

CHUAN HUP HOLDINGS LIMITED
(Company Registration No. 197000572R)
(Incorporated in Singapore)

CONVERSION OF LOANS INTO SHARES OF MAJOR STAR HOLDINGS LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Chuan Hup Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company on 21 April 2016, 30 May 2016 and 30 September 2016.
- 1.2 The Board wishes to announce that CH Biovest Pte. Limited (“**CHB**”), a wholly owned subsidiary of the Company, has entered into the following agreements on 30 November 2016 (the “**Conversion Date**”):
- (a) a novation agreement with PSD Holdings Pte. Ltd (“**PSDH**”) and Major Star Holdings Limited (“**MSH**”), to novate the loan agreement entered into between CHB and PSDH dated 24 April 2015 as amended by an addendum dated 21 April 2016 and subsequently amended again by an addendum dated 30 September 2016 (“**First Loan Agreement**”), wherein CHB disbursed a loan of an aggregate principal sum of US\$10,000,000 to PSDH (“**First Loan**”), such that MSH will be substituted as the borrower under the First Loan Agreement and will assume all rights, obligations and liabilities of PSDH under the First Loan Agreement;
 - (b) a novation agreement with PSDH and MSH to novate the loan agreement entered into between CHB and PSDH dated 30 May 2016 as amended by an addendum dated 30 September 2016 (“**Second Loan Agreement**”), wherein CHB disbursed a loan of an aggregate principal sum of US\$7,000,000 to PSDH (“**Second Loan**”), such that MSH will be substituted as the borrower under the Second Loan Agreement and will assume all rights, obligations and liabilities of PSDH under the Second Loan Agreement;
 - (c) a supplemental agreement to the First Loan Agreement with MSH (“**First Supplemental Agreement**”) to vary certain terms of the First Loan Agreement such that, on the Conversion Date, MSH will repay the First Loan by way of CHB converting the First Loan (and all interest payable thereon up to and including 30 January 2017), such amount being S\$15,531,573 into 340 ordinary shares in the capital of MSH (“**MSH Shares**”);
 - (d) a supplemental agreement to the Second Loan Agreement with MSH (“**Second Supplemental Agreement**”) to vary certain terms of the Second Loan Agreement such that, on the Conversion Date, MSH will repay the Second Loan by way of CHB converting the Second Loan (and all interest payable thereon up to and including 30 January 2017), such amount being S\$10,033,298 into 220 MSH Shares; and
 - (e) a supplemental agreement to the loan agreement entered into between CHB and MSH dated 30 September 2016 (“**Third Loan Agreement**”) wherein CHB disbursed a loan of an aggregate principal sum of US\$14,705,882 to MSH (“**Third Loan**”) with MSH to vary certain terms of the Third Loan Agreement (“**Third Supplemental**

Agreement") such that, on the Conversion Date, MSH will repay part of the Third Loan by way of CHB converting part of the Third Loan, such amount being S\$9,720,000 into 212 MSH Shares, with any remaining outstanding sum of the Third Loan to be repaid in cash by MSH,

(First Supplemental Agreement, Second Supplemental Agreement and Third Supplemental Agreement shall collectively be referred to as the "**Supplemental Agreements**").

2. INFORMATION ON MSH

MSH is an investment holding company incorporated in the British Virgin Islands and has a 50% interest in PSDH.

PSDH is the sole shareholder of Pacific Star Development Pte. Ltd. ("**PSD**"). PSD is a property development company with a special focus to source, evaluate, invest and proactively commit to the planning, development and management of prime development projects in the Asia region. PSD is also the effective owner of two property development projects, Puteri Cove Residences in Malaysia and the Posh Twelve in Thailand.

3. CONVERSION

3.1 Following the entry into the Supplemental Agreements, CHB will hold 772 MSH Shares, which represents approximately 77% of the entire issued and paid-up capital of MSH (the "**Conversion**"). Accordingly, MSH will be a subsidiary of CHB.

3.2 The principal terms of the Conversion is set out below:

(a) the Conversion will be effected by way of MSH allotting and issuing new MSH Shares, duly authorised, validly issued and credited as fully paid up, directly to CHB on the Conversion Date. Accordingly, MSH will become a subsidiary of CHB following the Conversion; and

(b) upon completion of the sale and transfer of PSDH's shares in PSD to LH Group Limited ("**LH**") (the "**Proposed PSD Acquisition**")¹, MSH shall procure PSDH to direct LH to allot and issue an aggregate of 59,151,600 ordinary shares in the capital of LH to CHB².

3.3 The Conversion is in line with the Group's business activities in property development and is in the ordinary course of the Group's business.

3.4 The rationale for the Conversion is that it is the intention of MSH, PSDH and the Company for CHB to participate in the Proposed PSD Acquisition to be a major shareholder in LH upon the completion of the Proposed PSD Acquisition. MSH and PSDH believe that having CH

¹ LH, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited, had announced the Proposed PSD Acquisition on 3 March 2016, 25 April 2016, 20 May 2016 and 25 November 2016 pursuant to which LH will acquire 100% of the shares in the entire issued and paid-up share capital of PSD. In return, LH will satisfy the Proposed PSD Acquisition by, *inter alia*, issuing and allotting 132,500,000 new ordinary shares to PSDH (or to such nominee(s) and/or persons as PSDH may direct). For more information on the Proposed PSD Acquisition, please refer to the SGXNET (www.sgx.com).

² As the LH Consideration Shares represents more than 30% of LH's enlarged share capital upon the completion of the Proposed PSD Acquisition, the Company is seeking a waiver from the Securities Industry Council from the requirement to make a mandatory general offer for the remaining shares of LH under the Singapore Code on Take-overs and Mergers.

(through CHB) as an anchor strategic investor in LH, following the completion of the Proposed PSD Acquisition, will be beneficial.

The Conversion will give an equity interest in PSD and allows the Company to expand its footprint in ASEAN and gain a foothold in the Malaysian and the Thai property markets.

4. CONSIDERATION

The aggregate value of the consideration for the Conversion is S\$35,284,871 (“**Consideration**”), being the aggregate amount of principal loan and accrued interest repayable by MSH with respect to the First Loan, Second Loan and Third Loan on the Conversion Date.

The Consideration for the Conversion, was negotiated and entered into between parties on an arm’s length and willing-buyer, willing-seller basis, and was satisfied as partial repayment of the Loans. In arriving at the Consideration, the Company had taken into account, *inter alia*:

- (a) the valuation of the assets owned by PSDH, being PSD; and
- (b) the business prospects of PSD.

5. VALUATION OF PSD

As announced by LH Group Limited on 25 November 2016, the value of PSD is S\$165 million based on an independent business valuation report.

6. FINANCIAL EFFECTS OF THE CONVERSION

6.1 Illustrative Nature of Financial Effects

The financial effects of the Conversion on the net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 30 June 2016. The financial effects below are purely for illustrative purposes.

6.2 NTA

Assuming that the Conversion had been effected on 30 June 2016 (being the end of the most recently completed financial year ended 30 June 2016), it is not expected to have any material impact on the NTA per share of the Company and the Group for the current financial year.

6.3 EPS³

Assuming that the Conversion had been effected on 1 July 2015 (being the beginning of the most recently completed financial year ended 30 June 2016), the effects of the Conversion on the EPS of the Group would be as follows:

	Before Conversion	After Conversion
Profit attributable to shareholders (US\$ million) ⁽¹⁾	10.28	7.70
Weighted average no. of ordinary shares – Basic ('000)	930,541	930,541
EPS (US cents) ⁽¹⁾ - Basic	1.11	0.83

Note:

⁽¹⁾ For the purpose of computing the financial effects on the EPS above, the relevant figures have been translated from S\$ to US\$ at the exchange rate of US\$1:S\$0.7195, being the exchange rate based on the average rate applied for the financial year ended 30 June 2016.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Conversion, otherwise than through their interests in shares of the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The Novation Agreements and the Supplemental Agreements are available for inspection during normal business hours at the Company's registered office for three (3) months from the date of this announcement.

By Order of the Board

Valerie Tan May Wei
Company Secretary

30 November 2016

³ The EPS is calculated based on information obtained from the latest audited financial statements of PSDH and PSD for the financial year ended 31 December 2015.