication in their proper form and context in this Circular, they have not verified the accuracy of such information.

⁵ Ministry of Housing and Rural-Urban Development of the People's Republic of China (3 August 2016), "Notice 147 – Notice Regarding Cultivating of Specialty Township (建村【2016】147号《关于开展特色小镇培育工作的通知》)". Retrieved from www.mohurd.gov.cn. The Company has not asked the authors of this publication for the consent to the inclusion of the information extracted from the specified publication under this section and they are hereby not liable for these statements. Although the directors of the Company have taken reasonable care in the extraction, complication and reproduction of the publication in their proper form and context in this Circular, they have not verified the accuracy of such information.

⁶ PricewaterhouseCoopers Limited (May 2017), "e-Commerce in China – the future is already here". Retrieved from www.pwc.com. The Company has not asked the authors of this publication for the consent to the inclusion of the information extracted from the specified publication under this section and they are hereby not liable for these statements. Although the directors of the Company have taken reasonable care in the extraction, complication and reproduction of the publication in their proper form and context in this Circular, they have not verified the accuracy of such information.

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天阶)⁷ and Fun Capital Holiday Plaza (乐多港假日广场). In view of their proven track record, the Company is confident that its key management team is familiar with the Proposed New Business.

Therefore, barring unforeseen circumstances, the Proposed New Business will be the key driver for the Group's performance moving forward.

3.4 Risk factors associated with the Proposed New Business

The Group could be affected by a number of risks that may relate to the Proposed Diversification. Risks may arise from, *inter alia*, economic, business, market and political factors. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

To the best of the Directors' knowledge and belief, all the risk factors that are material to the Shareholders in making an informed decision on the Proposed Diversification are set out below. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Company or are currently not deemed to be material. If any of the considerations and uncertainties described below develop into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Diversification.

Risks Related to the Proposed Diversification

(a) The Group does not have a proven track record in carrying out the Proposed New Business

The Group does not have a proven track record in carrying out the Proposed New Business. There is no assurance that the Proposed New Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the investment or operating costs arising from the Proposed New Business. The Proposed New Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Proposed New Business also involves business risks including the financial costs of setting up new operations, capital investments and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed New Business effectively, the overall financial position and profitability of the Group may be adversely affected.

(b) The Group may not have the ability or sufficient expertise to execute the Proposed New Business

The Group's ability to successfully venture into the Proposed New Business is dependent upon its ability to acquire the knowledge and expertise relevant to the industry and to understand and navigate the Proposed New Business. There is no assurance that the Group's existing employees hired by the Group may be able to implement and manage the Proposed New Business by acquiring the relevant skills and knowledge in a timely manner. The Group may also appoint third party professionals, third party contractors and/or foster partnerships with various third parties to assist it in undertaking the Proposed New Business more effectively and efficiently. However, there is no assurance that these third party professionals and/or contractors will be able to execute the business plans and/or that these partnerships will be successful. As such, the Group may not be able to successfully implement the Proposed New Business and this may adversely affect the Group's financial performance and profitability.

⁷ The Place, Beijing, a city landmark and a commercial plaza located in the vicinity of Beijing's World Trade Centre, was built in 2003. It comprises shopping malls, two office buildings as well as its landmark sky screen (largest LED roof/screen in Asia spanning 250 metres long and 30 metres wide).

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(c) *The Group may face intense competition from existing competitors and new market entrants in the Proposed New Business*

The Chinese tourism industry has relatively low financial and technological barriers to entry. This results in a highly competitive and oversaturated market, and may result in lower overall revenue and performances for individual businesses. The Group will be competing with other service providers, some of which may have longer operating histories, larger customer bases, larger teams of professional staff, greater brand recognition and/or greater financial, technical, marketing and other resources.

The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and stronger track records. In the event that the Group is unable to be competitive, its financial position and performance will be adversely affected.

In order to maintain and improve the Group's service standards as well as respond to competitors' technological advances, the Group would need to continue to improve and upgrade its systems, technologies, networks and infrastructure which will require the Group to commit substantial financial, operational and technical resources. However, the Group may fail to use, implement or integrate such new technologies and products effectively or at all or may fail to adapt such technologies, systems or network infrastructure to the Group's customers' requirements on a timely basis or at all. In such event, the Group's business performance and position would be adversely affected.

(d) *The Proposed New Business is a service-oriented business and is reliant on the Group's employees*

In addition to the Group's management, the continued success of the business will depend in part on the Group's ability to attract, motivate and retain a sufficient number of competent and skilled employees. Failure to recruit relevant personnel and to retain key employees may have an adverse impact on the Group's Proposed New Business operations and expansion plans. Any material increase in employee turnover rates in the Group's operation may have a material adverse effect on the Group's business operations and financial performance in the event the Group is unable to find replacements for key employees in a timely manner. In addition, competition for competent employees will require the Group to pay higher wages to attract and retain sufficient and capable employees. This could result in higher employee benefits and expenses, thereby affecting the Group's business and financial performance.

(e) *The Group may be affected by economic downturn which would affect demand for travel products and services*

In times of economic downturn, it is common for businesses as well as individuals to reduce expenditures and costs, and one of the aspects of cost-saving measures may be placing limitations on the frequency of leisure travel. The Group will be affected in terms of demand for their facilities and services in the event customers limit their leisure travel, and in such event, the Group's financial performance would be materially and adversely affected.

(f) *The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances*

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Proposed New Business may involve acquisitions, joint ventures or strategic alliances with third parties in overseas markets that the Group intends to focus on. There is no assurance that such joint ventures or strategic alliances or the joint management of such enterprises will be successful. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including loss of capital or other investments deployed in such ventures, alliances, acquisitions or opportunities, or inability to reach an agreement on key business decisions among the key personnel within the joint venture or strategic alliance.

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Furthermore, the Group may be expected to rely on its joint venture partners at the initial stage of its foray into the Proposed New Business and there is a risk that any of the joint venture partners may fail to perform by not possessing the adequate experience or skill sets expected of them or experience financial or other difficulties which may affect their ability to carry out their contractual obligations, thus delaying the Group's progress in the Proposed New Business and/or resulting in additional costs to the Group. In such events, the Group's financial performance may be adversely affected.

Risks Related to the Proposed New Business

(a) The Proposed New Business may be capital intensive

Business activities involved in the Proposed New Business may be capital intensive and highly leveraged, in which substantial parts of the capital required may be financed through debt. Due to the capital intensive nature of such business activities, the availability of capital such as equity and public financing support, including without limitation, grants and soft loans enabling investments or operations may be required. If the required financing is not available, this can lead to capital scarcity which will have an adverse impact on the business, financial conditions, results of operations, or growth prospects of the Group. Furthermore, the Group may incur financing costs in respect of any financing obtained, which is susceptible to change in tandem with global interest rate gyrations. In the event interest rates increase significantly, financing costs in respect of any financing obtained by the Group will increase and may have an adverse impact on the financial conditions of the Group.

A significant amount of capital expenditure may be required by the Group to acquire new investments and to maintain the assets of its existing businesses. There is a risk that capital expenditure required for the replacement of assets could exceed budgeted amounts and hence affect the businesses, financial conditions, results of operations or growth prospects of the Group.

(b) The Proposed New Business is subject to numerous environmental, health and safety laws and regulations

The Proposed New Business is subject to numerous environmental, health and safety laws and regulations in the PRC. These laws and regulations may require the Group to obtain and maintain permits and approvals, undergo environmental impact assessments and review processes and implement environmental, health and safety programmes for the construction of its tourist facilities. If such permits or approvals cannot be obtained, or if any permit or approval so obtained is subject to any conditions which cannot be fulfilled by the Group, the Group will not be able to implement its plans for the Proposed New Business.

Further, if any work or project undertaken by the Group does not comply with any applicable laws, regulations or permit requirements, the Group may be required to pay penalties or fines or curtail or cease operations of the affected projects. Environmental, health and safety laws, regulations and permit requirements may change or become more stringent. Any such changes could require the Group to incur additional material costs. The Group's operational or project costs for complying with the relevant environmental, health and safety laws, regulations and permit requirements, and any liabilities, fines or other sanctions resulting from any violations of them, could have a material adverse effect on the business, financial condition and results of operations of the Group.

(c) Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Group

Acts of God, such as natural disasters, and severe environmental pollution, are beyond the control of the Group. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. The Group's business and income available for distribution may be adversely affected should such events occur. There is no assurance that

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any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Group. In addition, physical damage to the Group's properties resulting from fire, earthquakes or other acts of God may lead to significant disruption to the business and operation of such properties. This may then result in an adverse impact on the business, financial condition and results of operations of the Group and its capital growth.

(d) *The leisure and corporate travel market continually undergo change and development and the Group may not always be equipped to react adequately and quickly*

General trends and practices of the leisure and corporate travel market may change from time to time, and there can be no guarantee that the Group will be able to adapt to new developments and trends in the market. In the event that the Group is not able to react adequately and quickly, its financial performance may be adversely affected.

(e) *The Proposed New Business' operating results may fluctuate throughout the year and may be adversely affected by events which disrupt travel activities*

The Proposed New Business is affected by the seasonality of tourism and travel trends. Revenue contribution from corporate travellers may decline during summer and festive holiday periods which are times where corporate travellers are on holiday while revenue contribution from leisure travellers will increase during summer, school holidays and festive periods. Travel activities may also be adversely affected by various factors such as occurrence of economic downturns, health epidemics, social and political unrest, terrorist activities, imposition of surcharges or price increases in transportation, travel-related accidents, increase in use of video-conferencing facilities and bad weather. Such events could materially disrupt travel activities in the regions the Proposed New Business will operate in, and have a negative impact on the Group's financial results.

Risks Related To Operations and Business in the PRC

(a) *The Proposed New Business is vulnerable to policy changes implemented by the relevant authorities in jurisdictions in which the Group operates*

The Proposed New Business' operations, financial condition, results of operations and prospects could be materially and adversely affected by changes in the economic, political and legal environment and developments in the PRC. Investors should be aware that their operations will thus be subject to greater risks than operations in more developed markets, including significant legal, economic and political risks.

Moreover, emerging economies like the PRC are subject to rapid changes. Investments in emerging markets or in companies that operate in emerging markets are generally exposed to additional risks and are generally only suitable for sophisticated investors who fully appreciate the significance of the risks involved. While the Chinese economy has been transitioning from a centrally planned economy to a more market-oriented economy, the Chinese government continues to play a significant role in regulating industries and the economy through its policies, and many of these are unprecedented or experimental and are expected to be refined and improved over time.

Growth in China has been uneven geographically and across the various sectors of the economy, and during different periods. There can be no assurance that the Chinese economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on the Group's business.

Although the Group believes that the actions and policies of the Chinese government and the continuing economic reforms will have a positive effect on the overall and long-term development of the PRC, the Group cannot exclude any changes in the political, economic and social conditions in the PRC which will materially and adversely affect the Group's net assets, business operations, financial condition and results of operations.

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(b) *The Group may be subject to fluctuations in interest rates due to, amongst other things, any change in the macroeconomic policies of the PRC government*

The Group may be subject to fluctuations in interest rates due to, amongst other things, any change in the macroeconomic policies of the PRC government. The Group's ability to continue to expand its business is dependent on a number of factors, including the general economic and capital markets conditions and credit availability from banks or other lenders (if applicable).

The PRC government exercises significant control over the PRC's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Since late 2003, the PRC government has implemented a number of measures, such as increasing the People's Bank of China ("PBOC") statutory deposit reserve ratio and imposing commercial bank lending guidelines, which have had the effect of slowing the growth of credit availability. Since 2008, however, in response to the global financial crisis, the PRC government has loosened such requirements and adopted various measures aimed at expanding credit and stimulating economic growth, such as decreasing the PBOC's statutory deposit reserve ratio and lowering benchmark interest rates. Particularly, any changes in the policies implemented by the PRC government which result in currency and interest rate fluctuations, capital restrictions, and changes in taxes detrimental to the Group's business may materially and adversely affect the Group's business operations, financial condition and results of operations.

For example, the Proposed New Business may be affected as a result of the debts that may be undertaken to finance the Proposed New Business or any acquisitions, joint ventures or strategic alliances in relation thereto. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities which could have a material and adverse effect on the profitability of the Group. An increase in interest rates would also adversely affect the Group's ability to service loans and its ability to raise and service long-term debt.

4. PROPOSED PERFORMANCE SHARE SCHEME

Capitalised terms used in this Section 4 which have not been defined in the Definitions section of this Circular shall have the meaning ascribed to them in Appendix 2 (Rules of the Performance Share Scheme) of this Circular.

4.1 Rationale

The Directors are proposing to implement the Performance Share Scheme to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The Performance Share Scheme will further strengthen the Company's competitiveness in attracting and retaining local and foreign talent.

The Performance Share Scheme will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Performance Share Scheme, the Company will be able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long-term prosperity. In addition, the Performance Share Scheme aims to foster an ownership culture within the Group which aligns the interests of Group Employees and Non-Executive Directors with the interests of Shareholders.

The Performance Share Scheme uses methods fairly common among successful companies to incentivise and motivate employees to achieve pre-determined targets and/or to put in their best efforts which in turn create and enhance economic value for Shareholders. By giving the Participants the opportunity to participate in the equity of the Company as opposed to providing cash rewards for their performance, the Performance Share Scheme aims to cultivate a greater sense of involvement in the Company amongst the Participants. The Company hence believes that the Performance Share Scheme will be more effective than cash bonuses in motivating employees to work towards pre-determined targets and/or to put in their best efforts.

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The Performance Share Scheme contemplates the award of fully paid Shares when or after pre-determined performance or service conditions are accomplished and/or when due recognition should be given to any good work performance and/or any significant contribution to the Company.

In addition, the Performance Share Scheme is intended to be broad-based and will serve to enhance the Group's overall compensation packages in order to attract talent. The Performance Share Scheme will also serve as an additional and flexible incentive tool. With the Performance Share Scheme, the Company would be able to tailor share-based incentives according to the objectives to be achieved.

The Performance Share Scheme is subject to the approval of the Shareholders which is being sought at the EGM.

4.2 Summary of the Performance Share Scheme

The following is a summary of the principal rules of the Performance Share Scheme. The detailed rules of the Performance Share Scheme are attached hereto as **Appendix 2**.

4.3 Eligibility

The Performance Share Scheme allows for participation by Group Employees (including Group Executive Directors) and Non-Executive Directors who have attained the age of 21 years and above on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the Performance Share Scheme.

Under Rule 853 of the Listing Manual, the participation of controlling shareholders or associates of a controlling shareholder has to be approved by the independent Shareholders in a general meeting. Accordingly, persons who are controlling shareholders or associates of a controlling shareholder would, subject to the approval of independent Shareholders, be eligible to participate in the Performance Share Scheme.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Performance Share Scheme may be amended from time to time at the absolute discretion of the Committee.

4.4 Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed Performance Targets. Performance Targets set under the Performance Share Scheme may be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The Performance Targets are targets aimed at sustaining long-term growth. Examples of Performance Targets to be set include targets based on criteria such as sales growth, growth in earnings and returns on investment.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee's satisfaction that the prescribed Performance Targets have been achieved.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of any exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

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An Award Letter confirming the Award and specifying, *inter alia*, in relation to the Award, the prescribed Performance Target(s), the performance period during which the prescribed Performance Target(s) are to be satisfied and the date by which the Award shall be vested, will be sent to each Participant as soon as reasonably practicable after the Award is finalised. Notwithstanding that a Participant may have met his Performance Targets, no Award shall vest in a Participant in the following circumstances:

- (a) upon the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
- (b) in the event of any misconduct of a Participant as determined by the Committee in its discretion;
- (c) in the event that the Committee shall, in its discretion, deem it appropriate that such Award shall so lapse on the ground that any of the objectives of the Performance Share Scheme have not been met; or
- (d) in the event that the Participant ceases to be employed by the Company before the vesting of the Award to him.

The intention is to award Shares based on pre-determined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. The Committee will also monitor the grant of Awards carefully to ensure that the size of the Performance Share Scheme will comply with the relevant rules of the SGX-ST.

4.5 Size and duration of the Performance Share Scheme

The number of new Shares to be issued under the Performance Share Scheme, and any future stock option schemes or share schemes adopted by the Company collectively will remain subject to the existing maximum limit of fifteen per cent (15%) of the Company's total issued share capital from time to time.

On 15 August 2018, the SGX-ST granted an in-principle approval for the listing and quotation of the Shares to be issued pursuant to the Performance Share Scheme on SGX-ST subject to, *inter alia*, (i) independent Shareholders' specific approval being obtained for the Performance Share Scheme, and (ii) the Company's compliance with the Listing Manual. Such in-principle approval by the SGX-ST is not to be taken as an indication of the merits of such Shares, the Performance Share Scheme, the Company, its subsidiaries or associated companies.

The Company will be delivering Shares pursuant to the Awards granted under the Performance Share Scheme in the form of existing Shares held as treasury shares and/or an issue of new Shares.

In determining whether to issue new Shares or to purchase existing Shares for delivery to Participants upon vesting of their Awards, the Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the financial effects on the Company of either issuing new Shares or purchasing existing Shares.

Insofar as in relation to the number of treasury shares that may be held pursuant to the Companies Act, such a method is not subject to any further limit under prevailing legislation and SGX-ST guidelines as it does not involve the issuance of any new Shares.

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4.6 Operation of the Performance Share Scheme

Subject to prevailing legislation and SGX-ST guidelines, the Company will be delivering Shares to Participants upon vesting of their Awards by way of delivery of existing Shares held as treasury shares and/or issue of new Shares.

The financial effects of the delivery of Shares to Participants upon vesting of the Awards are set out in Section 4.11 of this Circular.

New Shares allotted and issued and existing Shares held as treasury shares for delivery, on the release of an Award, shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

For purposes of the determination of Awards, the Committee has the right to make computational adjustments to figures extracted from the unaudited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the Performance Target(s) if the Committee decides that a changed Performance Target would be a fairer measure of performance.

4.7 Adjustments and Alterations under the Performance Share Scheme

4.7.1 Variation of Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, or distribution) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Scheme,

shall be adjusted in such manner as the Committee may determine to be appropriate, which will not result in a Participant receiving a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors to be in their opinion, fair and reasonable.

4.7.2 Modifications or Alterations to the Performance Share Scheme

The rules of the Performance Share Scheme may be modified and/or altered from time to time by a resolution of the Committee, subject to compliance with the Listing Manual and such other regulatory authorities as may be necessary.

No modification or alteration shall be made to the rules of the Performance Share Scheme to the advantage of the Participants except with the prior approval of Shareholders in a general meeting.

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4.8 Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Performance Share Scheme continues in operation:

- (a) the names of the members of the Committee administering the Performance Share Scheme; and
- (b) in respect of the following Participants of the Performance Share Scheme:
 - (i) Directors of the Company;
 - (ii) controlling shareholders and/or their respective associates;
 - (iii) Group Employees (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the vesting of Awards granted under the Performance Share Scheme which, in aggregate, represent five per cent (5%) or more of the aggregate of the total number of Shares available under the Performance Share Scheme,

the following information:

- (A) name of the Participant;
- (B) number of Shares issued to such Participant in Awards granted to such Participant during the financial year under review;
- (C) aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Performance Share Scheme to the end of the financial year under review;
- (D) aggregate number of Shares comprised in Awards which have vested during the financial year under review; and
- (E) aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review.

4.9 Role and Composition of the Committee

The Committee shall be responsible for the administration of the Performance Share Scheme and shall consist of members of the Remuneration Committee of the Company. The Committee oversees executive development in the Group with the aim of building capable and committed management teams, through focused management and progressive policies which can attract and retain a pool of talented executives to meet the current and future growth of the Group.

The Committee shall have the power from time to time, to make and vary such regulations (not being inconsistent with the Performance Share Scheme) for the implementation and administration of the Performance Share Scheme as it deems fit, provided that no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the Performance Share Scheme who, if their Awards were vested to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued in full of all outstanding Awards under the Performance Share Scheme, as the case may be.

Any decision of the Committee made pursuant to any provision of the Performance Share Scheme (other than a matter to be certified by the Auditors) shall be final and binding, including any decision pertaining to disputes as to interpretation of the Performance Share Scheme or any rule, regulation or procedure thereunder as to any rights under the Performance Share Scheme.

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In compliance with the requirements of the Listing Manual, any Participant of the Performance Share Scheme who is a member of the Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the Committee.

4.10 Rationale for Participation by Non-Executive Directors of the Group

While the Performance Share Scheme caters principally to Group Employees, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include the Group Non-Executive Directors.

The Group Non-Executive Directors are persons from different professions and working backgrounds, bringing to the Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping the Group shape its business strategy by allowing the Group to draw on their diverse backgrounds and working experience. It is crucial for the Group to attract, retain and incentivise the Group Non-Executive Directors. By aligning the interests of the Group Non-Executive Directors with the interests of Shareholders, the Company aims to inculcate a sense of commitment on the part of the Group Non-Executive Directors towards serving the short and long-term objectives of the Group.

The Directors are of the view that including the Group Non-Executive Directors in the Performance Share Scheme will show the Company's appreciation for, and further motivate them in their contribution towards the success of the Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of the Group, and while it is desired that participation in the Performance Share Scheme be made open to the Group Non-Executive Directors, any Awards that may be granted to any such Group Non-Executive Director would be intended only as a token of the Company's appreciation.

For the purpose of assessing the contributions of the Group Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Group Non-Executive Directors. In addition, the Committee will also consider the scope of advice given, the number of contacts and size of deals which the Group is able to procure from the contacts and recommendations of the Group Non-Executive Directors. The Committee may also decide that no Award shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to the Group Non-Executive Directors based on the criteria set out above will be relatively small, in terms of frequency and numbers. Based on this, the Directors are of the view that the participation by the Group Non-Executive Directors in the Performance Share Scheme will not compromise their independent status.

4.11 Financial Effects of the Performance Share Scheme

(a) Cost of Awards

As Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

The Singapore Financial Reporting Standards (in particular, FRS 102, Share-based Payment) require the recognition of an expense in respect of Awards granted under the Performance Share Scheme. The expense will be based on the fair value of the Awards at each grant date and recognised at each financial reporting date of the Company. However, if Awards do not vest because of failure to satisfy a service or performance condition (other than a market condition), the expense previously charged to the profit and loss account is reversed.

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(b) Details of the financial effects of the Performance Share Scheme

The following sets out the financial effects of the Performance Share Scheme:

(i) **Share capital**

The Performance Share Scheme will result in an increase in the Company's issued share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the Performance Share Scheme. However, if existing Shares are purchased for delivery to Participants in lieu of issuing new Shares to Participants, the Performance Share Scheme will have no impact on the Company's issued share capital.

(ii) **NTA**

As described below under paragraph (iii), the Performance Share Scheme will result in a charge to our Company's and Group's profit and loss account equal to the market value at which the new Shares are issued or the existing Shares are purchased to meet delivery under the Awards. If new Shares are issued under the Performance Share Scheme, the NTA of the Group and the Company would decrease by the amount charged. If existing Shares are purchased for delivery to Participants, the NTA of the Group and the Company would decrease by the amount charged.

(iii) **EPS**

The Performance Share Scheme will result in a charge to earnings equivalent to the market value at which the existing Shares are purchased or the market value on the date at which new Shares are issued under the Awards.

Although the Performance Share Scheme will have a dilutive impact (to the extent that new Shares are issued pursuant to the Performance Share Scheme) on the EPS of the Company and the Group, it should again be noted that the delivery of Shares to Participants under the Performance Share Scheme will generally be contingent upon the Participants meeting the prescribed Performance Targets and conditions. Accordingly, the earnings of the Company and the Group should have grown before the Awards are granted and Shares delivered.

(iv) **Dilutive impact**

It is expected that any dilutive impact of the Performance Share Scheme on the NTA and the EPS would not be significant.

5. PROPOSED PARTICIPATION BY MR. SUN QUAN, A NON-EXECUTIVE DIRECTOR AND A DEEMED CONTROLLING SHAREHOLDER, IN THE PERFORMANCE SHARE SCHEME

5.1 Rationale for Participation by Mr. Sun

Mr. Sun is the director and controlling shareholder of China Capital Impetus Investment Limited, which is the fund manager of Oriental Straits Fund III. Oriental Straits Fund III, the controlling shareholder of the Company, directly holds approximately 83.78% of the Company's shareholding interest. Accordingly, Mr. Sun is deemed interested in all the Shares held by Oriental Straits Fund III. Please refer to Company's announcement dated 12 October 2016 for further information on Mr. Sun's deemed interest in the Company. Mr. Sun is also a Non-Executive Director of the Company.

The grant of Awards to eligible controlling shareholders and their associates will act as an incentive for such persons to better their performance as the delivery of Shares pursuant to the Performance Share Scheme is contingent upon prescribed Performance Targets and conditions being met and/or good work performance.

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In view of the above, Mr. Sun should be remunerated for his contribution to the Group on the same basis as other Group Employees and should not be unduly discriminated against by virtue only of his indirect shareholding in the Company. For the avoidance of doubt, the Performance Share Scheme does not unduly favour Mr. Sun. The terms and conditions of the Performance Share Scheme do not differentiate between eligible controlling shareholders and their associates from other Participants.

Pursuant to Rule 853 of the Listing Manual, and subject to the adoption of the Performance Share Scheme, independent Shareholders' approval is sought for the participation by Mr. Sun in the Performance Share Scheme ("**Proposed Participation by Mr. Sun**").

For the avoidance of doubt, the Awards to be granted to Mr. Sun have not been determined. The specific grant of Awards to Mr. Sun will be determined by the Committee, and will have to be specifically approved by independent Shareholders of the Company at a separate extraordinary general meeting of the Company.

Please refer to Section 4.11 for further details on the financial effects of the Proposed Performance Share Scheme.

With regards to controlling shareholders and their associates, the aggregate number of Shares which may be granted pursuant to the Performance Share Scheme will not exceed twenty-five per cent (25.0%) of the total number of Shares available under the Performance Share Scheme, provided always that the number of Shares available to each controlling shareholder or each of his associates under the Performance Share Scheme shall not exceed ten per cent (10.0%) of the total number of Shares available under the Performance Share Scheme.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 74 to 76 of this Circular, will be held at Meeting Room 320, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 12 October 2018 for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary and/or special resolutions set out in the Notice of the EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

- 7.1 A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Share Registrar of the Company, which is at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 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 an event, the relevant proxy forms will be deemed to be revoked.
- 7.2 The Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM, as certified by CDP to the Company.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of Directors' shareholdings and the register of substantial Shareholders kept by the Company, were as follows:

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	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Sun Quan ⁽¹⁾⁽²⁾	—	—	5,039,857,393	85.70
Ji Zenghe	—	—	—	—
Fan Xianyong	—	—	—	—
Foo Chiah-Shiung (Hu Jiaxiong)	—	—	—	—
Er Kwong Wah	—	—	—	—
Ng Fook Ai Victor	—	—	—	—
Substantial Shareholders				
Oriental Straits Fund III	4,926,759,333	83.78	—	—
CGS-CIMB Sec (S'pore) Pte Ltd	189,586,765	3.22	—	—

Notes:

- (1) Mr Sun Quan is deemed interested in 4,926,759,333 ordinary shares of the Company directly held by Oriental Straits Fund III by virtue of his controlling interest in China Capital Impetus Investment Limited - the fund manager of Oriental Straits Fund III. Please refer to Company's announcement dated 12 October 2016 for further information as to Mr. Sun's deemed interest in the share capital of the Company.
- (2) Mr Sun Quan is the ultimate shareholder of Capital Group Impetus Limited ("CGIL") as to its 90% equity interest and is therefore deemed interested in 113,098,060 ordinary shares of the Company owned by CGIL by virtue of Section 7 of the Companies Act.

9. DIRECTORS' RECOMMENDATIONS

9.1 Proposed Subscription

Having reviewed, *inter alia*, the terms and rationale of the Proposed Subscription, the financial effects thereof, as well as the advice and recommendation of the IFA, the Recommending Directors are of the opinion that the Proposed Subscription is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution approving the Proposed Subscription as set out in the Notice of EGM.

9.2 Proposed Diversification

Having considered, *inter alia*, the rationale for and the risk factors associated with the Proposed New Business, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution approving the Proposed Diversification as set out in the Notice of EGM.

9.3 Proposed Performance Share Scheme

The Directors are eligible to participate in and are therefore interested in the Performance Share Scheme. Therefore, the Directors have accordingly abstained from making any recommendation on the adoption of the Performance Share Scheme. The Directors will decline to accept appointment as proxies for Shareholders to vote on the Proposed Performance Share Scheme, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

9.4 Proposed Participation by Mr. Sun

As the Directors are eligible to participate in and are therefore interested in the Performance Share Scheme, they have also abstained from making any recommendation on the Proposed Participation by Mr Sun, which is contingent upon the approval by Shareholders of the Proposed Performance Share Scheme. Please refer to Section 9.3 for further details.

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10. ABSTENTION FROM VOTING

(a) The Proposed Subscription

In relation to the Proposed Subscription, as set out in Section 2.13(a) of this Circular, in accordance with Rule 921(7) of the Listing Manual, Mr. Ji and Mr. Fan, being the interested persons, will abstain, and ensure that their associates will abstain, from voting on the resolution relating to the Proposed Subscription, if applicable. Further, both Mr. Ji and Mr. Fan will undertake to decline, and ensure that their associates decline, to accept appointment as proxies to vote at the forthcoming EGM, in respect of the resolution relating to the Proposed Subscription for other Shareholders unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the EGM.

Further, in view of the Additional Voting Restriction, Oriental Straits Fund III, the controlling shareholder of the Company, and its associates and China Capital Impetus Investment Limited (the fund manager of Oriental Straits Fund III) will abstain from voting on the resolution relating to the Proposed Subscription.

(b) The Proposed Performance Share Scheme

Pursuant to Rule 859 of the Listing Manual, Shareholders who are eligible to participate in the Performance Share Scheme shall abstain from voting on the resolution relating to the Proposed Performance Share Scheme.

Accordingly, Mr. Sun⁸ and his associates will abstain from voting in respect of the Proposed Performance Share Scheme and will also decline to accept any appointment as proxy to vote at and attend the forthcoming EGM in respect of the resolutions relating to the Proposed Performance Share Scheme unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast. For the avoidance of doubt, the requirement to abstain from voting in respect of the Proposed Performance Share Scheme does not apply to Mr. Ji and Mr. Fan, as each of them does not hold any Shares in the Company.

(c) The Proposed Participation by Mr. Sun in the Performance Share Scheme

Pursuant to Rule 853 of the Listing Manual, Mr. Sun⁹, the Non-Executive Director of the Company and a deemed controlling shareholder of the Company, together with his associates, shall abstain from voting on the Proposed Participation by Mr. Sun in the Performance Share Scheme. They shall also decline to accept appointment as proxies for any Shareholder to vote in respect of the resolution relating to the Proposed Participation by Mr. Sun in the Performance Share Scheme unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of the relevant resolution.

Additionally, Shareholders who are eligible to participate in and who are therefore interested in the Proposed Performance Share Scheme shall also abstain from voting on the Proposed Participation by Mr. Sun in the Performance Share Scheme, which is contingent upon the approval by Shareholders of the Proposed Performance Share Scheme. Such Shareholders shall also decline to accept any appointment as proxy to vote at and attend the forthcoming EGM in respect of resolutions relating to the Proposed Participation by Mr. Sun in the Performance Share Scheme unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

⁸ As at the Latest Practicable Date, as Mr. Sun is deemed interested in all the shares of the Company directly held by Oriental Straits Fund III (i.e. 4,926,759,333 ordinary shares amounting to approximately 83.78% of the shareholding interest of the Company) and in all the shares of the Company directly held by Capital Group Impetus Limited (i.e. 113,098,060 ordinary shares amounting to approximately 1.92% of the shareholding interest of the Company), Oriental Straits Fund III and Capital Group Impetus Limited will also be required to abstain from voting in respect of the Proposed Performance Share Scheme and the Proposed Participation by Mr. Sun in the Proposed Performance Share Scheme (see Section 10(c) for details). Please refer to Section 8 of this Circular for details on Mr. Sun's shareholding interest of the Company.

⁹ *Ibid.*

LETTER TO SHAREHOLDERS

11. 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 Transactions, and 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.

12. CONSENTS

12.1 IFA Consent

The IFA in respect of the Proposed Subscription, Stirling Coleman Capital Limited, has given and has not before the date of this Circular withdrawn its consent to the issue of this Circular with the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular.

12.2 Valuer's Consent

The Valuer has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Valuation Report and all references thereto, in the form and context in which they appear in this Circular.

13. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Rules of the Performance Share Scheme;
- (c) the Subscription Agreement;
- (d) the Valuation Report; and
- (e) the IFA letter.

Yours faithfully

For and behalf of the Board of Directors of
THE PLACE HOLDINGS LIMITED

Ji Zenghe
Executive Chairman

APPENDIX 1 – IFA LETTER

LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS OF THE PLACE HOLDINGS LIMITED

STIRLING COLEMAN CAPITAL LIMITED

(Company Registration No.:200105040N)

4 Shenton Way #07-03

SGX Centre 2

Singapore 068807

21 September 2018

To: The Recommending Directors of The Place Holdings Limited (the “**Company**”)
(Deemed to be independent for the purposes of the Proposed Subscription (as defined herein)),
namely:

Er Kwong Wah,
Ng Fook Ai Victor and
Foo Chiah-Shiung (Hu Jiaxiong)

Dear Sirs

INDEPENDENT FINANCIAL ADVISER’S ADVICE IN RESPECT OF:

THE PROPOSED SUBSCRIPTION OF EQUITY INTEREST AMOUNTING TO 80% OF THE ENLARGED REGISTERED CAPITAL OF TIANJIE YUNTAI WANRUN (XIUWU) PROPERTY DEVELOPMENT CO., LTD. WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE SGX-ST LISTING MANUAL

*For the purpose of this letter (“**IFA Letter**”), capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 21 September 2018 to Shareholders (the “**Circular**”).*

1 INTRODUCTION

The Company’s wholly-owned subsidiary, The Place Yantai Investment Pte. Ltd. (“**TPYI**”), has on 8 November 2017 entered into a subscription agreement (“**Subscription Agreement**”) with Jingneng Tianjie Yuntaishan Investment Co., Ltd. (“**JTYI**”). Pursuant to the Subscription Agreement, TPYI will subscribe for equity interest amounting to 80% of the enlarged registered capital of Tianjie Yantai Wanrun (Xiuwu) Property Development Co., Ltd. (“**Target Company**”) for a consideration of US\$20,530,000 (equivalent to approximately RMB135,292,700 or S\$27,715,500) (the “**Subscription Amount**”) (collectively, the “**Proposed Subscription**”). The Company announced the Proposed Subscription via SGXNET on 8 November 2017. Following the completion of the Proposed Subscription, the Target Company will be involved in the development of corporate clubhouses on the Target Company’s Land (“**Clubhouse Development Project**”).

The Company will be funding the Subscription Amount with its internal resources. Based on its audited consolidated financial statements as at 31 December 2017, the Group has cash and cash equivalents of approximately S\$88 million.

The Subscription Amount, which will translate into 80% of the equity interest in the Target Company upon Completion, was arrived at following negotiations between TPYI and JTYI (the sole immediate shareholder of the Target Company) on a willing-buyer and willing-seller basis, taking into consideration the following factors:

- (i) It is estimated that a total of approximately RMB450 million (inclusive of the Subscription Amount) will be required for the Clubhouse Development Project;

APPENDIX 1 – IFA LETTER

- (ii) The Target Company currently has a registered capital of RMB30 million, which is fully paid up;
- (iii) The ratio between the amount of registered capital and the total amount of investments of the Target Company that the Target Company is required to maintain needs to be at least 1:3. To elaborate, the relevant Chinese laws provide that where the total investments of a Sino-foreign equity joint venture enterprise exceeds US\$30 million (or approximately RMB197,700,000), its registered capital shall be at least one-third of its total investment. In the case of the Target Company, since the Clubhouse Development Project is expected to require an estimated investment amount of RMB450 million in total, the Target Company will have to have a registered capital of at least RMB150 million (i.e. an extra registered capital of RMB120 million in addition to the existing paid-up registered capital of RMB30 million). This requirement will be met following the completion of the Proposed Subscription (of which approximately RMB120 million will be for the Target Company's registered capital and the remaining of approximately RMB15 million will be set aside for its capital reserves account); and
- (iv) The Market Value of the Target Company's Land is RMB111,000,000 (equivalent to approximately S\$22,755,000) as at 31 July 2018. Please refer to **Section 2.2** of the Circular for more information on the Target Company's Land and its valuation.

The Target Company shall use the Subscription Amount exclusively for the Clubhouse Development Project, which is anticipated to take at least one year to complete following completion of the Proposed Subscription.

The Proposed Subscription, if approved, will allow the Group to participate in the development of the Mount Yuntai Tourist Township (the "**Mount Yuntai Integrated Tourist Township Project**").

Interested Person Transaction under Chapter 9 of the SGX-ST Listing Manual

Messrs Ji Zhenghe ("**Mr. Ji**") and Fan Xianying ("**Mr. Fan**") are the Directors of the Company and substantial investors of Oriental Straits Fund III, a controlling shareholder of the Company that owns 4,926,759,333 Share or 83.78% of the outstanding share capital of the Company, and managed by its fund manager China Capital Impetus Investment Limited.

Pursuant to the conditions of the approval-in-principle granted by the SGX-ST dated 9 September 2016 ("**2016 AIP**") in respect of the transactions set out in the Company's circular dated 27 September 2016, any transactions or agreements to be entered into by the Company or any entity at risk with Mr. Ji and Mr. Fan and/or their associates will have to comply with the requirements of Chapter 9 of the Listing Manual. In addition, the 2016 AIP requires that for the purpose of seeking shareholders' approval under Chapter 9 of the Listing Manual for any proposal involving the fund substantial investors (Mr. Ji and Mr. Fan) or their associates, Oriental Straits Fund III and its associates and China Capital Impetus Investment Limited (the fund manager of Oriental Straits Fund III) will abstain from voting at the proposal ("**Additional Voting Restriction**").

As at the date of the Subscription Agreement, Shimao Tianjie Investment Group Co., Ltd. ("**Shimao Tianjie**") owns 30% of Jingneng Tianjie (Beijing) Investment Co., Ltd. ("**Jingneng Tianjie (Beijing)**"), which in turn is the 80% shareholder of JTYI (the immediate sole shareholder of the Target Company). Mr. Ji and Mr. Fan are controlling shareholders of Shimao Tianjie with 65% owned by Mr. Ji and 35% owned by Mr. Fan.

In view of the above, the Proposed Subscription between (a) the interested person - JTYI (the associate of Mr. Ji and Mr. Fan) and (b) the entity at risk - TPYI (the wholly-owned subsidiary of the Company) is classified as an interested person transaction in accordance with Chapter 9 of the Listing Manual.

APPENDIX 1 – IFA LETTER

2 TERMS OF REFERENCE

Stirling Coleman has been appointed to advise the directors deemed to be independent for the purposes of the Proposed Subscription (the “**Recommending Directors**”) on whether the Proposed Subscription as an Interested Person Transaction is on normal commercial terms and whether it is prejudicial to the interests of the Company and its Shareholders excluding the Interested Persons (the “**Independent Shareholders**”)

We have prepared this Letter in compliance with Rule 921(4)(a) and for the use of the Audit Committee and the Recommending Directors in connection with their consideration of the Proposed Subscription and their advice and recommendation to the Independent Shareholders in respect thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Subscription remains the responsibility of the Recommending Directors.

We were not involved in any aspect of the negotiations in relation to the Proposed Subscription and the corresponding diversification of the Group’s business into the tourism related business (“**Proposed Diversification**”), nor were we involved in the deliberations leading up to the decision by the Board to enter into the Proposed Subscription and the Proposed Diversification, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed Subscription and the Proposed Diversification other than to form an opinion, as to whether the Proposed Subscription as an Interested Person Transaction, is based on normal commercial terms and whether it is prejudicial to the interests of the Company and its Independent Shareholders.

In formulating our opinion and recommendation, we have held discussions with the Directors and management of the Company (the “**Management**”) and have examined publicly available information and we have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. We have relied upon the assurance of the Directors and the Management that all statements of fact, opinion and intention made by the Directors and the Management in the Circular have been reasonably made after due and careful enquiry. We have not independently verified such information but have made such reasonable enquiries and exercised our judgement as we deemed appropriate on such information and have no reason to doubt the accuracy or reliability of the information used for the purposes of our evaluation. Accordingly, we cannot and do not expressly and impliedly represent or warrant, and do not accept any responsibility for the accuracy, or completeness or adequacy of such information or the manner in which it has been classified or presented or the basis of any valuation which may have been included in the Circular or announced by the Company. The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. Accordingly, we do not express an opinion herein as to the prices at which the Shares of the Company may trade upon completion of the Proposed Subscription and the Proposed Diversification.

It is not within our terms of reference to compare the relative merits of the Proposed Subscription vis-à-vis any alternative transaction previously considered by the Management or transactions that the Management may consider in the future, and such comparison and consideration remain the responsibility of the Directors.

We have not made an independent evaluation or appraisal of the assets and liabilities (including without limitation, real property, machinery and equipment) of the Target Company, and we have not been furnished with any such evaluation or appraisal except for the relevant valuation report dated 24 August 2018 (“**Valuer’s Report**”) undertaken by the independent valuer, Savills Valuation and Professional Services Limited (“**Valuer**”). We are not experts in the evaluation or appraisal of assets and liabilities or the determination of the market value (“**Market Value**”) of the assets of the Target Company and have relied solely on the Valuer in this respect, which we have drawn reference to in this Letter.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

APPENDIX 1 – IFA LETTER

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter).

Our recommendation in respect of the Proposed Subscription as set out in Section 2.13 of the Circular, should be considered in the context of the entirety of this Letter and the Circular. Where information in this Letter has been extracted from the Circular, Shareholders are urged to read the corresponding sections in the Circular carefully.

3 INFORMATION ON THE PROPOSED SUBSCRIPTION

3.1 The Target Company

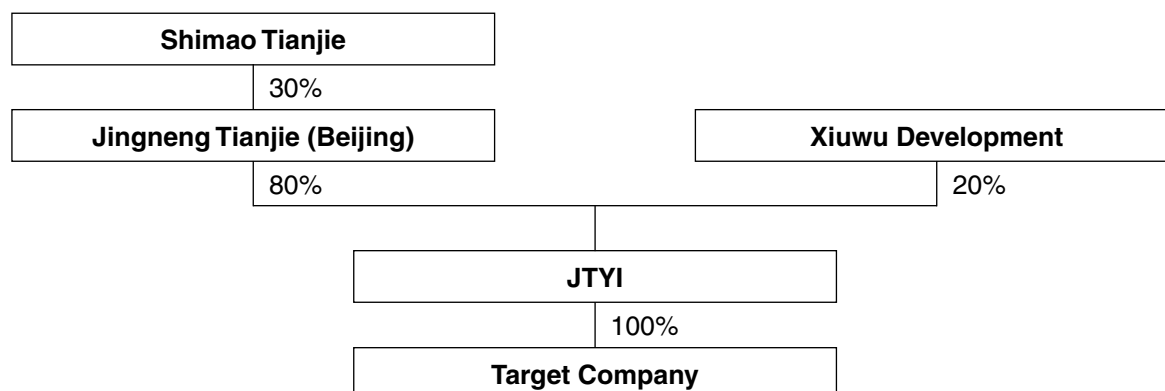
The Target Company is a private limited company incorporated in the People's Republic of China (the "PRC") on 21 April 2011 with a registered and fully paid-up capital of RMB30 million. The principal business of the Target Company is project investment management, real estate development and construction, property sales and property management.

The Target Company is directly and wholly owned by JTYI. JTYI is an 80% / 20% joint venture between (i) Jingneng Tianjie (Beijing); and (ii) Xiuwu County Qixian Tourism Development Co., Ltd. ("**Xiuwu Development**"), which are both PRC-incorporated companies.

Xiuwu Development, an independent third party, is a tourist development company incorporated in Xiuwu county, and is wholly owned by Jiaozuo Yuntaishan Tourism Co., Ltd (焦作云台山旅游股份有限公司), a local state-owned tourism company supervised by the local state asset supervisory and administration office (修武县国有资产监督管理办公室).

Jingneng Tianjie (Beijing) is 30% owned by Shimao Tianjie as at the date of the Subscription Agreement, and the controlling shareholders of Shimao Tianjie are Mr. Ji and Mr. Fan. In other words, Mr. Ji's and Mr. Fan's aggregate effective interest in both JTYI and the Target Company (JTYI's wholly owned subsidiary) is approximately 24%. As Mr. Ji is the Executive Chairman of the Company and Mr. Fan is the Executive Director and CEO of the Company, the Proposed Subscription is therefore classified as an interested person transaction in accordance with Chapter 9 of the Listing Manual.

The corporate structure of the Target Company and its parent companies as at the date of the Subscription Agreement are as follows:



The Target Company owns approximately 270,500 square metres of commercial land in the Southeast of Mount Yuntai ("**Target Company's Land**") located in the Mount Yuntai Scenic Area, along the south side of Hanzhuang Village in Xiuwu County, Henan Province. The location is a 50-minute drive away from the centre of Jiaozuo City.

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On 16 March 2012, the Target Company secured a State-owned Land Use Rights Certificate – Xiu Guo Yong (2012) Di 4 Hao from the relevant Chinese local government for use of the Target Company's Land. The Target Company also secured a Construction Land Planning Permit (Di Zi Di 410821201200041 Hao) dated 11 June 2012, pursuant to which JTYI is permitted to use the Target Company's Land for development. The Target Company is presently in the process of obtaining a Construction Permit and a Construction Project Planning Permit. Further details of the Target Company's Land are as follows:

Location	: Land No.09-07-021, South of Hanzhuang Village, Xiuwu County, Jiaozuo City, Henan Province, the PRC
Site Area	: Approximately 405.75mu (equivalent to approximately 270,500.64 square metres)
Land Use	: Commercial
Condition	: Bare land
Land Use Rights Expiry Date	: 10 October 2051
Plot ratio	: ≤ 1.1

According to the Valuer, the Target Company's Land has a Market Value of RMB111,000,000 (equivalent to approximately S\$22,755,000) as at 31 July 2018, based on the direct land comparison valuation methodology. A copy of the Valuer's Report is appended as **Appendix 3** to the Circular.

As stated in the Valuer's Report, the Land Use Rights Grant Contract dated 10 October 2011 (in respect of the Target Company's Land) requires the construction works of the development to be completed by 1 December 2013 (the "**Initial Deadline**"). In the course of its valuation, the Valuer had valued the Target Company's Land on the hypothetical assumption that an extension for the completion of the construction works (the "**Extension**") would be granted by the relevant government authorities and the Valuer did not make any allowance for any penalties due to the delay of the completion of the construction works as stipulated in the Land Use Rights Grant Contract.

In relation to the Initial Deadline, the understanding between TPYI (the Company's wholly-owned subsidiary) and JTYI (the sole immediate shareholder of the Target Company) is that the Subscription Amount shall not be disbursed to the Target Company unless and until all the required permits have been granted by the relevant authorities without any fines or penalties whatsoever being imposed in connection therewith on the Target Company.

The Company will make announcements on the status of the application for the said Extension in its quarterly financial statements or as and when there are any material developments in relation to the Extension and/or the grant of the required permits.

3.2 Information on the Mount Yuntai Integrated Tourist Township Project

3.2.1 Overview of the Mount Yuntai Integrated Tourist Township Project

The Target Company and two other wholly-owned subsidiaries of JTYI, Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. (云台天阶世贸(修武)房地产开发有限公司) and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd. (天阶云台(修武)置业有限公司) (together with the Target Company, the "**JTYI Group Companies**") collectively own approximately 2.7 million square meters, of commercial and residential land in the Southeast of Mount Yuntai. It is envisaged that each JTYI Group Company will develop the land owned by it with the aim of collectively developing an integrated tourism township comprising a large scale Leisure Hot Spring Water World, hotels (two 5-star hotels, one themed hotel, one 4-star hotel and one boutique hotel), The Place Fun World Theme Park, Skyscreen Performance Centre, Specialty Food Street, Commercial Homestay Street, Hot Spring and Health Centre, Rehabilitation Centre, corporate clubhouses and high-end elderly resorts.

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3.2.2 Clubhouse Development Project

The Company intends to develop about 600 corporate clubhouses on the Target Company's Land. The corporate clubhouses will be designed and built for purposes which include but are not limited to hosting corporate and social events, family functions and business meetings, and each clubhouse will range from about 200 to 1000 square metres in area. The Company plans to sell most of the corporate clubhouses to corporate entities and individuals. However, it may retain the ownership of up to 120 corporate clubhouses with the intent to lease these clubhouses to corporate entities and individuals.

Preliminary preparation for the construction of the corporate clubhouses on the Target Company's Land has already started and construction is expected to commence in the second half of 2018. It is estimated that the development of the corporate clubhouses can only be completed in the second half of 2020 at the earliest. In order to improve the cash flow of the Target Company in the interim period, the Group intends for the pre-sale of the corporate clubhouses to commence in 2019. For clarification, the legal completion of any sale of corporate clubhouses will only be completed after the completion of its development. For the avoidance of doubt, the development of the corporate clubhouses by the Target Company is not dependent on the progress of any of the JTYI Group's own projects.

As the Target Company will have a registered capital of US\$22.8 million or equivalent to approximately RMB150 million (upon the completion of the Proposed Subscription), the Target Company will require an additional RMB300 million for the Clubhouse Development Project considering that the total investment amount required is likely to be approximately RMB450 million. It is intended for this additional amount of RMB300 million to be funded by way of bank loans. In the event that the Target Company is not able to obtain the requisite additional funding from external borrowings, it may carry out its own fund-raising activities by introducing new strategic investor(s) to subscribe for new equity in the Target Company. In any case, the Company will ensure that it maintains a majority stake in the Target Company (i.e. at least 51% of the new enlarged registered capital of the Target Company) following the completion of any such fund-raising activities. That said, the Company will not rule out the possibility of providing the Target Company with more funding in the form of intra-Group loan(s) or otherwise (subject to a cap of S\$20 million) in order to reduce the financing cost of the Target Company.

The Company will comply with the listing rules of the Listing Manual governing interested person transactions, if applicable, for any loans granted by the Group to the Target Company.

3.2.3 Future Plans

Having taken into account (i) the scale and market capitalisation of the Company, which is relatively small compared to that of the Mount Yuntai Integrated Tourist Township Project as a whole, and (ii) the financial resources available to the Company, the Company has decided to first invest in the Target Company in order to establish a solid foundation in the tourism business, before investing further into the other two JTYI Group Companies, namely Yuntai Tianjie Shimao (Xiuwu) Property Development Co., Ltd. and Tianjie Yuntai (Xiuwu) Zhiye Co., Ltd.

More information on the Mount Yuntai Integrated Tourist Township Project are set out in **Section 2.3** of the Circular.

3.3 Conditions Precedent

Completion of the Proposed Subscription ("**Completion**") is conditional upon the satisfaction or waiver (as the case may be) of, among other things, the following conditions precedent:

- (a) satisfactory due diligence on, among other things, the legal and financial affairs of the Target Company;
- (b) TPYI having obtained approvals from the relevant PRC regulatory authorities for the Proposed Subscription;
- (c) if required, approvals from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on the Proposed Subscription; and

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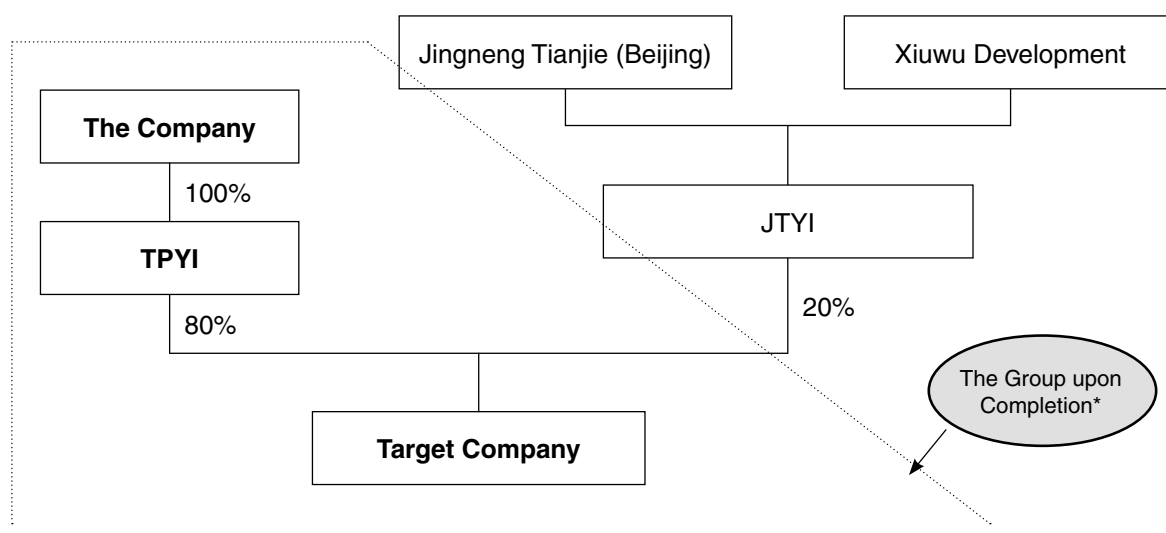
- (d) if required by the SGX-ST and/or the Listing Manual, approvals from the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (the “**EGM**”) having being obtained for the Proposed Subscription.

3.4 Completion

3.4.1 Key Completion Matters

- (a) TPYI shall pay the Subscription Amount to the Target Company within 10 working days from the date that the last condition precedent is satisfied (failing which a penalty of 0.01% of any outstanding Subscription Amount shall be payable by TPYI for each day after such amount is due); and
- (b) the Target Company shall register the increase in registered capital of the Target Company with the relevant AIC in the PRC within 10 days following the payment of the Subscription Amount (failing which TPYI shall have the right to terminate the Subscription Agreement and the Target Company shall be required to return the Subscription Amount to TPYI).

3.4.2 Group Structure upon Completion



(*Note: Please note that for purposes of clarity, some subsidiaries and associated companies of the Company have not been included.)

3.5 Other Key Terms

3.5.1 Decision Making

The highest authority of the Target Company shall be its board of directors, which shall comprise three members, two of whom shall be nominated by TPYI upon Completion. The remaining one (1) director will be nominated by JTYI, being the immediate 20% shareholder of the Target Company upon Completion.

Ordinary resolutions require at least 2/3 of the votes while major resolutions require unanimous approval of the board. Resolutions that require unanimous approval of the board include (i) amendments to Articles of Association of the Target Company; (ii) dissolution of the Target Company; (iii) adjustments to the Target Company's registered capital; (iv) any transfer of shares of the Target Company by its shareholders; and (v) merger or division of the Target Company.

3.5.2 Legal Representative

Currently, the legal representative of the Target Company is Wu Gang (“**WG**”), a representative of JTYI. Upon Completion, WG will serve the Target Company as a director, representing JTYI's interests in the Target Company. In light of this, WG will step down from the position of legal representative of the Target Company, and an employee of the Company will replace WG as the new legal representative of the Target Company upon Completion.

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3.5.3 Right of First Refusal

In connection with the Proposed Subscription, JTYI has provided TPYI with the right of first refusal to either (i) subscribe for new registered capital, or (ii) acquire from JTYI all or any of its shares, in the other two JTYI Group Companies within 18 months from Completion (“**Right of First Refusal**”).

The Company will comply with the applicable listing rules of the Listing Manual prior to any exercise of the Right of First Refusal by TPYI, the wholly-owned subsidiary of the Company.

3.6 Risk Factors associated with the Proposed Subscription

As the Proposed Subscription will be the means by which the Group diversifies into the tourism related business, the risk factors associated with the Proposed Subscription are the same as those associated with the Proposed Diversification. Please refer to **Section 3.4** of the Circular for further details on the risk factors associated with the Proposed Diversification. Shareholders should be advised to consider and evaluate these risk factors in **Section 3.4** of the Circular carefully.

4 EVALUATION OF THE PROPOSED SUBSCRIPTION

In arriving at our opinion in respect of the Proposed Subscription, we have deliberated on the following factors which we consider to be pertinent and have a significant bearing on our assessment:

- (a) Rationale for the Proposed Subscription and the Proposed Diversification to assess whether they are prejudicial to the interests of the Company and its Independent Shareholders;
- (b) Financial assessment of the Proposed Subscription to evaluate the fairness of the Subscription Amount;
- (c) Review of the pro forma financial effects of the Proposed Subscription; and
- (d) Other considerations relating to the Proposed Subscription.

4.1 Rationale for the Proposed Subscription

We note the rationale for the Proposed Subscription and the Proposed Diversification which are set out in **Section 2.9 and Section 3.3** of the Circular respectively. We reproduce below extracts relevant for the rationale for the Proposed Subscription and the Proposed Diversification.

“Having exited the business of mechanical drilling, laser drilling, routing and manufacturing of integrated printed circuit boards in December 2016 and raised approximately S\$93 million from a share placement (see the Company’s circular dated 27 September 2016 for further details on the placement), the Company has been searching for suitable assets to acquire and/or invest in, which will enhance the value of the Group.

Notwithstanding its earlier diversification into the media and digital advertising business (see the Company’s circular dated 27 September 2016 for further details on the diversification), the Company has identified the domestic tourism business in the PRC as being able to provide better prospects for the growth of the Group. The outlook of the tourism business in the PRC is set out in Section 3.3 of this Circular.

The Proposed Subscription, together with the Right of First Refusal, allows the Group to participate in the development of the Mount Yuntai Integrated Tourist Township Project. The Group’s first foray into the domestic tourism business in the PRC is expected to enable the Company to enhance the value and growth of the Group over the long term.”

“The Board is proposing to change the core business of the Group to the Proposed New Business to enhance the Group’s business performance and shareholder value, in particular via participating in the long-term growth prospects of the Chinese tourism market.

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Tourism in China has been predicted to experience continual growth due to increasing affluence and rise in personal income levels, resulting in travel being the preferred outlet for the middle class. In addition, it is more popular among Chinese travellers to travel domestically, especially during short holidays such as the Chinese Golden Week. Domestic travel had hit a record 2.54 billion trips in China during the first half of 2017. The central government has announced that it is aiming for spending on domestic tourism to reach USD\$890 billion by 2020, more than double the figure in 2013. In connection with this, the National Tourist Administration has unveiled a plan to upgrade the physical infrastructure of the tourist industry in order to support the growth of tourism. The Chinese government has also planned to cultivate 1,000 specialty townships by 2020, of which tourist townships form an important part of the plan, and the government has put in place policies to promote the growth of and investment into such townships.

China is also the largest and most innovative e-Commerce retail market in the world, and one of the key trends shaping the retail sector in China is the emergence of “new retail”, which delves into the increasing maturity of businesses in using data analytics and omni-channel technologies to create a seamless consumer journey between online and offline channels. Alibaba is at the forefront of omni-channel innovation with their “New Retail” model, which uses integrated data and logistics to enable retailers (both offline and online) to sell more goods, more effectively and more profitably.

Against this backdrop, the Board believes that (i) there is growth potential in the Chinese tourism market as the government has shown support and encouragement to create a robust travel industry; and (ii) the industry support and acceptance for “new retail” by tech giants such as Alibaba will have a favourable spill-over effect on the tourism industry.

Therefore, barring unforeseen circumstances, the Proposed New Business will be the key driver for the Group’s performance moving forward.”

4.2 Financial assessment of the Proposed Subscription

As stated in **Section 2.1** of the Circular, the Subscription Amount for the Proposed Subscription of equity interest amounting to 80% of the enlarged registered share capital in the Target Company is US\$20,530,000 (equivalent to approximately S\$27,715,500).

The Subscription Amount was arrived at following negotiations between TPYI and JTYI (the sole immediate shareholder of the Target Company) on willing-buyer and willing-seller basis, taking into account the following factors:

- (i) The estimated RMB450 million that will be required for the Clubhouse Development Project;
- (ii) The current registered capital of RMB30 million of the Target Company, which is fully paid up;
- (iii) The requirement for Sino-foreign equity joint venture enterprise, with total investments exceeding US\$30 million, to maintain its registered capital at least one-third of its total investment. As the Clubhouse Development Project is expected to require an estimated investment amount of RMB450 million in total, the Target Company will have to have a registered capital of at least RMB150 million (i.e. an extra registered capital of RMB120 million in addition to the existing paid-up registered capital amounting to RMB30 million), to be met through the Proposed Subscription; and
- (iv) The Market Value of the Target Company’s Land of RMB111,000,000 (equivalent to approximately S\$22,755,000) as at 31 July 2018.

The Target Company shall use the Subscription Amount exclusively for the Clubhouse Development Project, which is anticipated to take at least one year to complete following completion of the Proposed Subscription.

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NAV and RNAV analysis

As the Target Company has not commenced operations and its main asset is the Target Company's Land that is held for development, we have considered the net asset value (the “NAV”) based approach to assess the value of the Target Company. The NAV approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of.

In our evaluation of the Subscription Amount, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the audited balance sheet of the Target Company as at 31 December 2017.

We understand from the Directors that the Company has commissioned the Valuer to conduct an independent market valuation of the Target Company's Land as at 31 July 2018. The Valuer's Report is set out in **Appendix 3** of the Circular in its entirety including the assumptions made and the bases of these assumptions.

We have not made any independent evaluation or appraisal of the Target Company's Land and we have been furnished by the Company with the Valuer's Report in respect of the Market Value of the Target Company's Land. With respect to such valuation, we are not experts in the evaluation or appraisal of the Target Company's Land and have relied on the Valuer's Report for the fair value of the Target Company's Land and the Directors' opinion and confirmation as mentioned in this section.

The Directors have represented that they had reviewed the Valuer's Report to understand the assumptions used by the Valuer and the information relied upon by the Valuer in arriving at the Market Value of the Target Company's Land. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions used by the Valuer are reasonable and confirmed that the Valuer has been provided with information that to the best of their knowledge or belief is true, complete as per request and accurate in all respects and that there is no other information or fact or material changes to the Target Company since the date of the Valuer's Report, the omission of which would render the assumptions used by the Valuer to be untrue, inaccurate or incomplete in any respect or misleading.

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For illustrative purposes only and based on the Market Value of the Target Company's Land in the Valuer's Report, we have shown the computation of the NAV and RNAV of the Target Company based on the Target Company's audited financial statement as at 31 December 2017 in the table below:

RMB	Audited⁽¹⁾ 31-Dec-17	Revalued⁽¹⁾ 31-Dec-17
ASSETS		
Cash and bank balances ⁽²⁾	135,308,174	135,308,174
Prepayments	150,000	150,000
Target Company's Land	47,288,077	111,000,000
Total Assets	182,746,251	246,458,174
LIABILITIES		
Trade payable	4,449	4,449
Tax payable	238,670	238,670
Other payable	19,671,096	19,671,096
Total Liabilities	19,914,215	19,914,215
NAV/RNAV (RMB)	162,832,036	226,543,959
RMB:S\$ exchange rate as at 31 July 2018 ⁽³⁾		0.200
NAV attributable to the Group as at 31 December 2017 (S\$) ⁽⁴⁾		26,053,126
RNAV attributable to the Group as at 31 December 2017 (S\$) ⁽⁵⁾		36,247,033
Subscription Amount (S\$)		27,715,500
Subscription Amount to NAV attributable to the Group (x)		1.064
Premium of Subscription Amount to NAV attributable to the Group (%)		6.38%
Subscription Amount to RNAV attributable to the Group (x)		0.765
Discount of Subscription Amount to RNAV attributable to the Group (%)		23.54%

Notes:

- (1) Figures and computations above are subjected to rounding
- (2) Has been adjusted to include cash received by the Target Company from the Proposed Subscription
- (3) Based on Bloomberg RMB:S\$ exchange rate as at 31 July 2018
- (4) NAV attributable to the Group is calculated based on 80% of the NAV of the Target Company following the completion of the Proposed Subscription and the receipt of the Subscription Amount by the Target Company.
- (5) RNAV attributable to the Group is calculated based on 80% of the RNAV of the Target Company following the completion of the Proposed Subscription and the receipt of the Subscription Amount by the Target Company

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For illustrative purposes only, the Subscription Amount to NAV attributable to the Group (“**P/NAV**”) and the premium of the Subscription Amount to NAV attributable to the Group as at 31 December 2017 were 1.06x and 6.38% respectively.

We also noted that the Subscription Amount to RNAV attributable to the Group (“**P/RNAV**”) and the discount of the Subscription Amount to RNAV attributable to the Group as at 31 December 2017 were 0.77x and 23.54% respectively.

We understand that there is no difference between the NAV and the net tangible assets (“**NTA**”) of the Target Company and as such the Subscription Amount to NTA as at 31 December 2017 (“**P/NTA**”) will be the same as the P/NAV for the Target Company and the Subscription Amount to RNTA (“**P/RNTA**”) will be the same as the P/RNAV for the Target Company.

Comparison of Valuation Ratios of Selected Listed Companies Comparable to the Target Company

In assessing the reasonableness of the Subscription Amount, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies with market capitalization of below S\$100.0 million listed on the SGX-ST and in Hong Kong (“**Comparable Companies**”) that may, in our view, be broadly comparable to the Target Company, which operates in the real estate industry. We have selected Comparable Companies in the real estate segment.

We advise the Recommending Directors to note that **there may not be any company listed on the SGX-ST that is directly comparable to the Target Company in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.** We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Target Company may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Target Company as at the Latest Practicable Date.

Recommending Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

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Selected Singapore and Hong Kong (“SG & HK”) Listed Companies which are Broadly Comparable with the Target Company

Comparable Companies	Listing Location	Market Capitalisation (\$ million)	Principal activities
Debao Property Development Ltd. (SGX:BTF)	Singapore	12.8	Debao Property Development Ltd. develops real estate in China. The company develops integrated residential and commercial properties.
Weiye Holdings Limited (SEHK:1570)	Hong Kong	126.5	Weiye Holdings Limited develops residential and commercial properties. The company produces large-scale and multi-phased projects throughout China.
Starland Holdings Limited (Catalist:5UA)	Singapore	8.8	Starland Holdings Ltd. is a property developer engaged in developing integrated residential and commercial properties in China. The company's projects are integrated residential and commercial properties in Chongqing and other second and third tier cities in China, which are mainly large-scale, mid to high end and multi-phased projects.
Shenyang Public Utility Holdings Company Limited (SEHK:747)	Hong Kong	71.0	Shenyang Public Utility Holdings Co Ltd develops and sells real estate properties. The company also provides management services as well as invests and manages education projects. In addition, Shenyang Public Utility develops and leases tomb sets and niches for cremation units.
Xiwang Property Holdings Company Limited (SEHK:2088)	Hong Kong	65.6	Xiwang Property Holdings Company Limited operates as a property development company. The company develops residential, commercial, agricultural and industrial properties in China.
Zhongtian International Limited (SEHK:2379)	Hong Kong	47.6	Zhongtian International Limited, an investment holding company, invests in, develops, and leases commercial properties in China. The company operates through property and trading segments. It also sells intelligent electronic products and modern office furniture products. The company was incorporated in 2003 and is headquartered in Qingdao, China.

Source: Bloomberg and Capital IQ as at Latest Practicable Date

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Table 1: Valuation Statistics of Selected SG & HK Listed Companies which are Broadly Comparable with the Target Company

Comparable Companies	Financial Period	Market Capitalisation (S\$ million)	P/NAV ⁽¹⁾ (x)	P/NTA ⁽²⁾ (x)	P/E ⁽³⁾ (x)
Debao Property Development Ltd.	30-Jun-18	12.8	0.05	0.05	N/A ⁽⁴⁾
Weiye Holdings Limited	30-Jun-18	126.5	0.5	0.5	4.0
Starland Holdings Limited	30-Jun-18	8.8	0.3	0.3	2.5
Shenyang Public Utility Holdings Company Limited	30-Jun-18	71.0	0.3	0.3	N/A ⁽⁴⁾
Xiwang Property Holdings Company Limited	30-Jun-18	65.6	0.6	0.8	9.6
Zhongtian International Limited	30-Jun-18	47.6	0.6	0.6	5.6
High			0.6	0.8	9.6
Low			0.05	0.05	2.5
Median			0.4	0.4	4.8
Simple Average			0.4	0.4	5.4
Target Company			0.8⁽⁵⁾	0.8⁽⁵⁾	N/A⁽⁶⁾

Source: Bloomberg as at Latest Practicable Date

Notes:

- (1) The Price to NAV (“**P/NAV**”) was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.
- (2) The Price to NTA (“**P/NTA**”) was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NTA attributable to shareholders of the respective companies.
- (3) The Price-Earnings Ratio (“**P/E**”) was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.
- (4) Not applicable as the company was loss making during the period.
- (5) Based on the Target Company’s P/RNAV and P/RNTA as at 31 December 2017.
- (6) Not applicable as the Target Company is not in operation.

Based on Table 1, we noted the following:

- (a) The P/RNAV multiple of 0.8x of the Target Company was higher than the range (less favourable) of the P/NAV ratios of the SG & HK Listed Comparable Companies;
- (b) The P/RNTA multiple of 0.8x of the Target Company was within the range but higher than the median (less favourable) of the P/NTA ratios of the SG & HK Listed Comparable Companies; and
- (c) As the Target Company is not in operation, P/E multiple comparison is not meaningful.

Comparison of the valuation ratios against Comparable Precedent IPT Transactions

For the purpose of our evaluation, we have compared the P/RNAV ratio implied by the Subscription Amount vis-à-vis interested party transactions completed by companies listed in SGX-ST since 1 January 2015 which involve the acquisitions of a majority stake in companies of similar industry (the “**Comparable Precedent IPT Transactions**”).

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This analysis serves as a general indication of the premium over or discount to RNAV, without having regard to specific industry characteristics or other relevant considerations. We wish to highlight that the list of Comparable Precedent IPT Transactions is not exhaustive, and that the purchase consideration is dependent on various factors, including, *inter alia*, the rationale for the acquisition, then prevailing market conditions and sentiments, the mode of settlement of the purchase consideration, the nature of the business and/or assets acquired. Accordingly, any comparison made with respect to the Comparable Precedent IPT Transactions is intended to serve as an illustrative guide only.

Table 2: Comparable Precedent IPT Transactions

Name of Company	Details of acquisition	Date of circular	Purchase consideration (\$ million)	P/RNAV (times)
Raffles Capital Enterprise Pte. Ltd.	100% of the issued and paid-up capital of Raffles Capital Enterprise Pte. Ltd. which constitutes as an interested person transaction	16-Jul-15	8.0	1.0
Liberty Bridge Sdn. Bhd.	100% of the issued and paid-up share capital of Liberty Bridge Sdn. Bhd. which constitutes as an interested person transaction	28-Jun-16	64.0	1.0
Pacific Star Development Pte. Ltd.	100% of the issued and paid-up share capital of Pacific Star Development Pte. Ltd. which constitutes as an interested person transaction	30-Dec-16	140.0	0.9
DAS Pte. Ltd.	25% of the issued and paid-up share capital of DAS Pte. Ltd. which constituted as an interested person transaction	3-Feb-17	8.7	1.2
Pollux Alpha Investment Ltd	100% of the total issued and paid-up capital of Pollux Alpha Investment Ltd which constitutes as an interested person transaction	29-Sep-17	201	0.8
Maximum				1.2
Minimum				0.8
Median				1.0
Mean				1.0
Target Company				0.8

Source: Circulars of the respective SGX-ST listed companies.

Based on Table 2 above, we noted that the P/RNAV of 0.8x of the Target Company was at the lower end of the range and below the median (more favourable) of the P/RNAV ratios of the Comparable Precedent IPT Transactions.

4.3 Review of pro forma financial effects of the Proposed Subscription

The pro forma financial effects of the Proposed Subscription are set out in **Section 2.12** of the Circular.

Based on the review of the pro forma financial effects of the Proposed Subscription on the Company, we noted that the NTA per Share of the Company as at 31 December 2017 would have decreased from 1.56 cents to 1.54 cents while there would have been no material change to the earnings per share of the Company, after the completion of the Proposed Subscription.

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4.4 Other considerations relating to the Proposed Subscription

4.4.1 Abstention from voting

We noted that being the interested persons to the Proposed Subscription, Mr. Ji and Mr. Fan will abstain, and have undertaken to ensure that their associates will abstain, from voting on the resolution approving the Proposed Subscription at the EGM, if applicable. They shall also decline to accept appointment as proxies for any Shareholder to vote in respect of this ordinary resolution unless the Shareholder concerned have given instructions in his Proxy Form as to the manner in which his vote is to be cast in respect of the Proposed Subscription.

We also noted that further, in view of the Additional Voting Restriction imposed by the 2016 AIP, the Oriental Straits Fund III and its associates and China Capital Impetus Investment Limited (the fund manager of Oriental Straits Fund III) will abstain, from voting on the resolution approving the Proposed Subscription at the EGM. They shall also decline to accept appointment as proxies for any Shareholder to vote in respect of this ordinary resolution unless the Shareholder concerned have given instructions in his Proxy Form as to the manner in which his vote is to be cast in respect of the Proposed Subscription.

4.4.2 Source of funding

We noted that based on the audited consolidated financial statements as at 31 December 2017, the Group has cash and cash equivalents of approximately S\$88 million, which the Group will use for the Proposed Subscription.

We noted further that there is an understanding between the Group and JTYI that the Subscription Amount shall not be disbursed to the Target Company unless and until all the required permits have been granted by the relevant authorities without any fines or penalties whatsoever being imposed in connection therewith on the Target Company.

The Directors have confirmed that (i) other than the Subscription Amount for the Proposed Subscription, there is no other planned material expenditure for the Group and (ii) the Group will have sufficient cash for its working capital purposes following the Proposed Subscription.

4.4.3 Outlook of the Tourism Industry in Mount Yuntai

We noted the following positive outlook and growth potential highlighted by the Group on the tourism industry in Mount Yuntai (where the Land is located):

- a) Mount Yuntai (云台山) located in Jiaozuo City (焦作市), Henan Province is approximately 70km from Zhengzhou City, the Provincial capital of Henan Province in the PRC and it is a tourist site with an “AAAAA” rating under the Tourism Attraction Rating Categories of China;
- b) Mount Yuntai is listed as one of the National Parks of China and listed as a geological park in the Global Geoparks by the United Nations Educational, Scientific and Cultural Organization. Mount Yuntai is also closely associated with Rich Taichi (太极), Seven Sage (竹林七贤) and Yu Merchant (豫商) culture;
- c) In 2016, approximately 5.4 million visitors visited Mount Yuntai; and
- d) There has been limited development (i.e., hotels, resorts, malls, etc) within the area to provide quality and diversified products and services to visitors.

More information on the outlook on the tourism industry in Mount Yuntai and China in general are set out in **Section 2.3** of the Circular.

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4.4.4 Proposed Diversification

We noted that Company proposes to diversify into the development of integrated tourism and operation of tourism related “new retail” businesses which shall include the following:

- (a) developing and operating an integrated tourism business including but not limited to development of tourist townships near renowned tourist destinations, the development of commercial malls, hotels, entertainment and recreation facilities, resorts, corporate clubhouses and wellness resorts for the elderly; and
- (b) establishing, acquiring and/or otherwise investing in companies in the “new retail” business (i.e. those which manage and/or provide retail services by incorporating new advances in technology including but not limited to big data, payment, logistics, virtual reality) within the tourism industry which has synergies with the Company’s integrated tourism business,

We also noted that the Group could be affected by a number of risk factors associated with the Proposed Diversification. Risks may arise from, inter alia, economic, business, market and political factors. The potential risk factors associated with the Proposed Diversification are set out in **Section 3.4** of the Circular.

4.4.5 Other Key Terms of the Proposed Subscription

We noted the following other key terms of the Proposed Subscription to protect the Group’s equity interest in the Target Company:

(a) Decision Making for the Target Company

Upon Completion, the highest authority of the Target Company shall be its board of directors, which shall comprise three (3) members, two (2) of whom shall be nominated by TPYI upon Completion. The remaining one (1) director will be nominated by JTYI, being the immediate 20% shareholder of the Target Company upon Completion.

(b) Legal Representative

Currently, the legal representative of the Target Company is WG, a representative of JTYI. Upon Completion, WG will serve the Target Company as a director, representing JTYI’s interests in the Target Company. In light of this, WG will step down from the position of legal representative of the Target Company, and an employee of the Company will replace WG as the new legal representative of the Target Company upon Completion.

(c) Right of First Refusal

JTYI has provided the Group with the Right of First Refusal to either (i) subscribe for new registered capital, or (ii) acquire from JTYI all or any of its shares in the other two JTYI Group Companies within 18 months from Completion.

5 SUMMARY OF ANALYSIS

In arriving at our recommendation in respect of the Proposed Subscription, we have taken into account the views and representations by the Directors and management of the Company and the factors set out in section 4 above. The key considerations are summarised below.

- (a) The rationale for the Proposed Subscription, taken in the entire context of the Proposed Subscription and Proposed Diversification, appears to be based on sound commercial grounds.
- (b) The P/RNAV and the discount of the Subscription Amount to the RNAV of the Target Company attributable to the Group as at 31 December 2017 were 0.77x and 23.54% respectively.
- (c) The P/RNAV multiple of 0.8x of the Target Company was higher than the range (less favourable) of the P/NAV ratios of the SG & HK Listed Comparable Companies.

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- (d) The P/RNTA multiple of 0.8x of the Target Company was within the range but higher than the median (less favourable) of the P/NTA ratios of the SG & HK Listed Comparable Companies.
- (e) The P/RNAV of 0.8x of the Target Company was at the lower end of the range and below the median (more favorable) of the P/RNAV ratios of the Comparable Precedent IPT Transactions.
- (f) Based on the review of the pro forma financial effects of the Proposed Subscription on the Company, we noted that the NTA per Share of the Company as at 31 December 2017 would have decreased from 1.56 cents to 1.54 cents while there would have been no material change to the earnings per share of the Company, upon the completion of the Proposed Subscription.
- (g) We noted that Mr. Ji, Mr. Fan and Oriental Straits Fund III, and their respective associates, will abstain, and have undertaken to ensure that their associates will abstain, from voting on the resolution approving the Proposed Subscription at the Shareholders' EGM.
- (h) We noted that based on the audited consolidated financial statements as at 31 December 2017, the Group has cash and cash equivalents of approximately S\$88 million, which the Group will use for the Proposed Subscription. The Directors have confirmed that (i) other than the Subscription Amount for the Proposed Subscription, there is no other planned material expenditure for the Group and (ii) the Group will have sufficient cash for its working capital purposes following the Proposed Subscription.
- (i) We noted the positive outlook and growth potential highlighted by the Group on the tourism industry in Mount Yuntai (where the Target Company's Land is located) and China in general.
- (j) We also noted that the Group could be affected by a number of risk factors associated with the Proposed Diversification. Risks may arise from, inter alia, economic, business, market and political factors as set out in **Section 3.4** of the Circular.
- (k) We noted the other key terms of the Proposed Subscription to protect the Group's equity interest in the Target Company, including having majority on the board and votes on resolutions of the Target Company and the Right of First Refusal to either subscribe for new registered capital in the Target Company or acquire from JTYI all or any of its shares in the other two JTYI Group Companies within 18 months from Completion.

6 RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors set out in section 5 above, and subject to the qualifications and assumptions made herein, we are of the view that on balance, the Proposed Subscription as an Interested Person Transaction is based on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

Accordingly, we are of the view that the Recommending Directors should recommend that Shareholders vote in favour of the Proposed Subscription to be proposed at the EGM.

In performing our evaluation and arriving at these conclusions, we wish to emphasise that the opinion set forth herein is based solely on publicly available information and information provided by the Directors and management of the Company and therefore does not reflect any projections or future financial performance of the Group after the completion of the Proposed Subscription and are based on the economic and market conditions prevailing as of the date of this Letter. Our advice is strictly confined to our views on the Proposed Subscription.

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This Letter (for inclusion in the Circular) and our opinion therein has been prepared as required under listing Rule 921(4)(a) as well as for the use of the Recommending Directors in their consideration of the Proposed Subscription and their respective recommendation to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders in relation to the Proposed Subscription remains the responsibility of the Recommending Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not imply by implication to any other matter.

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

YAP YEONG KEEN
DIRECTOR

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

1. NAME

This scheme shall be called the Performance Share Scheme or the “The Place PSS”.

2. DEFINITIONS

2.1 In this The Place PSS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	: The Companies Act (Chapter 50) of Singapore or any statutory modification, amendment or re-enactment thereof, for the time being in force
“Auditors”	: The auditors of the Company for the time being
“Award”	: A contingent award of Shares granted pursuant to the rules of The Place PSS
“Award Date”	: In relation to an Award, the date on which the Award is granted pursuant to the rules of The Place PSS
“Award Letter”	: In relation to a Participant, the award letter confirming the Award and specifying, <i>inter alia</i> , in relation to the Award, the prescribed Performance Target(s), the performance period during which the prescribed Performance Target(s) are to be satisfied and the date by which the Award shall be vested
“Award Shares”	: The Shares issued pursuant to the Award
“Board”	: The board of directors of the Company for the time being
“CDP”	: The Central Depository (Pte) Limited
“Constitution”	: The constitution of the Company, as amended, supplemented or modified from time to time
“Committee”	: The Remuneration Committee, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer The Place PSS
“Company”	: The Place Holdings Limited
“Controlling Shareholder”	: A person who holds directly or indirectly 15.0% or more of the total number of issued shares (excluding treasury shares) in the Company (unless otherwise excepted by the SGX-ST) or in fact exercises control over the Company
“CPF”	: Central Provident Fund
“Director”	: A director of the Company, as the case may be, for the time being
“Group”	: The Company and its subsidiaries
“Group Employee”	: Any full-time confirmed employee of the Group, including where appropriate, Group Executive Director
“Group Executive Director”	: An executive director of the Group

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

“Group Non-Executive Director”	: A non-executive director of the Group
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Participant”	: A person who is selected by the Committee to participate in The Place PSS in accordance with the provisions herein
“Performance Period”	: The performance period during which the Performance Targets shall be satisfied
“Performance Target”	: The performance target prescribed by the Committee to be fulfilled by a Participant for any particular period under The Place PSS
“Rules”	: The rules of The Place PSS, as the same may be amended from time to time
“SFA”	: Securities and Futures Act (Chapter 289) of Singapore, or any statutory modification, amendment or re-enactment thereof, for the time being in force
“SGX-ST”	: The Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with Shares
“Shares”	: Ordinary shares in the capital of the Company
“subsidiary”	: A subsidiary as defined under the Act
“S\$”	: Singapore dollars;
“The Place PSS”	: The Performance Share Scheme, as modified, supplemented or amended from time to time
“treasury shares”	: This term shall have the meaning ascribed to it under the Act
“%” or “per cent”	: Per centum or percentage

2.2 For the purposes of The Place PSS:

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of fifteen per cent (15%) or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder;

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time);
- (d) the terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively by section 81SF of the SFA;
- (e) words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to such persons shall include corporations;
- (f) any reference in The Place PSS to any enactment is a reference to that enactment as for the time being amended, supplemented or re-enacted. Any word defined under the Act, or any statutory modification thereof and used in this The Place PSS shall, where applicable, have the same meaning ascribed to it under the Act, as the case may be; and
- (g) any reference in this The Place PSS to a time of day shall be a reference to Singapore time unless otherwise stated.

3. OBJECTIVES

The Place PSS will provide an opportunity for Group Employees and Group Non-Executive Directors who have contributed significantly to the growth and performance of the Group and who satisfy the eligibility criteria as set out in Rule 4, to participate in the equity of the Company. The Place PSS is primarily a share incentive scheme. The Company recognizes the fact that the services of such Group Employees and Group Non-Executive Directors are important to the success and continued wellbeing of the Group. Implementation of The Place PSS will enable the Company to give recognition to the contributions made by such Group Employees and Group Non-Executive Directors. At the same time, it will give such Group Employees and Group Non-Executive Directors an opportunity to have a real and meaningful stake in the Company and will also help to achieve the following positive objectives:

- (a) to motivate each Participant to maintain a high level of performance and contribution;
- (b) to attract and retain key Group Employees whose contributions are important to the long-term growth and profitability of the Group;
- (c) to give recognition to the contributions made or to be made by Group Non-Executive Directors to the success of the Group; and
- (d) to instil loyalty to the Group and stronger identification by Participants with the long-term prosperity of the Group.

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in The Place PSS, subject to the absolute discretion of the Committee:

- (a) Confirmed Group Employees (including for the avoidance of doubt, Group Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Award Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as at the Award Date, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine; and
- (b) Group Non-Executive Directors.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

4.2 Group Employees who are eligible to participate in The Place PSS may also be eligible to participate in any other share option or share incentive scheme implemented by any other company within the Group. There is no restriction on the participation by persons selected to participate in The Place PSS in any other share option or share incentive scheme implemented by any other company within the Group.

4.3 Persons who are also Controlling Shareholder(s) and their respective associates would be eligible to participate in The Place PSS if each such person meets the eligibility criteria in Rule 4.1.

However, (i) the aggregate number of Award Shares available to the Controlling Shareholder(s) and their associates shall not exceed twenty five percent (25%) of the total number of Shares available under The Place PSS; and (ii) the number of Award Shares available to each Controlling Shareholder or his associate shall not exceed ten percent (10%) of the total number of Shares available under The Place PSS.

Participation in The Place PSS by the Controlling Shareholder(s) and their associates must be approved by independent Shareholders of the Company and a separate resolution must be passed for each such person to approve the actual number and terms of Award and Award Shares granted to such person(s). The Company will at such time provide the rationale and justification for any proposal to grant any Awards to the Controlling Shareholder(s) and their associates in a circular, letter or notice to Shareholders.

4.4 For the purposes of determining eligibility to participate in this The Place PSS, the secondment of a Group Employee or Director to another company within the Group shall not be regarded as a break in his employment or his employment having ceased, by reason only of such secondment, to be a full-time employee of the Group.

4.5 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Award Shares may be listed or quoted, the terms of eligibility for participation in The Place PSS may be amended from time to time at the absolute discretion of the Committee.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10, the aggregate number of Award Shares which may be delivered pursuant to the vesting of the Awards to a Participant in accordance with The Place PSS shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Participant.

6. SIZE

The aggregate number of Award Shares which may be granted on any date pursuant to The Place PSS, when added to the number of Shares issued or issuable and/or transferred or transferable in respect of:

- (a) all Awards granted under The Place PSS; and
- (b) all Shares, options or awards granted under any other share option or share scheme of the Company then in force,

shall not exceed fifteen per cent (15%) of the total number of issued Shares of the Company excluding treasury shares, on the day preceding the relevant date of grant.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

7. GRANT DATE

The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Awards to such Participants as it may select in its absolute discretion at any time during the period when The Place PSS is in force, except that no Awards shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Awards may only be made on or after the second Market Day on which such announcement is released.

8. AWARD LETTER

8.1 Subject to Rule 4 and Rule 5, the number of Award Shares which are the subject of each Award to be granted to a Participant under The Place PSS shall be determined at the absolute discretion of the Committee, which shall take into consideration, where applicable, factors such as the Participant's rank, past performance, length of service, contribution to the success and development of the Group, potential for future development of the Participant and the prevailing market and economic conditions.

8.2 The Committee shall, in its absolute discretion, determine in relation to an Award:

- (a) the number of Award Shares which are the subject of the Award;
- (b) the Performance Target(s) for the Participant;
- (c) the Performance Period;
- (d) the vesting schedule (if any), pursuant to which an Award shall vest at the end of each Performance Period, provided the Performance Target for the period has been achieved; and
- (e) any other condition which the Committee may decide in relation to that Award.

Upon its decision to grant an Award, the Committee shall as soon as practicable send to the Participant an Award Letter confirming such Award and specifying the above.

8.3 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of the former), charged, assigned, pledged or otherwise disposed of, unless with the prior approval of the Committee.

9. PERFORMANCE TARGETS

9.1 The Committee shall, in its absolute discretion, determine the relevant Performance Target(s) for each Participant, and such Performance Target(s) shall be specified in the Award Letter as set out in Rule 8.1.

9.2 For the avoidance of doubt, the Performance Target(s) is measured with reference to the quarterly, semi-annual and/or annual financial results of the Company (the "**Accounts**") where appropriate.

10. VESTING OF AWARDS

10.1 The date on which the Award(s) shall be vested shall be for a period of up to ten (10) years after the date of the SGX announcement of the Accounts and which period shall be decided in the discretion of the Committee and set out in the relevant Award Letter. The Company may deliver Award Shares granted under The Place PSS in the form of existing Shares held as treasury shares and/or an issue of new Shares.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

- 10.2 Awards may only be vested, and consequently any Award Shares comprised in such Awards, shall only be delivered upon the Committee's satisfaction that the prescribed Performance Target(s) have been achieved.
- 10.3 Notwithstanding that a Participant may have met his Performance Target(s), no Awards shall be vested:
- (a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
 - (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (c) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall lapse on the grounds that any of the objectives of The Place PSS (as set out in Rule 3) have not been met; or
 - (d) in the event that the Participant ceases to be employed by the Company before vesting of the Award to him.
- 10.4 Upon the occurrence of any of the events specified in Rules 10.3 (a), (b) or (c), an Award then held by a Participant shall immediately lapse without any claim whatsoever against the Company and/or the Group.
- In respect of Rule 10.3 (d), if the cessation is due to certain specified reasons (for example, ill health, injury, disability, redundancy, retirement or death), the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Award Shares or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable performance conditions and targets have been satisfied.
- 10.5 If a Participant has fulfilled his Performance Target(s) but dies before the Award Shares under an Award are released, the Award Shares under the Award shall in such circumstances be given to the personal representatives of the Participant.
- 10.6 Save as provided and for the avoidance of doubt, the Award Shares under an Award shall nevertheless be released to a Participant notwithstanding a transfer of his employment within any company in the Group for as long as he has fulfilled his Performance Target(s).

11. DURATION

- 11.1 The Place PSS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which The Place PSS is adopted by Shareholders at the EGM. Subject to compliance with any applicable laws and regulations in Singapore, The Place PSS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 11.2 The Place PSS may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if The Place PSS is so terminated, no further Awards shall be vested by the Company hereunder.
- 11.3 The termination, discontinuation or expiry of The Place PSS shall be without prejudice to the rights accrued under any Award which have been granted or accepted as provided in Rule 8, whether such Awards have been exercised (whether fully or partially) or not.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

12. TAKE-OVER AND WINDING UP OF THE COMPANY

- 12.1 Subject to Rules 10 and 12.5, in the event of a take-over offer being made for the Shares, a Participant shall be entitled to the Award Shares under the Awards if he has met the Performance Targets for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by such take-over offer.
- 12.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target(s) shall be entitled, notwithstanding Rule 12 but subject to Rule 12.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 12.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Award Shares may have not been released to the Participants, shall be deemed or become null and void.
- 12.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Award Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.
- 12.5 If in connection with the making of a general offer referred to in Rule 12.1 or the scheme referred to in Rule 12.2 or the winding-up referred to in Rule 12.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Award Shares under the Award shall be made in such circumstances.

13. ALLOTMENT AND LISTING OF SHARES

- 13.1 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of The Place PSS and the Constitution of the Company, the Company shall within one month after the vesting of an Award, allot the relevant Award Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 13.2 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Award Shares.
- 13.3 Award Shares shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 13.4 Award Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Constitution of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 13.5 The Company shall keep available sufficient unissued Shares to satisfy the delivery of the Award Shares pursuant to vesting of the Awards.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

14. VARIATION OF CAPITAL

14.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise) shall take place, then:

- (a) the class and/or number of Award Shares to the extent not yet vested; and/or
- (b) the class and/or number of Award Shares over which future Awards may be granted under The Place PSS,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate.

14.2 Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

14.3 Notwithstanding the provisions of Rule 14.2 above:

- (a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

14.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Award Shares from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

14.5 Upon any adjustment required to be made pursuant to this Rule 14, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Award Shares thereafter to be issued. Any adjustment shall take effect upon such written notification being given.

15. ALTERATIONS AND AMENDMENTS

15.1 Any or all the provisions of The Place PSS may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which would be to the advantage of Participants under The Place PSS shall be subject to the prior approval of Shareholders in a general meeting; and
- (b) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

15.2 The Committee may at any time by resolution (and without any other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of The Place PSS in any way to the extent necessary to cause The Place PSS to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. ADMINISTRATION

16.1 The Place PSS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with The Place PSS) for the implementation and administration of The Place PSS as it thinks fit.

16.3 Any decision of the Committee, made pursuant to any provision of The Place PSS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of The Place PSS or any rule, regulation, or procedure thereunder or as to any rights under The Place PSS).

16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Awards to be granted to him.

17. NOTICES

17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

17.2 Any notice of documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosures (as applicable) in its annual reports so long as The Place PSS remains in operation:

(a) The names of the members of the Committee; and

(b) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Awards in any particular financial year):

(i) Participants who are Directors of the Company;

(ii) Participants who are Controlling Shareholders and their associates; and

(iii) Participants, other than those in (i) and (ii) above, who receive five per cent (5%) or more of the total number of Shares available under The Place PSS.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

Name of Participant	Award Shares granted during financial year under review (including terms)	Aggregate Award Shares granted since commencement of The Place PSS to end of financial year under review	Aggregate Award Shares comprised in Awards vested during financial year under review	Aggregate Award Shares comprised in Awards not released as at end of financial year under review
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19. TERMS OF EMPLOYMENT UNAFFECTED

- 19.1 The Place PSS shall not form part of any contract of employment between the Company, any subsidiary and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in The Place PSS or any right which he may have to participate in it or any Awards which he may hold and The Place PSS or any Awards shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 19.2 The Place PSS shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company, and/or any subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company or any subsidiary.

20. TAXES

All taxes (including income tax) arising from the exercise of any Awards granted to any Participant under The Place PSS shall be borne by the Participant.

21. COSTS AND EXPENSES

- 21.1 Each Participant shall be responsible for all fees of CDP, the Depository Agent or, if applicable, the CPF agent bank relating to or in connection with the allotment and issue or transfer of any Award Shares pursuant to the exercise of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a Depository Agent or, if applicable, CPF investment account with a CPF agent bank.
- 21.2 Save for the taxes referred to in Rule 20 and such costs and expenses expressly provided in The Place PSS to be payable by the Participant, all fees, costs, and expenses incurred by the Company in relation to The Place PSS including but not limited to the fees, costs and expenses relating to the allotment and issue or transfer of the Award Shares pursuant to the exercise of any Award shall be borne by the Company.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstance be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with The Place PSS including but not limited to the Company's delay or failure in delivering the Award Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchange on which the Award Shares are quoted or listed.

23. DISPUTES

Any disputes or differences of any nature in connection with The Place PSS shall be referred to the Committee and its decision shall be final and binding in all respects.

APPENDIX 2 – RULES OF THE PERFORMANCE SHARE SCHEME

24. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Award Shares shall be delivered pursuant to the exercise of an Award if such delivery would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

25. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in The Place PSS must abstain from voting on any resolution relating to The Place PSS.

26. EXCLUSION OF THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Participant shall have any right to enforce any provision of The Place PSS or any Awards by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

27. GOVERNING LAW

The Place PSS shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting the Awards in accordance with The Place PSS, irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX 3 – VALUATION REPORT



The Place Holdings Limited
80 Marine Parade Road
#11-02 Parkway Parade
Singapore 449269

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
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EA Licence: C-023750
savills.com

24 August 2018
Our Ref.: BJ/2017/VPS/16289/AL/JW/IP/fc

Dear Sirs,

RE: LAND NO. 09-07-021, SOUTH OF HANZHUANG VILLAGE, XIUWU COUNTY, JIAOZUO CITY, HENAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "LAND")

INSTRUCTIONS

In accordance with the instructions from The Place Holdings Limited (hereinafter referred to as the "Company") for us to value the Land situated in the People's Republic of China (the "PRC") which is held by Tianjie Yuntai Wanrun (Xiuwu) Property Development Co., Ltd. (天阶云台万润(修武)房地产开发有限公司) (hereinafter referred to as the "Target Company"), a 100% wholly-owned subsidiary of Jingneng Tianjie Yuntaishan Investment Co., Ltd. (京能天阶云台山投资有限公司) (hereinafter referred to as "JTYI"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Land as at 31 July 2018 (the "valuation date") for inclusion in a circular issued by the Company.

The Place Yuntai Investment Pte. Ltd. ("TPYI"), which is a wholly-owned subsidiary of the Company, has on 8 November 2017 entered into a subscription agreement with JTYI to subscribe for equity interest amounting to 80% of the enlarged registered capital of the Target Company.

BASIS OF VALUATION

Our valuation of the Land is our opinion of its market value on a 100% interest basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the RICS Valuation – Global Standards 2017 published by The Royal Institution of Chartered Surveyors, which incorporates the International Valuation Standards.



IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr Anthony C.K. Lau, who is the Director of Savills Valuation and Professional Services Limited ("SVPSL") and a member of the HKIS with over 25 years' experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Property, SVPSL had not been involved in valuation of the Property in the last 12 months.

We are independent of the Company. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL or Mr. Anthony C.K. Lau in the subject exercise. We confirm SVPSL and Mr. Anthony C.K. Lau are in the position to provide objective and unbiased valuation for the Property.

VALUATION METHODOLOGY

In undertaking our valuation, we have adopted the Direct Comparison Approach by making reference to comparable land transactions as available in the market.

TITLE INVESTIGATION

We have been provided with copies of extracts of title document relating to the Land in the PRC but have not been given legal advice in respect of title. Further, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments that may not appear on the copies handed to us. For the purpose of this valuation, we have assumed that the Land is freely transferable in the market as per the instruction from the Company.

SOURCES OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site area and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We have also advised by the Company that no material facts have been omitted from the information supplied.

VALUATION ASSUMPTIONS

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the Land for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have also assumed that the owner of the Land has a good legal title to the Land and has free and uninterrupted rights to use, occupy, lease or assign the Land for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Land nor for any expenses, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Land is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.



SITE INSPECTION

We have inspected the exterior of the Land. Site inspection of the Land was carried out by our Mr. James Woo (Senior Director) and Ms. Sherry Qi (Valuer) on 26 February 2018. However, no structural survey has been made and we are unable to report that the Land is free from rot, infestation or any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

DISCLAIMER

We have relied on the Land data supplied to us which we assume to be true and accurate. We take no responsibilities for inaccurate data supplied to us and subsequent conclusion derived from such data.

We have no present or prospective interest in the Land and are not a related corporation of nor do we have a relationship with the Land owner(s) or other party/parties whom the instructing party is contracting with.

We hereby confirm that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of properties in the PRC.

Save for the purpose of acquisition, neither the whole or any part of this letter and the valuation report nor any reference to them may be included in any document, circular or statement without our prior written approval of the form and context in which it may appear.

Finally and in accordance with our standard practice, we must state that this letter and the valuation report are for the use for the party to whom it is addressed only and no responsibility is accepted to any third party for the whole or any part of their contents.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

Our valuation report is enclosed.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C.K. Lau is a professional surveyor who has over 25 years' experience in valuation of properties in the PRC.

Encl.

APPENDIX 3 – VALUATION REPORT



VALUATION REPORT

Valuation Date	: 31 July 2018
Land	: Land No. 09-07-021, South of Hanzhuang Village, Xiuwu County, Jiaozuo City, Henan Province, PRC
Basis of Valuation	: Market Value
Date of Inspection	: 26 February 2018
Brief Description	: The Land comprises a parcel of land with a site area of approximately 270,500.64 sq m. The Land is located in Mount Yuntai Scenic Area, along the south side of Hanzhuang Village in Xiuwu County, Henan Province. The Land is surrounded by land owned by JTYI with the aim of developing an integrated tourism township. It takes about a 50-minute drive from the Land to the centre of Jiaozuo City.
Site Area	: Approximately 270,500.64 sq m
Land Use	: Commercial
Land Use Term Expiry Date	: 10 October 2051
Plot Ratio	: ≤1.1
Condition	: As at the valuation date, the Land was a bare land as advised by the Company.
Legal Description	: (i) Pursuant to the State-owned Land Use Rights Certificate – Xiu Guo Yong (2012) Di 4 Hao dated 16 March 2012, the land use rights of a parcel of land with a site area of approximately 270,500.64 sq m have been granted to the Target Company for a term expiring on 10 October 2051 for commercial use. (ii) Pursuant to the Construction Land Planning Permit – Di Zi Di 410821201200041 Hao dated 11 June 2012, JTYI was permitted to use a parcel of land with a site area of approximately 405.75 mu (270,500.00 sq m) for development.

APPENDIX 3 – VALUATION REPORT



Valuation Methodology : Direct Comparison Approach

In undertaking our valuation, we have made reference to various land transactions which have characteristics comparable to the Land. The accommodation values of the land transactions are in the range between RMB478 to RMB557 per sq m. Due adjustments to the unit rates of those land transactions have been made to reflect factors including but not limited to plot ratio, land use term, time, size and location in arriving at the key assumptions. In our valuation, we have adopted an accommodation value of approximately RMB369 per sq m. Moreover, we have also taken into account the initial cost expended on the Land amounting to approximately RMB1,408,000 in our valuation.

Valuation Assumptions : As we were not provided with any legal opinion on the title to the Land, we have prepared our valuation based on the following assumptions as agreed with the Company:

- (i) the Target Company is in possession of a good legal title to the Land and is entitled to transfer, lease or mortgage the Land within the residual term of its land use rights at no additional land premium or other onerous charges payable to the government;
- (ii) all land premium and costs of resettlement and public utilities services have been fully paid;
- (iii) according to the Land Use Rights Grant Contract dated 10 October 2011, the construction works of the development are required to be completed by 1 December 2013. In the course of our valuation, we have been instructed by the Company to value the Land on the hypothetical assumption that extension for the completion of the construction works would be granted by the relevant government authorities and we have also made no allowance for penalty (if any) due to the delay of the completion of the construction works as stipulated in the Land Use Rights Grant Contract; and
- (iv) the Land can be disposed of freely to local and overseas purchasers.

Market Value : In view of the above, we are of the opinion that the market value of the Land in its existing state as at 31 July 2018, given vacant possession and free from encumbrances, is RMB111,000,000 (RENMINBI ONE HUNDRED AND ELEVEN MILLION ONLY).

* * * * *

NOTICE OF EXTRAORDINARY GENERAL MEETING

THE PLACE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of The Place Holdings Limited (the “**Company**”) will be held at 2.00 p.m. on 12 October 2018 at Meeting Room 320, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 for the purpose of considering and, if thought fit, passing with or without modifications the following Resolutions, which will be proposed as Ordinary Resolutions:

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed thereto in the Company’s Circular dated 21 September 2018 to the shareholders in respect of the resolutions herein.

ORDINARY RESOLUTION (1) – THE PROPOSED SUBSCRIPTION

THAT the Proposed Subscription be and is hereby approved and that approval be and is hereby given to the Directors to:

- (1) enter into, take such steps, make such amendments to the terms and conditions of the Subscription Agreement and exercise such discretion as the Directors may from time to time deem fit, advisable, desirable, expedient or necessary in connection with the Proposed Subscription; and
- (2) complete and do and/or procure to be done all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give full effect to this Resolution.

ORDINARY RESOLUTION (2) – THE PROPOSED DIVERSIFICATION

THAT:-

- (1) The Proposed Diversification be and is hereby approved and that approval be and is hereby granted for the Company to diversify the Existing Business of the Group into the tourism business. Such activities may include one or more of the following:
 - (a) developing and operating an integrated tourism business including but not limited to the development of tourist townships near renowned tourist destinations, the development of commercial malls, hotels, entertainment and recreation facilities, resorts, corporate clubhouses and wellness resorts for the elderly; and
 - (b) establishing, acquiring and/or otherwise investing in companies in the “new retail” business (i.e. those which manage and/or provide retail services by incorporating new advances in technology including but not limited to big data, payment, logistics, virtual reality) within the tourism industry which has synergies with the Company’s integrated tourism business;
- (2) Subject to compliance with the Listing Manual of the SGX-ST requiring approval from shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time any such assets, businesses, investments and shares/interests in any entity that is in the Proposed New Business for the purpose of or in connection with the Proposed Diversification on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal or to effect the Proposed Diversification and undertaking of the Proposed New Business; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) The Directors and each of them be and are hereby authorised to complete and do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION (3) – THE PROPOSED PERFORMANCE SHARE SCHEME

THAT:

- (a) a new performance share scheme to be known as the “Performance Share Scheme”, the rules of which, for the purposes of identification, have been subscribed to by the Chairman of this Meeting, under which Awards of fully paid-up Award Shares will be granted, free of payment, to selected employees of the Company and its subsidiaries, including Directors of the Company, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised to establish and administer the Performance Share Scheme; and
- (c) the Directors of the Company be and are hereby authorised to allot and/or issue from time to time such number of fully paid-up Award Shares as may be required to be allotted and/or issued pursuant to the vesting of Awards under the Performance Share Scheme, provided that the aggregate number of Award Shares to be allotted and/or issued pursuant to the Performance Share Scheme and any other share based schemes of the Company shall not exceed 15% of the total issued shares of the Company from time to time.

ORDINARY RESOLUTION (4) – THE PROPOSED PARTICIPATION BY MR. SUN, A NON-EXECUTIVE DIRECTOR AND AN ASSOCIATE OF ORIENTAL STRAITS FUND III, IN THE PERFORMANCE SHARE SCHEME

THAT subject to and contingent upon Resolution (3) being passed, approval be and is hereby given for the participation by Mr. Sun in the Performance Share Scheme.

By Order of the Board

For and behalf of the Board of Directors of
THE PLACE HOLDINGS LIMITED

Ji Zenghe
Executive Chairman

21 September 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:-

- (1) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class shares shall be specified).
- (3) The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time of the Extraordinary General Meeting.
- (4) The instrument appointing a proxy or proxies must be signed by the appointor or of 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 seal or under the hand of any officer or attorney duly authorised.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

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 personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

THE PLACE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200107762R)

PROXY FORM

Extraordinary General Meeting

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS moneys to buy The Place Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Extraordinary General Meeting dated 21 September 2018.

I/We, _____ NRIC/Passport/Co. Reg. No. _____

of _____ (Address)

being a member/members of The Place Holdings Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the company to be held at 2.00 p.m. on 12 October 2018 at Meeting Room 320, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM and at any adjournment thereof.

	For*	Against*
Ordinary Resolution (1) – To approve the Proposed Subscription of Shares		
Ordinary Resolution (2) – To approve the Proposed Diversification of Business into tourism		
Ordinary Resolution (3) – To approve the Proposed Performance Share Scheme		
Ordinary Resolution (4) – To approve the Proposed Participation by Mr. Sun		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the Resolution, please indicate the number of Shares in the boxes provided.

* Voting will be conducted by poll.

Dated this _____ day of _____ 2018.

Total number of Shares Held

Signature(s) or Common Seal of member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Extraordinary General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Extraordinary General Meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body 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, Chapter 50 of Singapore.
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 (including any related attachment) appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold here

Affix
postage
stamp

THE PLACE HOLDINGS LIMITED

c/o 50 Raffles Place #32-01
Singapore Land Tower,
Singapore 048623

Attn: The Share Registrar

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