



**SMJ INTERNATIONAL HOLDINGS LTD.**  
(Company Registration Number: 201334844E)

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## **PROPOSED DIVERSIFICATION OF THE GROUP'S CORE BUSINESS TO INCLUDE PROPERTY INVESTMENT AND MANAGEMENT**

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### **1. INTRODUCTION**

The board of directors (the “**Board**”) of SMJ International Holdings Ltd. (the “**Company**”, and together with its subsidiary, the “**Group**”) wishes to announce that the Group proposes to diversify its business and expand its core business to include property investment and management (the “**Proposed Diversification**”).

### **2. PROPOSED DIVERSIFICATION**

#### **2.1 Background**

In its continued search for new business opportunities, the Group has considered opportunities in the property and hospitality industry where it constantly stayed in contact with during the course of its business. The Group also noted that its investment in Skyline Residences, a freehold strata title condominium property in Singapore, has been generating stable rental income for the Group. As part of its strategies to broaden its stream of income and revenue, the Group intends to devote more resources to actively pursue and expand this property related activities with an aim to develop it into one of its core business division. The proposed business activities to be covered under the Proposed Diversification are:

- (a) to acquire and hold investments in residential, hospitality, commercial (retail and office), industrial and any other suitable types of properties including mixed development properties (“**Property Related Assets**”), and holding the same for long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities;
- (b) to trade in properties including buying and selling of Property Related Assets with reasonable yield and/or capital growth potential; and
- (c) the management of Property Related Assets.

The Company does not plan to restrict the Proposed Diversification to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed Diversification as and when the opportunity arises.

The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the property market, taking into account the opportunities available.

## 2.2 Rationale

### (i) Enhance shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to provide shareholders of the Company (“**Shareholders**”) with diversified returns and long term growth. The Board believes that the Proposed Diversification can reduce the Group's reliance on its existing business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

### (ii) Complementary to the existing core business

The Proposed Diversification of the Group's existing business is expected to provide additional earning streams for the Group while complementing its existing business. The Group believes that the Proposed Diversification will provide an opportunity for the Group to leverage on its current network, experience and knowledge in the carpet furnishing business, and to identify and seek suitable business opportunities in the property business. Further, the Group believes that it can leverage on the property business to sell its floor furnishing products to properties managed by the Group, hence providing a strong synergy with the Group's current core business.

## 3. CIRCULAR AND EXTRAORDINARY GENERAL MEETING

The Proposed Diversification will involve a new business area which is substantially different from the Group's existing core business of the supply, distribution and installation of a wide range of premier carpets. It is envisaged that the Proposed Diversification will change the risk profile of the Group.

Accordingly, the Company will be convening an extraordinary general meeting to seek Shareholders' approval for the Proposed Diversification, notice of which will be announced in due course. Shareholders' approval of the Proposed Diversification will allow the Group, in its ordinary course of business, to enter into major transactions relating to the Proposed Diversification and which will not compromise the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential major transactions in relation to the Proposed Diversification arise. A circular containing, *inter alia*, further information on the Proposed Diversification will be despatched to Shareholders in due course.

## 4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company has any interest, direct or indirect, in the Proposed Diversification (other than by reason only of being a director). In addition, as far as the directors are aware, none of the Company's controlling shareholders (as defined in the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist, as amended or modified from time to time) has any interest, direct or indirect, in the Proposed Diversification (other than by reason of their shareholding interest in the Company).

## 5. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Ho Pei Yuen Rena  
Executive Director and Chief Executive Officer  
4 May 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Hong Leong Finance Limited, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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