

CIRCULAR DATED 14 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Chiwayland International Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached 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 the paragraphs entitled “Risk Factors Relating to the Proposed Expansion” on page 13 to page 17 of this Circular, which you should review carefully.

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



CHIWAYLAND INTERNATIONAL LIMITED

CHIWAYLAND INTERNATIONAL LIMITED

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED GEOGRAPHICAL EXPANSION OF THE GROUP’S REAL ESTATE BUSINESS TO THE NORTH AMERICA, WESTERN EUROPE AND ASIA REGIONS (THE “NEW TERRITORIES”);**
- (2) THE PROPOSED SHARE BUYBACK MANDATE;**
- (3) THE PROPOSED DIRECTORS’ FEES; AND**
- (4) THE PROPOSED CHANGE OF NAME OF THE COMPANY TO “CWG INTERNATIONAL LTD.”**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	5 November 2016 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	7 November 2016 at 2.00 p.m.
Place of Extraordinary General Meeting	:	Meeting Rooms 309 & 310 Suntec Singapore Convention & Exhibition Centre 1 Raffles Boulevard Suntec City Singapore 039593

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DEFINITIONS

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

- “Act” or “Companies Act”* : The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
- “AGM”* : Annual general meeting
- “Asia”* : The continent of Asia, covering South-east Asia, India, Japan and South Korea for the purpose of this Circular
- “Associate”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Associated Company”* : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group
- “Board”* : The board of Directors of the Company as at the date of this Circular
- “Business Day”* : A day on which banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)
- “CDP”* : The Central Depository (Pte) Limited
- “Circular”* : This circular to Shareholders dated 14 October 2016 in respect of the Proposed Expansion, the Proposed Share Buyback Mandate, the Proposed Directors’ Fees and the Proposed Change of Name
- “Company”* : Chiwayland International Limited
- “Constitution”* : The Constitution of the Company

DEFINITIONS

<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A person who: (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or (b) in fact exercises Control over the Company
<i>“Directors”</i>	:	The directors of the Company as at the date of this Circular
<i>“EGM”</i>	:	The extraordinary general meeting of the Company, notice of which is given on pages 36 to 39 of this Circular
<i>“EPS”</i>	:	Earnings per share
<i>“EU”</i>	:	European Union
<i>“FY”</i>	:	Financial year of the Company ended or ending 31 December (as the case may be)
<i>“Group” or “Chiwayland Group”</i>	:	The Company and its Subsidiaries and Associated Companies
<i>“Independent Directors”</i>	:	The independent Directors of the Company
<i>“Latest Practicable Date”</i>	:	5 October 2016, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST and its relevant rules, as amended, supplemented or modified from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Territories”</i>	:	North America, Western Europe and Asia regions
<i>“North America”</i>	:	The northern subcontinent of the Americas including Canada and the United States of America for the purposes of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“PRC”</i>	:	The People’s Republic of China, excluding Hong Kong Special Administrative Region and Macau Special Administrative Region for the purposes of this Circular
<i>“Proposed Change of Name”</i>	:	The proposed change of the name of the Company to “CWG International Ltd.”
<i>“Proposed Directors’ Fees”</i>	:	The proposed Directors’ fees of an aggregate amount of S\$394,316.78 to be paid to the Independent Directors for FY2015, FY2016 and the first quarter of FY2017, based on the assumption that the Company will only have three Independent Directors on the Board and there is no change to the current rate of Directors’ fees

DEFINITIONS

- “Proposed Expansion”* : The proposed geographical expansion of the Group’s real estate business to include the North America, Western Europe and Asia regions
- “Proposed Share Buyback Mandate”* : The proposed general and unconditional mandate to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular and in compliance with the rules and regulations set forth in the Act and the Listing Manual
- “Securities Account”* : The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
- “SFA”* : Securities and Futures Act (Chapter 289) of Singapore as may be amended, supplemented or modified from time to time
- “SGX-ST”* : Singapore Exchange Securities Trading Limited
- “Share(s)”* : Ordinary share(s) in the share capital of the Company
- “Shareholders”* : The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
- “Substantial Shareholders”* : A person (including a corporation) who holds directly or indirectly 5% or more of the issued capital in the Company
- “Take-over Code”* : The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
- “US” or “USA”* : United States of America

Currencies, Units and Others

- “RMB”* : PRC Renminbi, the lawful currency of the PRC
- “S\$”* : Singapore dollar, the lawful currency of the Republic of Singapore
- “%” or “per cent”* : Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “Subsidiary” shall have the same meaning ascribed to it in Section 5 of the Act.

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.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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 Act, the SFA, the Listing Manual, the Take-over Code or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act, the SFA, the Listing Manual, the Take-over Code or any statutory modification thereof, as the case may be.

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

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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CHIWAYLAND INTERNATIONAL LIMITED

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

Board of Directors

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

Registered Office

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

14 October 2016

To: The Shareholders of Chiwayland International Limited

Dear Sir/Madam

- (1) **THE PROPOSED GEOGRAPHICAL EXPANSION OF THE GROUP'S REAL ESTATE BUSINESS TO THE NORTH AMERICA, WESTERN EUROPE AND ASIA REGIONS (THE "NEW TERRITORIES");**
- (2) **THE PROPOSED SHARE BUYBACK MANDATE;**
- (3) **THE PROPOSED DIRECTORS' FEES; AND**
- (4) **THE PROPOSED CHANGE OF NAME**

1. INTRODUCTION

The purpose of this Circular is to provide Shareholders with information relating to Proposed Expansion, the Proposed Share Buyback Mandate, the Proposed Directors' Fees and the Proposed Change of Name, and to seek Shareholders' approval for the aforesaid transactions at the forthcoming EGM to be held on 7 November 2016 at 2.00 p.m.. The Notice of the EGM is set out on pages 36 to 39 of this Circular.

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

This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

2. PROPOSED EXPANSION

2.1 Existing business of the Group

The Group is principally engaged in the business of real estate development in the PRC and Australia. The Group is based in Shanghai and is one of the Top 100 Real Estate Development Enterprises in the PRC, having been conferred the award by a Chinese research group consisting of, *inter alia*, the China Real Estate Research Association, China Real Estate Association and China Real Estate Assessment Centre in 2009, 2012, 2013 and 2014 to 2016. The Group also received the PRC Top 100 Listed Real Estate Companies awarded by the aforesaid research group.

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The factors taken into account by the research group in conferring the above awards include the scale of the enterprise, risk management, profitability, growth potential, operation performance, innovation capability and social responsibility. These awards are indicators of the Group's business capacity and industry position and allow the Group to distinguish itself from its competitors, as well as build and strengthen its brand.

In addition, the Group has obtained the First Grade Qualification of Real Estate Development Enterprise from the Jiangsu Department of Ministry of Housing and Urban-Rural Development of the PRC, which allows the Group to undertake a real estate development project anywhere in the PRC with no restriction regarding the scope of the real estate project. The receipt by the Group of the First Grade Qualification of Real Estate Development Enterprise is subject to annual inspection by the property development authorities in the PRC for compliance with the qualification requirements.

Based on its core values of building "Quality Real Estate and Quality Living", the Group has been focusing on delivering a full suite of services ranging from real estate investment and development, township planning, project management, marketing and sales, to building maintenance. The Group has valuable experience with its qualified and professional management team, mature operating structure and work standards.

The Group's portfolio of real estate comprises residential and commercial properties, office buildings, education hubs, and fixed price housing spanning the heart of the Yangtze River Delta Region, including Shanghai, Suzhou, Wuxi, Xuzhou, Zhangjiagang and Xuancheng. The Group derives recurring rental income from, *inter alia*, leasing its investment properties, including office units in Suzhou Fortune Innovation Centre, as well as schools and education institutions. The Group is one of the few established property developers that has a strong track record in developing educational institutions and education zones. The Group's expertise in integrating education institutions with residential developments has increased its competitiveness and enhances the value of its real estate.

Since its establishment in 2002, the Group has successfully developed several large and comprehensive real estate projects such as Suzhou Xuefu Garden, Wuxi Chiway Regent Town and Suzhou Landscape Garden, with a focus on the development of affordable quality residential and commercial properties. In 2014, the Group has expanded its operations into Australia, with property development projects in two key Australian cities - Brisbane and Sydney. As at the Latest Practicable Date, the Group has seven projects in Australia such as Uptown, Marine's Hill, Illumina, Vivir, Paramatta and Caddence, with a focus on residential properties for the local Australian population.

The Group's management is highly selective about the land location of its property development projects as the Group believes location and convenience are critical factors that influence purchasers' decisions. As such, most of the Group's property developments are located in or near the city area. For the living comfort of the residents, the Group places strong emphasis on the workmanship of its residential properties, incorporating proper landscaping, recreational facilities and infrastructure such as education centres to create an upscale, desirable and affordable living environment to attract its target customers. Most of the Group's property developments are also located within the vicinity of amenities such as international schools, parks and/or commercial and retail shops for the convenience of the residents, which also enhance the investment value of its properties.

2.2 Information regarding the Proposed Expansion

The Company has been constantly evaluating its overall business and investment strategies, with the objective of further diversification of its real estate business beyond the PRC, whilst at the same time, building upon its expertise and experience to expand its presence in the PRC real estate market. The Group had previously sought Shareholders' approval for the expansion of its real estate business into Australia and Singapore and had obtained the same during its

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extraordinary general meeting held on 27 April 2015. Please refer to the circular to Shareholders dated 10 April 2015 for further details regarding the expansion of the Group's business into Australia and Singapore. As at the Latest Practicable Date, the Group has no real estate projects in Singapore.

The Company is seeking Shareholders' approval to expand its geographical coverage to the New Territories, as the nature of real estate business is dynamic where prompt investment decisions are required on whether to acquire land, invest and develop a property project (by entering into joint ventures or otherwise), or enter into a specific new market. Accordingly, obtaining Shareholders' approval to enter into the New Territories will allow the Company to capitalise on such opportunities in pursuit of its strategic corporate objectives and enable the management of the Company to be suitably mandated to seize and respond to the opportunities in the New Territories as and when they arise. Currently the Group has identified the USA as a country for the expansion of its real estate business amongst the New Territories.

The Group has intentions to expand further into different international markets in pursuit of its plans to become an international developer. The Company intends to undertake more property projects outside of the PRC in the next five years to increase the financial contribution from its international projects.

The Board believes that the Proposed Expansion represents the Group's strategies to expand and increase the Group's portfolios beyond the PRC, Australia and Singapore as well as to improve its future growth prospects by leveraging on its successful track record and experience in the real estate business. Through the Proposed Expansion, the Group seeks to attain geographical diversification of its earning base as property cycles in the New Territories may not coincide with that in the PRC, Australia or Singapore.

Currently, the Group's real estate business in the PRC, Australia and Singapore includes the following activities, and in this regard, the real estate business to be undertaken by the Group in the New Territories will also include:

- (a) real estate activities including acquisition, development and/or sales of land and residential, commercial (retail and office), industrial, education and any other suitable types of properties (including mixed development properties, properties for use as education institutions, and properties under development), whether in the form of individual units of development or the entire development project ("**Property Related Assets**") but excluding construction activities relating to property development projects;
- (b) the acquisition and holding of investments in Property Related Assets including development of 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; and
- (c) trading in properties including buying and selling of Property Related Assets with reasonable yield and/or capital growth potential.

In connection with the aforesaid real estate business, the Company may invest in, purchase or otherwise acquire, sell or dispose of any assets, investments, shares or equity interests in any entity, company or corporation that is involved in Property Related Assets. Any business activities as aforesaid (including those listed in (a) to (c) above) shall upon approval of the Proposed Expansion by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group.

LETTER TO SHAREHOLDERS

3. RATIONALE FOR AND PROSPECTS IN THE NEW TERRITORIES COVERED BY THE PROPOSED EXPANSION

3.1 Rationale

The Group believes that there is potential in the real estate market in the New Territories. In view of the positive outlook for the growth of the real estate market in the New Territories, the Group believes that the Proposed Expansion will provide the following benefits to the Group:

- (a) the Proposed Expansion will help to reduce the Group's reliance on its existing real estate business in the PRC, Australia and Singapore, as the business environment for its existing real estate business is expected to remain competitive and challenging due to the various governmental measures taken to cool the property markets in these countries respectively, as well as the global economic slowdown and volatility in international markets;
- (b) the Proposed Expansion will provide the Group with diversified returns and contribute an additional stream of revenue and earnings for the Group; and
- (c) the Proposed Expansion will help to diversify the risks involved in the real estate business of a particular country due to the inherent cyclical nature of property markets.

3.2 Prospects in the New Territories covered by the Proposed Expansion

Land and property prices are cyclical in nature, which are generally affected by economic development and growth in that country, income levels of the population and governmental policies and regulations either to promote or dampen property development. Urbanisation and rising income levels of the population will bring about demand for residential properties, which will in turn result in the demand for commercial and retail properties to cater to the needs of the people living there.

In more developed countries such as the USA, the opportunities for real estate business arise mainly due to the cyclical nature of the economies in these countries and their property markets as these markets have matured.

North America

The US economy is expected to maintain a steady momentum of growth, supported by still-easy financial conditions and strengthening housing and labour markets¹. The strengthening of the US macro-economic performance is bolstering absorption and improving occupancy in majority of American real estate markets, and both central business district and suburban office absorption has been brisk, bringing rents up by 2.9% year-over-year².

The Group is of the view that there is potential for growth in middle-income housing, especially in the secondary markets for existing houses with lower costs of living. In addition, demand for housing is likely to be greater than supply due to more PRC buyers looking to invest in the US housing market, which is perceived to be less risky than the PRC market. In particular, the state of California presents unique opportunities for developments in prime neighbourhoods and properties for rent, due to strong demand from first-tier cities such as Los Angeles and San Francisco³.

¹ The information was extracted from the update "World Economic Outlook Update – Subdued Demand, Diminished Prospects" released by the International Monetary Fund on 19 January 2016.

² This information was extracted from the research paper "Emerging Trends in Real Estate – United States and Canada 2016" by PricewaterhouseCoopers and Urban Land Institute.

³ This information was extracted from the publication "World Residential Markets – Performance and Prospects 2015 -2016" by Savills plc.

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Western Europe

In the wake of the monetary easing policy instituted by the European Central Bank, stronger private consumption supported by lower oil prices and easy financial conditions is outweighing a weakening in net exports⁴. Against a backdrop of continuing low interest rates, Europe's real estate industry looks optimistic as the difference between real estate and bond yields remains attractive to investors⁵. The lack of prime assets available in Europe due to a supply-demand imbalance presents a potential business opportunity for the Group to enter into the EU market to develop properties for investors unable to locate suitable assets.

In addition, there has been an influx of PRC buyers of properties globally, who are second only to the US in terms of international buying power⁶. As a property developer that is established in the PRC, the Group will have an added advantage when marketing overseas properties to potential buyers in the PRC as such buyers will likely be acquainted with the Group's brand. The Group hopes to tap on any future opportunity for real estate investment and development, as may be suitable for the Group.

Asia

Growth in the developed economies in Asia is expected to pick up from 2017 onwards as the PRC's import demand recovers, while growth in emerging economies in Asia is expected to be driven by strong domestic demand and private consumption, as well as a gradual increase in exports⁷. In addition, emerging markets in Asia present opportunities for investors willing to accept higher risks in return for higher yields and growth in the real estate market⁸.

As the Group already has a presence in the PRC and Australia, the Company envisions that leveraging on its established reputation in these two markets, as well as its listing status in Singapore, will assist the Group in entering and marketing itself in the real estate markets in Asia as it has a proven track record in real estate development in the Asia Pacific region.

4. OTHER INFORMATION RELATING TO THE PROPOSED EXPANSION

4.1 Initiatives to develop real estate business outside the PRC, Australia and Singapore

As part of the Company's evaluation of the prospects of expanding its business into the US market, the Company has conducted feasibility studies in the state of California to assess the real estate market, which includes the deliberation and consideration of:

- (a) The macro-economic policies and development plans of the US government and the likely impact on the economic growth, real estate market and development of the city concerned;
- (b) The economic growth, prospects, and the demand and supply conditions in the real estate market of the city concerned;
- (c) The level of the Group's proposed investment commitment in the medium term; and
- (d) Comparable projects, potential pricing, site suitability, environment and competitors for residential properties in the vicinity.

⁴ The information was extracted from the update "World Economic Outlook Update – Subdued Demand, Diminished Prospects" released by the International Monetary Fund on 19 January 2016.

⁵ This information was extracted from the research paper "Emerging Trends in Real Estate – Beyond the Capital Europe 2016" by PricewaterhouseCoopers and Urban Land Institute.

⁶ This information was extracted from the website <https://list.juwai.com/chinese-buyers>.

⁷ This information was extracted from the update "World Economic Outlook Update – Too Slow For Too Long" released by the International Monetary Fund on 16 April 2016.

⁸ This information was extracted from the research paper "Emerging Trends in Real Estate – Asia Pacific 2016" by PricewaterhouseCoopers and Urban Land Institute.

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Following the conclusion of the feasibility studies carried out by the Group, the Company has entered into an interim business agreement with Urban Commons, LLC, an unrelated third party real estate development company specialising in hotel and mixed-use development projects, to jointly develop a mixed-use development project in Los Angeles, California, which is intended to include retail, hotel and residential units (“**LA Project**”). The Group has also incorporated a 50%-owned joint venture company named UCCH LLC (“**UCCH**”) to own and manage this property development project, with the other 50% equity interest held by Urban Commons, LLC and its nominee. The total paid-up capital of UCCH upon closing will be US\$8.5 million, with the Group and Urban Commons each funding 50%.

The parties have also executed the operating agreement setting out the entire agreement in relation to the operation and management of UCCH and the LA Project, including, *inter alia*:

- (a) The business and operating terms of UCCH;
- (b) The appointment of Urban Commons, LLC as manager of UCCH to, *inter alia* develop, construct, manage and operate the LA Project, on the terms and conditions set out in the operating agreement; and
- (c) The appointment of Urban Commons, LLC to oversee the entitlements process (subject to the review of the UCCH board of directors), with all final decisions on entitlements to be approved by the members of UCCH.

Please refer to the Company’s announcements dated 23 March 2016 and 31 May 2016 for further details regarding the LA Project. UCCH intends to fund its operations through a combination of external borrowings, internal resources and/or further capital contributions by its shareholders (if required), as determined in the parties’ discretion.

Following the aforesaid initiatives to expand into the real estate business outside the PRC, Australia and Singapore, it is envisaged that the Group may further venture into the real estate market in the New Territories in the near future to increase its earnings base and reduce reliance on its existing real estate business. Shareholders’ approval of the Proposed Expansion will allow the Group to capitalise on such opportunities without having to seek specific approval from Shareholders where such opportunities may constitute major transactions.

4.2 **Management and manpower required for the Proposed Expansion**

The Group’s future success depends substantially on the continued services of its key management personnel; as such the management of the Proposed Expansion will continue to be spearheaded by the current management of the Company. To the best of the Directors’ knowledge, they are not aware of any member of the key management of the Company who intends to leave the Company before the Proposed Expansion is implemented.

The Directors and senior management of the Group are consistently developing expertise internally, through external hires, and through collaborations with experienced companies by joint ventures. The Company, to the best of its abilities, trains its executives and staff by equipping them with the necessary skills to supplement the Proposed Expansion. Where necessary, the Group intends to engage either full-time and/or ad-hoc employees, consultants and advisers to assist its existing management teams in the Proposed Expansion.

At the initial stage of its foray into the Proposed Expansion, the Group will foster partnerships and joint ventures with various third parties who have experience in the relevant markets in various cities in the New Territories, and in particular, the USA, as the Group builds its expertise and experience in such new markets. Where necessary, work may be outsourced to third parties who have expertise in the relevant areas in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the partners concerned.

LETTER TO SHAREHOLDERS

The Board will continue to evaluate the manpower and expertise required for the Proposed Expansion in order to consider hiring additional staff and expertise as and when required as it implements the Proposed Expansion.

4.3 Funding for the Proposed Expansion

It is anticipated that the Proposed Expansion requires substantial capital investments or cash outlay. The Group intends to fund the Proposed Expansion through a combination of internal sources of funds, progress payments on pre-sales of existing projects, and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of debt instruments.

5. RISK FACTORS RELATING TO THE PROPOSED EXPANSION

Shareholders are to note that upon their approval of the Proposed Expansion, there will be a change in the Group's risk profile even though there will be no change in the Group's business activities. The following is an identified but by no means exhaustive list of risk factors which are associated with the Proposed Expansion that are common to the New Territories:

The Group has limited/no prior track record and operating history in the New Territories covered by the Proposed Expansion

The Group does not have a proven track record in carrying out real estate business in the New Territories covered by the Proposed Expansion. There is no assurance that the Proposed Expansion will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Proposed Expansion. The Proposed Expansion may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or expansion.

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

The Group may not have the ability or sufficient expertise to execute the Proposed Expansion

The real estate business will be dependent on skilled labour, supervisors and managerial staff with relevant industry experience. Any inadequacy in the availability of such labour resources will have an adverse effect on the operations of the real estate business in the New Territories and eventually, the Group's financial performance. The Group may also face limitations in recruiting the right personnel or gathering sufficient expertise to successfully execute the real estate business in the New Territories. The Group's ability to successfully implement the Proposed Expansion is further dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed Expansion. There is no assurance that the Group's existing experience and expertise will be sufficient for the Proposed Expansion, or that the Group will be able to hire employees with the relevant experience and knowledge. The Group may not be able to successfully implement the Proposed Expansion and this may adversely affect the Group's financial performance and profitability.

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 Proposed Expansion may involve acquisitions, joint ventures and/or strategic alliances with third parties in the New Territories. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments

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deployed in such joint ventures, strategic alliances, acquisitions or opportunities. The successful implementation of the Group's growth strategy for the New Territories also depends on the Group's ability to identify suitable partners and the successful integration of their operations with the Group. As the Group is expected to rely on its joint venture partners at the initial stage of its foray into the Proposed Expansion, there is a risk that if any of its joint venture partners is unable to deliver its obligations or commitments under the joint venture (such as failure to perform according to the expertise expected of the joint venture partner or meet its financial obligations), it may cause delay in the completion of the Group's development projects and/or result in additional costs to the Group. In such events, the Group's financial performance may be adversely affected. There can be no assurance that the Group will be able to execute growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations.

The Group is subject to various government regulations in the New Territories

The property development industry is subject to the laws and regulations of the New Territories which the Group is exploring opportunities to expand into, including state laws. From time to time, such countries may adopt new laws and regulations which the Group may have to comply with. Any changes in the applicable laws and regulations, or in the regulatory conditions of the country, could result in higher compliance costs and adversely affect the operations of the Group, including the Proposed Expansion and the financial performance of the Group.

Licences, permits, certificates, consents or regulatory approvals may be required for, among other things, property development, addition and alteration works and building works, which are necessary for the real estate business. The Group must also comply with the appropriate regulations in relation to workplace health and safety, environmental public health and environmental pollution control. Failure to comply with the applicable laws and regulations may subject the Group to penalties or have its licences or approvals revoked, or lose the right to own, develop or manage its properties, all of which could adversely affect the Group's operations and financial performance, including undertaking the relevant segment of Proposed Expansion. For example, the hotel industry in the USA is a regulated industry and the Group will need to comply with the necessary regulations, including obtaining the necessary licences and approvals in Los Angeles regarding the development and management of the hotel units of the LA Project. The Group will also need to comply with various regulations in other states of the USA or in the rest of the New Territories should the Group decide to venture into developing further mixed development projects.

Changes in government regulations in the jurisdictions in which the Group undertakes the Proposed Expansion may also result in the Group being unable to complete any property development project, or sell any completed property development project or purchased property at a profit, or at all.

Property development is also subject to regulatory controls on zoning and development, planning, design and construction as well as mortgage and financing requirements. In the event that there are changes to these requirements which result in the Group not being able to fulfil its development plans for any of its properties or having to make changes to its property development plans, or where there is an implementation of short term, medium term and/or long term measures by the relevant authorities to regulate the construction, property or other related markets which affect consumer sentiments or demands, the Group's profitability and financial condition could be adversely affected.

Changes in the business environment for jurisdictions in which the Group operates may include delays in procuring the necessary relevant approvals, licenses or certificates from government bodies, changes in laws, regulations and policies in relation to property development, fluctuations in demand for properties, delays in construction schedules due to poor weather conditions, labour disputes and fluctuation in costs of construction materials and other costs of development. Such delays may result in the Group incurring additional costs, thus affecting the profitability of the Group.

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The Group is subject to changes in the political, economic situation and property industry in the New Territories

The performance of the Proposed Expansion depends largely on the economic situation and the performance of the real estate industry in each of the New Territories, and there is no assurance that the property sectors of countries in which the Group undertakes the Proposed Expansion will continue to grow. Should the economy or the property market experience a downturn, whether globally or in any country in which the Group undertakes the Proposed Expansion, the performance of the Proposed Expansion may be adversely affected. In addition, as the gestation period for a property development project is long, typically between two to three years, any downturn in the economy or the property market, during the course of a development project may affect the profitability of such development project, thereby adversely affecting the Group's financial performance.

The Group's future growth as a result of the Proposed Expansion is dependent on the political, economic, regulatory and social conditions in these countries. Currently, the USA is in the midst of a presidential election and the results of the presidential election could change the operating environment of various US cities should the new president decide to undertake any reforms affecting the property sector. In addition, the EU is facing significant uncertainty over the exit of the United Kingdom from the EU, which may affect the property sectors of Western Europe.

Further, any economic downturn or other changes in policies in these countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws, changes in environmental protection and worksite safety laws and regulations, duties and taxation and limitations on imports and exports could materially and adversely affect the Group's operations, financial performance and future growth.

The Group may face intense competition from existing competitors and new market entrants in the Proposed Expansion

To the best knowledge of the Board, the real estate industry is highly competitive, with strong competition from established industry participants who may have larger financial resources or stronger track records in the New Territories. The Group may face keen competition from existing property developers and new entrants to the real estate business in the New Territories. 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 in the New Territories, the Group's financial position and performance will be adversely affected.

The Group is susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses

As the Company's functional and presentation currency is denominated in RMB, any depreciation in foreign exchange rates against the RMB may affect the Group's profitability and financial position. For example, revenue derived from the sale of property units in the New Territories which is denominated in foreign currencies may have an adverse impact on the Group's operating results if there is unfavourable fluctuation of the foreign currencies against the RMB.

The Group may not be able to generate adequate returns on its properties held for long term investment

The Group may acquire and hold investments in Property Related Assets for long term investment as part of the Proposed Expansion (please refer to paragraph 2.2(b) of this Circular). Property investment is subject to varying degrees of risks. The investment returns available from investments in real estate depend primarily on the amount of capital appreciation generated, the income earned from the rental of the relevant properties and expenses incurred. The revenue derived from the disposal of such investment properties will depend on market conditions and levels of liquidity, which may be subject to significant fluctuation.

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The revenue derived from the rental of the relevant properties may be adversely affected by a number of factors, including but not limited to, changes in market rates for comparable rentals, the inability to secure renewal of tenancies from tenants, the inability to collect rent due to bankruptcy or insolvency of tenants and the cost from ongoing maintenance, repair and re-letting. In the event that the Group acquires properties for investment and if the Group is unable to generate adequate returns from such investment properties that it acquires, its financial condition and results of operations may be adversely affected.

Fluctuations in property prices and the Group's ability to identify suitable land sites and property development projects may have an adverse impact on the Proposed Expansion and the Group's financial position

Property prices and the availability of suitable land sites will fluctuate. Should property market prices experience a downward trend, the Group's earnings may be adversely affected as the Group may have to postpone the sale of such property development project units to a later date, if and when market conditions improve. In the event that the Group is required to sell its property development projects at lower prices, the Group's financial performance may be adversely affected.

The Group builds up its land bank by scouting for and acquiring land sites appropriate for its property development projects via offers from private owners, by participating in property auctions and government land sales programmes as well as through third-party property agents. The Group will face competition for new land sites from other property developers and there is no assurance that suitable sites in the New Territories will always be available to the Group for the purposes of the real estate business. If the Group is not able to procure suitable land sites to carry out its property development projects, or carries out its property development projects at less favourable locations that may not be as marketable, the Group's sales volume and profitability may be adversely affected.

The Group's performance and success of the real estate business in the New Territories is also dependent on its ability to identify suitable land sites and profitable property development projects, and following such identification, to successfully develop, sell and/or lease such projects. The viability and profitability of the Group's property development projects are subject to fluctuations and are dependent on, *inter alia*, the demand for the Group's development projects, the pricing and number of property development projects and the overall schedules of the Group's projects which are in turn, to a large extent, affected by the market sentiment, market competition, general economic and property markets conditions, as well as government regulations.

The Group is subject to risks inherent in investing in entities which it does not control and the manner in which it holds its investments and property interests

The Group may hold property investments through or make investments in entities that are not the Group's subsidiaries and over which the Group does not have majority control as part of the Proposed Expansion (please refer to paragraph 2.2(b) of this Circular). The performance of these entities and the Group's share of their results are subject to the same or similar risks relating to the property investment business that affect the Group as described herein. There is no assurance that the Group will be able to influence the management, operation and performance of these entities through its voting rights, in a manner which would be favourable to the Group, or at all. If all or any of these entities were to perform poorly, the Group's overall business, financial condition, results of operations and prospects may be adversely affected.

The Group may not have adequate resources to finance land acquisitions or to undertake property development and property investment projects in the New Territories

Property development projects typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through the sale of units, whether under development or completed. Depending on the size and complexity of the project, it usually takes more than 12 months to complete a property development project.

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The availability of adequate financing is crucial to the Group's ability to acquire land for the undertaking of property development projects and/or property investment projects. The Group plans to finance its land acquisitions and development projects by using a combination of internal sources of funds, progress payments, financial institution borrowings and by inviting other parties to co-invest in its projects. The Group may also further tap the capital markets to raise funds for the Proposed Expansion through equity and/or debt financing as and when necessary and deemed appropriate. The Group cannot assure that it will have sufficient funds at its disposal for land acquisitions or property development, be able to sell or finance the development of the projects through the sale and/or lease of units in any particular development, be able to secure adequate financing, if at all, or be able to obtain or renew credit facilities granted by banks and financial institutions for the projects in question.

The Group's ability to obtain adequate financing for land acquisitions or property development with a commercially acceptable rate of return in the New Territories is dependent on many factors, some of which may be beyond its control, such as general economic conditions, the terms of credit offered by financial institutions, the economic conditions of the country and the availability of other sources of equity or debt financing. Furthermore, the incurrence of debt will increase the Group's financing costs and obligations and could result in operating and financial covenants imposed by financial institutions that restrict its operations and its ability to pay dividends to Shareholders. This may have an adverse effect on the Proposed Expansion, the financial performance and growth prospects of the Group.

The hospitality industry is competitive

The hospitality industry in the USA is highly competitive and the hotel units of the LA Project may experience competition from other similar hotels and/or mixed development projects in its vicinity. The level of competition in the US hospitality industry is affected by various factors, including changes in economic conditions, both locally, regionally and globally, changes in local, regional and global populations, the supply and demand for hotel rooms and changes in travel patterns and preferences. Competing hotels may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at the LA Project. Competing hotels may also significantly lower their rates or offer greater convenience, services or amenities, to attract more guests. If these efforts are successful, the results of hotel operations at the LA Project may be adversely affected, which in turn may affect the performance of the Proposed Expansion. There can also be no assurance that demographic, geographic or other changes will not adversely affect the convenience or demand for the hotel units at the LA Project.

The hospitality industry is service-oriented and the operations of the LA Project, and in turn the performance of the Proposed Expansion, may be adversely affected if it is unable to compete effectively for skilled hospitality employees.

The hospitality industry is a service-oriented industry and is very labour-intensive. Competitors may compete aggressively for skilled hospitality employees, which would increase the operating cost of the LA Project and adversely affect the Group's success in undertaking the Proposed Expansion. In addition, the hospitality staff of the LA Project may be poached by existing or new competitors in the market, which may have an adverse effect on the operations of the LA Project. A shortage of manpower may translate to lower service quality, which may in turn affect guests' lodging experience and lead existing customers to prefer alternative accommodation from competitors of the LA Project.

6. CHAPTER 10 OF THE LISTING MANUAL

As the Proposed Expansion will involve new markets and territories, it is envisaged that the Proposed Expansion will change the existing risk profile of the Group. Accordingly, an EGM will be convened by the Company to seek the Shareholders' approval for the Proposed Expansion.

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Upon obtaining the approval by Shareholders of the Proposed Expansion, any investment or acquisition in connection with the Proposed Expansion may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Listing Manual.

Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed Expansion 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 transactions relating to the Proposed Expansion arise, even where they have crossed the thresholds of a "major transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

Pursuant to Rule 1014 of the Listing Manual, a major transaction is a transaction (as defined in Rule 1002(1) of the Listing Manual) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and must be made conditional upon approval by shareholders in a general meeting.

For the avoidance of doubt, notwithstanding the Proposed Expansion, in respect of transactions:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 100% or results in a change in Control of the Company, Rule 1015 of the Listing Manual will still apply to such transactions and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;
- (b) which constitute an "interested person transaction" as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual; and
- (c) which involve any change in the risk profile of the Company,

the Company will make the relevant announcement(s) and seek the prior approval of the Shareholders at a general meeting before embarking on such projects.

7. THE PROPOSED SHARE BUYBACK MANDATE

7.1 Rationale

The approval of the Proposed Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in Section 7.2.1 below at any time, during the period when the Proposed Share Buyback Mandate is in force.

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

- (a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to the growth and expansion of the business, Share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Proposed Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Proposed Share Buyback Mandate is in force. It is an expedient, effective and cost efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Proposed Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

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- (c) The purchase or acquisition of Shares under the Proposed Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders' confidence and employees' morale.

While the Proposed Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in Section 7.2.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Proposed Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Proposed Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the Mainboard of the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Proposed Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the Mainboard of the SGX-ST.

7.2 Authority and limits of the Proposed Share Buyback Mandate

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

7.2.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Proposed Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the EGM at which the Proposed Share Buyback Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit.

Purely for illustrative purposes only, on the basis of 666,851,006 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the EGM, not more than 66,685,100 (representing 10% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Proposed Share Buyback Mandate.

7.2.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM at which the Share buyback Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Proposed Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Proposed Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

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The authority conferred on the Directors by the Proposed Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Proposed Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, and where relevant, the total consideration paid for such purchases or acquisitions.

7.2.3 Manner of purchase or acquisition of Shares

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

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

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

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

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

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Listing Manual, issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

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

7.2.4 Maximum price to be paid for the Shares

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

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

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

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

For the above purposes of determining the Maximum Price:

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

7.3 **Sources of funds**

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

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

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

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

7.4 Status of purchased or acquired Shares

Under Section 76B of the Act, any Shares purchased or acquired by the Company through a Share buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Act. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

7.5 Treasury shares

Under the Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares.

Some of the provisions on treasury shares under the Act are summarised below:

- (a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.
- (b) The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.
- (c) In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.
- (d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:
 - (i) sell the treasury shares (or any of them) for cash;
 - (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme and/or performance share plan;
 - (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancel the treasury shares (or any of them); or
 - (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Singapore Minister for Finance.

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

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7.6 Reporting requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchase, including the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the shares were purchased or acquired out of the profits or capital of the Company, and such other information as required by the Companies Act.

Rule 886(1) of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the closing of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall include details of the total number of Shares authorised for purchase, the date of purchase, prices paid for the total number of Shares purchased, the purchase price per Share or the highest and lowest purchase price per Share, the number of Shares cancelled, the number of Shares held as treasury shares, and the number of issued Shares excluding treasury shares after purchase, in the form prescribed under the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

7.7 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Proposed Share Buyback Mandate on the NTA and EPS of the Company and the Group as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

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

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

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

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

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

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

- (a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 666,851,006 issued Shares.

- (b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 666,851,006 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, the purchase by the Company of 10% of its Shares will result in the purchase of 66,685,100 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 66,685,100 Shares at the Maximum Price of S\$0.15 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 66,685,100 Shares is approximately S\$9.7 million (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 66,685,100 Shares at the Maximum Price of S\$0.17 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 66,685,100 Shares is approximately S\$11.1 million (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

LETTER TO SHAREHOLDERS

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

- (i) the Proposed Share Buyback Mandate had been effective on 1 January 2015; and
- (ii) such Share purchases are funded solely by internal resources,

the financial effects of the Share buyback on the audited consolidated financial results of the Group for FY2015, are set out below:-

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

A. Market Purchase

As at 31 December 2015	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group (RMB'000)	Group (RMB'000)	Company (RMB'000)	Company (RMB'000)
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	216,630	216,630	(153,254)	(153,254)
	515,207	515,207	1,429,018	1,429,018
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	516,317	516,317	–	–
	1,246,219	1,246,219	1,572,799	1,572,799
Treasury Shares	–	(44,456)	–	(44,456)
Total Equity	1,246,219	1,201,763	1,572,799	1,528,343
Less: Non-controlling Interest	(516,317)	(516,317)	–	–
Total Shareholders' Funds	729,902	685,446	1,572,799	1,528,343
Net Asset Value	729,902	685,446	1,572,799	1,528,343
Current Assets	10,099,089	10,054,633	195,328	150,872
Current Liabilities	6,643,766	6,643,766	641	641
Total Borrowings	4,219,861	4,219,861	–	–
Number of Shares ('000)	666,851	600,166	666,851	600,166
<u>Financial Ratios</u>				
NAV per share (cents)	109.46	114.21	235.85	254.65
Current Ratio (times)	1.5	1.5	304.7	235.4
Basic EPS (cents)	4.11	4.66	N/A	N/A

LETTER TO SHAREHOLDERS

B. Off-Market Purchase

<u>As at 31 December 2015</u>	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group (RMB'000)	Group (RMB'000)	Company (RMB'000)	Company (RMB'000)
Share capital	298,577	298,577	1,582,272	1,582,272
Reserves	216,630	216,630	(153,254)	(153,254)
Sub-total	515,207	515,207	1,429,018	1,429,018
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	516,317	516,317	–	–
	1,246,219	1,246,219	1,572,799	1,572,799
Treasury Shares	–	(50,807)	–	(50,807)
Total Equity	1,246,219	1,195,412	1,572,799	1,521,992
Less: Non-controlling Interest	(516,317)	(516,317)	–	–
Total Shareholders' Funds	729,902	679,095	1,572,799	1,521,992
Net Asset Value	729,902	679,095	1,572,799	1,521,992
Current Assets	10,099,089	10,048,282	195,328	144,521
Current Liabilities	6,643,766	6,643,766	641	641
Total Borrowings	4,219,861	4,219,861	–	–
Number of Shares ('000)	666,851	600,166	666,851	600,166
<u>Financial Ratios</u>				
NAV per share (cents)	109.46	113.15	235.85	253.6
Current Ratio (times)	1.5	1.5	304.7	225.5
Basic EPS (cents)	4.11	4.66	N/A	N/A

LETTER TO SHAREHOLDERS

(ii) **PURCHASES MADE OUT OF CAPITAL AND CANCELLED**

A. **Market Purchase**

As at 31 December 2015	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group (RMB'000)	Group (RMB'000)	Company (RMB'000)	Company (RMB'000)
Share capital	298,577	254,121	1,582,272	1,537,816
Reserves	216,630	216,630	(153,254)	(153,254)
	515,207	470,751	1,429,018	1,384,562
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	516,317	516,317	–	–
	1,246,219	1,201,763	1,572,799	1,528,343
Treasury Shares	–	–	–	–
Total Equity	1,246,219	1,201,763	1,572,799	1,528,343
Less: Non-controlling Interest	(516,317)	(516,317)	–	–
Total Shareholders' Funds	729,902	685,446	1,572,799	1,528,343
Net Asset Value	729,902	685,446	1,572,799	1,528,343
Current Assets	10,099,089	10,054,633	195,328	150,872
Current Liabilities	6,643,766	6,643,766	641	641
Total Borrowings	4,219,861	4,219,861	–	–
Number of Shares ('000)	666,851	600,166	666,851	600,166
<u>Financial Ratios</u>				
NAV per share (cents)	109.46	114.21	235.85	254.65
Current Ratio (times)	1.5	1.5	304.7	235.4
Basic EPS (cents)	4.11	4.66	N/A	N/A

LETTER TO SHAREHOLDERS

B. Off-Market Purchase

<u>As at 31 December 2015</u>	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	Group (RMB'000)	Group (RMB'000)	Company (RMB'000)	Company (RMB'000)
Share capital	298,577	247,770	1,582,272	1,531,465
Reserves	216,630	216,630	(153,254)	(153,254)
	515,207	464,400	1,429,018	1,378,211
Other equity instruments	214,695	214,695	143,781	143,781
Non-controlling interests	516,317	516,317	–	–
	1,246,219	1,195,412	1,572,799	1,521,992
Treasury Shares	–	–	–	–
Total Equity	1,246,219	1,195,412	1,572,799	1,521,992
Less: Non-controlling Interest	(516,317)	(516,317)	–	–
Total Shareholders' Funds	729,902	679,095	1,572,799	1,521,992
Net Asset Value	729,902	679,095	1,572,799	1,521,992
Current Assets	10,099,089	10,048,282	195,328	144,521
Current Liabilities	6,643,766	6,643,766	641	641
Total Borrowings	4,219,861	4,219,861	–	–
Number of Shares ('000)	666,851	600,166	666,851	600,166
Financial Ratios				
NAV per share (cents)	109.46	113.15	235.85	253.6
Current Ratio (times)	1.5	1.5	304.7	225.5
Basic EPS (cents)	4.11	4.66	N/A	N/A

Notes:

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

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2015, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares.

In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

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Shareholders who are in doubt as to their tax positions or any tax implications arising from the Proposed Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

7.8 Listing Manual

7.8.1 While the Listing Manual does not expressly prohibit any purchase of shares by an issuer during any particular time, because the issuer would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

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

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

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 23.99% of the issued Shares (excluding treasury shares), are in the hands of the public.

Assuming the Company were to purchase or acquire the entire 10% of the total number of its issued Shares, there will be approximately 13.99% of the issued Shares (excluding treasury shares), being held in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the Mainboard of the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

7.9 Take-over Code implications

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

7.9.1 Obligations to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code (“**Rule 14**”).

7.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert (“**concert parties**”) comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

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

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

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

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, a Shareholder and his concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder and his concert parties would increase to 30% or more, or in the event that such Shareholder and his concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Shareholder and his concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Shareholder and his concert parties, treasury shares shall be excluded.

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Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Proposed Share Buyback Mandate.

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

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Singapore Securities Industry Council and/or their professional advisers at the earliest opportunity.

7.10 Share buybacks in the previous 12 months

The Company has not purchased or acquired any Shares during the 12-month period immediately preceding the Latest Practicable Date.

8. PROPOSED DIRECTORS' FEES

8.1 Directors' fees for FY2014

At the extraordinary general meeting of the Company held on 2 July 2014, Shareholders had approved the payment of up to an aggregate amount of S\$180,000 as Directors' fees for FY2014 to the Independent Directors in recognition and consideration of, *inter alia*, the Independent Directors' work done in relation to the reverse takeover exercise of the Company in 2014. Please refer to pages 77 to 78 of the circular to Shareholders dated 10 June 2014 for further details regarding the Directors' fees payable for FY2014.

8.2 Proposed Directors' fees for FY2015

The Remuneration Committee of the Company had reviewed the annual fee entitlement of the Directors in FY2015. Taking into consideration the workload of the Independent Directors, the Board, with the recommendation of the Remuneration Committee, implemented a revised fee structure. The revised fee structure took into account, *inter alia*, the roles and responsibilities of each Independent Director, as well as the expected number of meetings to be convened for each sub-committee.

Based on the aforesaid revised fee structure, the aggregate amount of the proposed Directors' fees to be paid to the Independent Directors for FY2015 is S\$179,131.85. Such Directors' fees will be tabled as an ordinary resolution at the forthcoming EGM for approval by Shareholders.

8.3 Proposed Directors' fees for FY2016 and the first quarter of FY2017 ("1Q2017")

On 1 August 2016, the Company announced that it had restructured and reconstituted the various committees of the Board, which include the Audit and Risk Management Committee, the Nominating Committee, the Remuneration Committee, the Investment Committee and the Corporate Disclosure Committee. In light of the increased number of committees and the expanded roles and responsibilities of the Independent Directors, the Remuneration Committee has reviewed the revised fee structure in FY2016, and recommended it to the Board. The

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Board is of the opinion that the same is reasonable and appropriate for recommendation to Shareholders at the forthcoming EGM. Accordingly, the aggregate amount of up to S\$215,184.93 as the proposed Directors' fees for the period of FY2016 and 1Q2017, will be tabled as an ordinary resolution for Shareholders' approval at the forthcoming EGM. Of the aggregate amount of S\$215,184.93, S\$165,434.93 is the amount of Directors' fees payable to the Independent Directors for FY2016, while S\$49,750 is the amount of Directors' fees payable to the Independent Directors for 1Q2017.

Such Directors' fees will be payable quarterly in arrears and is based on the assumption that the Company will only have three Independent Directors on the Board and there is no change to the current rate of Directors' fees. As FY2016 and 1Q2017 are yet to be completed, approval will be sought at next year's AGM for payments to meet the shortfall in Directors' fees in the event that the amount proposed is insufficient due to the addition of more Independent Directors on the Board or any under provision of the Directors' fees due to whatsoever reason.

The Remuneration Committee will review the fee structure from time to time to ascertain if any adjustment to the fee structure is required in its discretion.

9. THE PROPOSED CHANGE OF NAME

9.1 Rationale

The Group had in 2014 embarked on the overseas expansion of its businesses, and had expanded to Australia and the US.

In Australia, the Group has property development projects in Brisbane, Queensland and Sydney, New South Wales with a focus on residential and commercial properties.

In July 2016, the Company further announced its entry into the property market in the US through a joint venture to develop a premium residential and hotel project in Mid-Wilshire, Los Angeles.

In view of the Group's growing presence in Australia and its recent expansion into the US, the Board is of the view that a new distinctive name "CWG" would be better aligned with the Group's global profile, business direction and business activities. Accordingly, the Board recommends that the Company's name be changed to "CWG International Ltd". The Group has, in line with the Proposed Change of Name already changed the name of "Chiwayland Australia Pty Ltd", established in Australia, to "CWG Development Pty Ltd", and has changed the name of "Chiwayland USA Holding LLC", established in the US, to "CWG Development LLC".

At this juncture, the Group will for its PRC operations and names of its PRC subsidiaries retain the existing name of Chiwayland, as these subsidiaries have been operating in the PRC under their existing names for some time, and there is goodwill and recognition associated with the name 'Chiwayland' in the PRC.

The Proposed Change of Name will not affect any of the Shareholders' right or the Group's daily business operations and financial standing.

9.2 Approvals

The Proposed Change of Name will be proposed as a special resolution and is subject to Shareholders' approval at the EGM.

An application was made to ACRA for the reservation of the proposed name "CWG International Ltd." on 29 August 2016. Such reservation is valid until 28 October 2016 and would be extended further upon its expiry.

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Upon receipt of Shareholders' approval, and subject to registration by ACRA, the Company shall change its name to "CWG International Ltd." with effect from the issue of the Certificate of Incorporation on Change of Name of Company and the name "CWG International Ltd." shall be substituted for "Chiwayland International Limited", wherever the latter name appears in the Company's Constitution.

9.3 Existing share certificates

Shareholders should note that notwithstanding the change of the Company's name, the Company will not recall existing share certificates bearing the current name of the Company which will continue to be prima facie evidence of legal title. No further action is required on the part of Shareholders.

9.4 Existing Constitution

Upon the change of the name of the Company to "CWG International Ltd.", the name "CWG International Ltd." shall be substituted for "Chiwayland International Limited" wherever the latter name appears in the Constitution of the Company.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest ⁽¹⁾		Deemed Interest ⁽¹⁾	
	Number of Shares	%	Number of Shares	%
Directors				
Qian Jianrong ⁽²⁾	–	–	498,841,587	74.81
Tian Honglei	–	–	–	–
Chua Hwee Song	150,000	0.02	–	–
Thio Shen Yi	–	–	–	–
Kwok Wei Woon	–	–	–	–
Lai Huen Poh	–	–	–	–
Substantial Shareholder				
Sinway Investment Co., Ltd. ⁽³⁾	–	–	498,841,587	74.81

Notes:

- (1) The percentage shareholding interest is based on 666,851,006 issued Shares.
- (2) Mr Qian Jianrong owns 86.0% of the equity interest in Sinway Investment Co., Ltd., and is therefore deemed to be interested in 498,841,587 Shares held by Sinway Investment Co., Ltd. The other shareholders of Sinway Investment Co., Ltd. are Mao En (7.5%), Gong Ming (4.3%) and Tian Honglei (2.2%).
- (3) Sinway Investment Co., Ltd. is deemed interested in 498,841,587 Shares held by UOB Kay Hian Private Limited as its nominee.

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11. DIRECTORS' RECOMMENDATIONS

- (a) Having considered, *inter alia*, the rationale for the Proposed Expansion, the Proposed Share Buyback Mandate, and the Proposed Change of Name, the Directors are of the opinion that the Proposed Expansion, the Proposed Share Buyback Mandate and the Proposed Change of Name are in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Expansion, the Proposed Share Buyback Mandate and the Proposed Change of Name at the EGM.
- (b) The Independent Directors and Mr Chua Hwee Song have abstained from making any recommendation regarding the payment of the Proposed Directors' Fees. The executive Directors who are not interested in the Proposed Directors' Fees (being Mr Qian Jianrong and Mr Tian Honglei) have considered, *inter alia*, the rationale for the Proposed Directors' Fees, and are of the opinion that the payment of the Proposed Directors' Fees are in the best interests of the Company and Shareholders. Accordingly, the aforesaid executive Directors recommend that Shareholders vote in favour of the Proposed Directors' Fees at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for and/or the risk factors relating to the Proposed Expansion and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 36 to 39 of this Circular, will be held at Meeting Rooms 309 & 310, Suntec Singapore, Convention & Exhibition Centre, 1 Raffles Boulevard Suntec City, Singapore 039593 on 7 November 2016 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

13. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a proxy form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company 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 in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

14. 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 Expansion, the Proposed Share Buyback Mandate, the Proposed Directors' Fees, the Proposed Change of Name, 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.

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15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 6 Eu Tong Sen Street, #04-08, The Central, Singapore 059817, 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 Annual Report of the Company for FY2015; and
- (c) the confirmation from ACRA dated 29 August 2016 setting out its approval to the Proposed Change of Name.

Yours faithfully
For and on behalf of the Board of Directors

QIAN JIANRONG
Executive Chairman and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHIWAYLAND INTERNATIONAL LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of CHIWAYLAND INTERNATIONAL LIMITED (the “**Company**”) will be held at Meeting Rooms 309 & 310, Suntec Singapore, Convention & Exhibition Centre, 1 Raffles Boulevard Suntec City, Singapore 039593 on 7 November 2016 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below:

AS ORDINARY RESOLUTIONS

(1) THE PROPOSED GEOGRAPHICAL EXPANSION OF THE GROUP’S REAL ESTATE BUSINESS TO THE NORTH AMERICA, WESTERN EUROPE AND ASIA REGIONS (THE “NEW TERRITORIES”)

That:

- (a) approval be and is hereby given for the Proposed Expansion which includes, *inter alia*, property development activities, acquiring and holding investments in Property Related Assets and development of Property Related Assets, and trade in properties including buying and selling of Property Related Assets in the New Territories;
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire, or sell or dispose of any such assets, investments, shares or equity interests in any entity, company or corporation that is involved in Property Related Assets which includes, *inter alia*, property development activities, acquiring and development of Property Related Assets, and trading in properties including buying and selling of Property Related Assets in the New Territories; and is within the scope of the Proposed Expansion on such terms and conditions as the Directors deem fit from time to time, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such to any such investment, purchase, acquisition, sale or disposal; and
- (c) the directors of the Company or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Ordinary Resolution as they or he may think fit.

(2) THE PROPOSED SHARE BUYBACK MANDATE

That:

- (a) for the purposes of the Listing Manual and the Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) market purchase(s) (each a “**Market Purchase**”) on the SGX-ST; and/or
 - (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act; and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

- (c) in this Resolution:

“**Maximum Limit**” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

“**Relevant Period**” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

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

where:

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

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

(3) THE PROPOSED DIRECTORS’ FEES FOR FY2015

That the payment of an aggregate amount of S\$179,131.85 as Directors’ fees for FY2015 to the Independent Directors be approved.

(4) THE PROPOSED DIRECTORS’ FEES FOR FY2016

That the payment of an aggregate amount of up to S\$165,434.93 quarterly in arrears as Directors’ fees for FY2016 to the Independent Directors, based on the assumption that the Company will have three (3) Independent Directors on the Board and there is no change to the current rate of Directors’ fees, be approved.

NOTICE OF EXTRAORDINARY GENERAL MEETING

(5) THE PROPOSED DIRECTORS' FEES FOR THE FIRST QUARTER OF FY2017

That the payment of an aggregate amount of up to S\$49,750 quarterly in arrears as Directors' fees for the first quarter of FY2017 to the Independent Directors, based on the assumption that the Company will have three (3) Independent Directors on the Board and there is no change to the current rate of Directors' fees, be approved.

AS SPECIAL RESOLUTION

(6) THE PROPOSED CHANGE OF NAME TO "CWG INTERNATIONAL LTD."

That:

- (a) the name of the Company be changed from "Chiwayland International Limited" to "CWG International Ltd." and that the name " CWG International Ltd." be substituted for " Chiwayland International Limited" whenever the latter name appears in the Constitution of the Company; and
- (b) the Directors and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient to give effect to this Special Resolution as they or he may deem fit.

All capitalised terms used in this Notice which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Company's Circular to Shareholders dated 14 October 2016 (including supplements and modifications thereto).

By Order of the Board
CHIWAYLAND INTERNATIONAL LIMITED

QIAN JIANRONG
Executive Chairman and Chief Executive Officer

14 October 2016

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company ("EGM") may appoint not more than two proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are shareholders of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder.
- (3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 6 Eu Tong Sen Street, #04-08, The Central, Singapore 059817 not later than 48 hours before the time appointed for the holding of the EGM.
- (4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.
- (6) Terms which are not defined herein shall have the same meanings ascribed to them in the shareholders' circular dated 14 October 2016 ("**Circular**").

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

“Personal data” in this Notice of EGM has the same meaning as “personal data” in the Personal Data Protection Act 2012, which includes your name and your proxy’s and/or representative’s name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s and its proxy(ies)’s or representative(s)’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing 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), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. Your personal data and your proxy’s and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

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PROXY FORM

CHIWAYLAND INTERNATIONAL LIMITED

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

Important:

This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

EXTRAORDINARY ORDINARY MEETING

I/We* _____ (Name) NRIC/Passport number* _____

of _____ (Address)

being a shareholder/shareholders* of Chiwayland International Limited (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held at Meeting Rooms 309 & 310, Suntec Singapore, Convention & Exhibition Centre, 1 Raffles Boulevard Suntec City, Singapore 039593 on 7 November 2016 at 2.00 p.m. and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the EGM shall be decided by way of poll.

Ordinary Resolution	For**	Against**
The Proposed Expansion of the Group's real estate business into the New Territories		
The Proposed Share Buyback Mandate		
The Proposed Directors' Fees for FY2015		
The Proposed Directors' fees for FY2016		
The Proposed Directors' fees for the first quarter of FY2017		
The Proposed Change of Name to "CWG International Ltd."		

* Delete accordingly

** Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or Common Seal
of Corporate Shareholder

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 (as defined in Section 81SF of the SFA), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
3. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are shareholders of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 6 Eu Tong Sen Street, #04-08, The Central, Singapore 059817 not later than forty-eight (48) hours before the time appointed for the EGM.
5. Where a member appoints more than one proxy, he shall specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative.
6. 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 under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. 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 EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. Terms not defined herein shall have the meanings ascribed to them in the circular to the Shareholders dated 14 October 2016.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing 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), 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) 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.

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