

CIRCULAR DATED 13 APRIL 2017

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

This Circular is issued by Ying Li International Real Estate Limited (the “**Company**”). Its purpose is to explain to the Shareholders the rationale and provide information for the proposed renewal of the Share Purchase Mandate to be tabled at the Annual General Meeting of the Company (the “**AGM**”) to be held on 28 April 2017 at 9.30 a.m. at Pan Pacific Orchard, 10 Claymore Road, Picasso Room Singapore 229540.

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

If you have sold or transferred all your shares in the capital of the Company, you should forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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



英利国际置业
YING LI INTERNATIONAL
REAL ESTATE

(Incorporated in the Republic of Singapore on 20 December 1991)
(Company Registration No. 199106356W)

**CIRCULAR TO SHAREHOLDERS ACCOMPANYING THE NOTICE OF ANNUAL
GENERAL MEETING DATED 13 APRIL 2017**

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“2016 EGM”	:	The EGM held on 27 April 2016
“2017 AGM”	:	The AGM to be held on 28 April 2017, or any adjournment thereof
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company or any adjournment thereof
“Associate”	:	(a) In relation to any Director, chief executive officer, a Substantial Shareholder or a Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(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, and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of 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
“Average Closing Price”	:	As defined in Paragraph 2.4 of Appendix 1 of this Circular
“Board”	:	The board of directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 13 April 2017
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Ying Li International Real Estate Limited
“Concert Party Group”	:	As defined in Paragraph 10.4(a) of Appendix 1 of this Circular
“Constitution”	:	The constitution of the Company, as amended or modified from time to time

“Controlling Shareholder”	:	A person who:
		(a) holds directly or indirectly 15% or more of the issued Shares (excluding treasury shares), unless otherwise determined by the SGX-ST; or
		(b) in fact exercises control over the Company
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company or any adjournment thereof
“Executive Director”	:	A Director who is an executive of the Company and is responsible for the day-to-day operations of the Company
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	29 March 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“Maximum Price”	:	As defined in Paragraph 2.4 of Appendix 1 of this Circular
“Notice of AGM”	:	The notice of the 2017 AGM dated 13 April 2017
“NTA”	:	Net tangible assets
“Off-Market Share Purchase”	:	As defined in Paragraph 2.3 of Appendix 1 of this Circular
“On-Market Share Purchase”	:	As defined in Paragraph 2.3 of Appendix 1 of this Circular
“Relevant Period”	:	In relation to the Share Purchase Mandate, the period in which the Share Purchase Mandate is valid and as defined in Paragraph 2.2 of Appendix 1 of this Circular
“Resolution 10”	:	The ordinary resolution relating to the renewal of the Share Purchase Mandate
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

“Shareholders”	:	Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective securities accounts
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Share Purchase”	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate
“Share Purchase Mandate”	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate
“SIC”	:	The Securities Industry Council
“Substantial Shareholder”	:	A person who holds directly or indirectly 5% or more of the total issued share capital of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“S\$” and “cents”	:	Singapore dollars and cents respectively, being 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 meanings ascribed to them respectively, in Section 81SF of the SFA.

The term **“treasury shares”** shall have the meaning ascribed to it in Section 76H of the Companies 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 and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular, shall have the same meaning assigned to it under the Companies Act 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 figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore on 20 December 1991)
(Company Registration No. 199106356W)

Directors:

Fang Ming (*Executive Chairman and Group Chief Executive Officer*)
Pan Ying (*Non-Executive and Non-Independent Deputy Chairman*)
Yang Xiao Yu (*Executive Director*)
Christopher Chong Meng Tak (*Lead Independent Director*)
Tan Sek Khee (*Independent Director*)
Xiao Zu Xiu (*Independent Director*)
Ai Yu (*Non-Executive and Non-Independent Director*)

Registered Office:

12 Marina Boulevard
#18-05
Marina Bay Financial Centre
Tower 3
Singapore 018982

13 April 2017

To: The Shareholders of Ying Li International Real Estate Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

The Company has, on even date, issued a Notice of AGM for the 2017 AGM, being the forthcoming AGM to be held on 28 April 2017.

Item 11 appearing under the heading “**Special Business**” in the Notice of AGM is an ordinary resolution (“**Resolution 10**”) in relation to the proposed renewal of the Share Purchase Mandate, as further explained in paragraph 2.

The purpose of this Circular is to provide Shareholders with relevant information pertaining to and to seek their approval for Resolution 10 at the 2017 AGM. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

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

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The Company had, at the 2016 EGM, sought and obtained the approval of Shareholders for a general Share Purchase Mandate to enable the Company to purchase or otherwise acquire its Shares.

The Share Purchase Mandate was expressed to take effect on the date of the passing of the ordinary resolution approving the same at the 2016 EGM and will expire on the date of the forthcoming 2017 AGM or the date by which the next AGM is required by law to be held. Accordingly, the Company is now seeking Shareholders’ approval for the renewal of the Share Purchase Mandate at the 2017 AGM.

Further details of the Share Purchase Mandate including the rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate are set out in Appendix 1 of this Circular.

3. SHARE PURCHASES DURING THE PREVIOUS 12 MONTHS

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

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Fang Ming ⁽²⁾	94,735,548	3.70	825,739,014	32.29
Pan Ying	–	–	–	–
Yang Xiao Yu	340,664	0.01	–	–
Christopher Chong Meng Tak	–	–	–	–
Tan Sek Khee	–	–	–	–
Xiao Zu Xiu	–	–	–	–
Ai Yu	–	–	–	–
Substantial Shareholders				
Newest Luck Holdings Limited ⁽³⁾	825,739,014	32.29	–	–
Everbright Hero Limited ⁽⁴⁾	381,000,000	14.90	–	–
State Alpha Limited	205,000,000	8.02	–	–
Everbright Hero Holdings Limited ⁽⁵⁾	–	–	381,000,000	14.90
Everbright Hero, L.P. ⁽⁶⁾	–	–	381,000,000	14.90
Everbright Hero LP Limited ⁽⁷⁾	–	–	381,000,000	14.90
Aerial Victory Limited ⁽⁸⁾	–	–	381,000,000	14.90
China Everbright Venture Capital Limited ⁽⁹⁾	–	–	205,000,000	8.02
China Everbright Limited ⁽¹⁰⁾	–	–	586,000,000	22.92

Notes:–

- (1) Based on the issued share capital of 2,557,040,024 Shares as at the Latest Practicable Date.
- (2) Mr. Fang Ming holds 100% of the issued share capital of Newest Luck Holdings Limited and is therefore deemed interested in the Shares held by Newest Luck Holdings Limited.
- (3) Newest Luck Holdings Limited has a total beneficial interest in 825,739,014 Shares, of which 667,739,014 Shares are held in the names of nominees.
- (4) Everbright Hero Limited has a total beneficial interest in 381,000,000 Shares, of which all of such 381,000,000 Shares are held in the names of nominees.
- (5) Everbright Hero Holdings Limited holds 100% of the shareholding in Everbright Hero Limited and is therefore deemed interested in the Shares held by Everbright Hero Limited.
- (6) Everbright Hero, L.P. holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% of the shareholding in Everbright Hero Limited. Everbright Hero, L.P. is therefore deemed interested in the Shares held by Everbright Hero Limited.

- (7) Everbright Hero LP Limited holds a majority shareholding interest in Everbright Hero, L.P. Everbright Hero, L.P. in turn holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% of the shareholding in Everbright Hero Limited. Everbright Hero LP Limited is therefore deemed interested in the Shares held by Everbright Hero Limited.
- (8) Aerial Victory Limited holds 100% of the shareholding in Everbright Hero LP Limited. Everbright Hero LP Limited holds a majority shareholding interest in Everbright Hero, L.P. Everbright Hero, L.P. in turn holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% of the shareholding in Everbright Hero Limited. Aerial Victory Limited is therefore deemed interested in the Shares held by Everbright Hero Limited.
- (9) China Everbright Venture Capital Limited is the sole Class A shareholder with, amongst others, the voting rights and power to appoint directors of State Alpha Limited and is therefore deemed interested in the Shares held by State Alpha Limited.
- (10) China Everbright Limited (“CEL”) holds 100% of the shareholding in Aerial Victory Limited and China Everbright Venture Capital Limited. CEL is therefore deemed interested in the Shares held by Aerial Victory Limited and China Everbright Venture Capital Limited.

For further details on the effect of the Share Purchase Mandate on the shareholdings of the Directors and Substantial Shareholders, please refer to Appendix 1 of this Circular.

5. ABSTENTION FROM VOTING

In compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code (as reflected in the condition set out in Paragraph 10.5(c) of Appendix 1 of this Circular), the Concert Party Group and parties acting in concert with them, if any, will abstain from voting at the forthcoming 2017 AGM in relation to Resolution 10 relating to the renewal of the Share Purchase Mandate.

In this regard, the Concert Party Group and parties acting in concert with them shall decline to accept appointment as proxies to vote and attend at the forthcoming 2017 AGM in respect of Resolution 10 for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the 2017 AGM.

6. DIRECTORS’ RECOMMENDATION

Save for Mr. Fang Ming, who has abstained from making any recommendations to Shareholders in compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code (as reflected in the condition set out in Paragraph 10.5(c) of Appendix 1 of this Circular), the Directors, having carefully considered, *inter alia*, the terms and rationale of the Share Purchase Mandate, are of the view that the Share Purchase Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of Resolution 10.

7. ANNUAL GENERAL MEETING

The 2017 AGM, notice of which is circulated together with this Circular, will be held at Pan Pacific Orchard, 10 Claymore Road, Picasso Room Singapore 229540 on 28 April 2017 at 9.30 a.m. for the purpose of, *inter alia*, considering and, if thought fit, passing, with or without any modification, Resolution 10 relating to the renewal of the Share Purchase Mandate.

8. 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 Share Purchase Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information contained 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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 12 Marina Boulevard, #18-05, Marina Bay Financial Centre Tower 3, Singapore 018982, during normal business hours from the date of this Circular up to and including the date of the 2017 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 December 2016.

Yours faithfully,

Fang Ming
Executive Chairman and Group Chief Executive Officer
For and on behalf of the Board of Directors of
Ying Li International Real Estate Limited

APPENDIX 1

1. Rationale for the Share Purchase Mandate

The Share Purchase Mandate will give the Directors flexibility to purchase or acquire Shares, up to the 10% limit described in Paragraph 2.1 below, if and when circumstances permit, via either On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

The rationale for the Share Purchase Mandate is as follows:

- (a) the Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return to Shareholders surplus cash/funds which is/are over and above its ordinary capital requirements and in excess of the financial and possible investment needs of the Group, if any. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy;
- (b) share repurchase programmes help buffer short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence; and
- (c) 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. Share purchase is one of the ways in which the return on equity of the Group may be enhanced.

The Share Purchase Mandate will give the Directors flexibility to purchase or acquire Shares, up to the 10% limit described in Paragraph 2.1 below, if and when circumstances permit, via either On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

The purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will only be made as and when Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the liquidity, orderly trading of the Shares and/or financial position of the Company or the Group or result in the Company being delisted from the SGX-ST.

2. Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the Share Purchases by the Company under the Share Purchase Mandate, if renewed at the 2017 AGM are substantially the same as previously approved by Shareholders at the 2016 EGM and are summarised below:

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 by the Company under the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding any Shares which are held as treasury shares) ascertained as at the date of the 2017 AGM at which the renewal of the Share Purchase Mandate is approved, unless the Company has effected a

reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time).

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date, comprising 2,557,040,024 Shares and assuming that no further Shares are issued or repurchased and held as treasury shares on or prior to the 2017 AGM, not more than 255,704,002 Shares (representing 10%) of the issued and paid-up share capital of the Company (excluding treasury shares) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate within the duration referred to in Paragraph 2.2 below.

2.2 Duration of Authority

The authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the “**Relevant Period**”, which is the period commencing from the date of the 2017 AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

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

2.3 Manner of Share Purchases

Purchases or acquisitions of Shares may be made by way of the following:

- (a) an on-market purchase, transacted on the SGX-ST through the ready market on the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for such purpose (“**On-Market Share Purchase**”); and/or
- (b) an off-market purchase effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act (“**Off-Market Share Purchase**”).

In an Off-Market Share Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Constitution, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

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

- (i) offers for the Share Purchases shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Share Purchase, the Company shall, as required by the Listing Manual, issue an offer document to all Shareholders. The offer document shall contain, *inter alia*, the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share Purchase;
- (D) the consequences, if any, of the Share Purchase by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (E) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (F) details of any Share Purchases made by the Company in the previous 12 months whether through On-Market Share Purchases or Off-Market Share Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.4 Maximum Purchase Price

The purchase price (excluding related brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares will be determined by the Directors and must not exceed:

- (a) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Share Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of such Share Purchase (the “**Maximum Price**”).

For the purposes of this Paragraph 2.4:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which the Shares were transacted on the SGX-ST, immediately preceding the date of the On-Market Share Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the Share Purchase, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

3. Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

3.1 Treasury Shares

Under the Companies Act, 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 Companies Act are summarised below:

(a) Maximum holdings

The aggregate number of Shares held or dealt with as treasury shares shall not at any time exceed 10% of the total number of issued Shares.

(b) Voting and other rights

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 Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding-up) 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. A subdivision or consolidation of any treasury share into treasury shares of a smaller or larger amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

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 any share scheme, whether for employees, directors or other persons;
- (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 Minister for Finance.

Under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it stating the following:

- (A) date of such 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 issued Shares (of the same class as the treasury shares) which are listed on the SGX-ST 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.

3.2 Cancellation of Purchased Shares

Shares when purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to such Shares will expire on such cancellation.

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its 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 for the Shares cancelled, which shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of the Shares.

All Shares which are cancelled will be automatically delisted by the SGX-ST and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

3.3 The Constitution

The current Constitution provides that all Shares purchased or acquired by the Company shall be cancelled. Accordingly, based on such Constitution, the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate will be cancelled.

4. Source of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution and the applicable laws of Singapore.

The Companies Act permits any purchase or acquisition of Shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is solvent if any the time of payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the purchase or acquisition, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal resources of funds and/or external borrowings and/or a combination of both to finance its Share Purchases. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will also consider the financial position of the Group, in particular, the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of the Shares in circumstances that they believe will not result in any material adverse effect on the financial position of the Group.

5. Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of the Share Purchase on the net tangible asset value and earnings per Share as the resultant effect would depend on, *inter alia*, the number of Shares purchased or acquired, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the consideration paid for such Shares, whether the Shares purchased or acquired are held in treasury or cancelled and whether the purchase or acquisition is an On-Market Share Purchase or an Off-Market Share Purchase.

The Company's total number of issued Shares will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The net tangible assets of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies 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.

The Directors do not propose to exercise the Share Purchase 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, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhance the earnings per Share and/or the net tangible assets value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group based on the audited financial statements of the Group for the financial year ended 31 December 2016, are based on the assumptions set out below:—

- (a) On the basis of 2,557,040,024 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2017 AGM, not more than 255,704,002 Shares (representing 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate;
- (b) in the case of an On-Market Share Purchase by the Company and assuming that the Company purchases or acquires the 255,704,002 Shares at the Maximum Price of S\$0.1642 for one (1) Share (being the price equivalent to 105% of the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 255,704,002 Shares is approximately S\$41,986,597 (excluding brokerage, commission, applicable goods and services tax and other related expenses).
- (c) in the case of an Off-Market Share Purchase by the Company and assuming that the Company purchases or acquires the 255,704,002 Shares at the Maximum Price of S\$0.1720 for one (1) Share (being the price equivalent to 110% of the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 255,704,002 Shares is approximately S\$43,981,088 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

For illustrative purposes only, based on the above assumptions and taking into account that the current Constitution provides that all Shares purchased or acquired by the Company shall be cancelled, the financial effects of:

- (i) On-Market Share Purchase and Off-Market Share Purchase made entirely out of capital and cancelled; and
- (ii) On-Market Share Purchase and Off-Market Share Purchase made entirely out of distributable profits and cancelled,

based on the audited financial statements of the Group and the Company for FY2016 are set out below:–

Scenario 1 – On-Market Purchase and Off-Market Purchase made entirely out of capital and cancelled

31 December 2016 (RMB'000)	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase assuming On-Market	After Share Purchase assuming Off-Market	Before Share Purchase	After Share Purchase assuming On-Market	After Share Purchase assuming Off-Market Purchase
Share capital	4,028,372	3,821,337	3,811,503	4,028,372	3,821,337	3,811,503
Retained profits	1,953,241	1,953,241	1,953,241	(749,635)	(749,635)	(749,635)
NTA	5,003,367	4,796,332	4,786,498	4,154,662	3,947,627	3,937,793
Total Equity	5,062,011	4,854,976	4,845,142	4,154,662	3,947,627	3,937,793
Current Assets	6,705,284	6,705,284	6,705,284	2,436,334	2,436,334	2,436,334
Current Liabilities	4,426,195	4,426,195	4,426,195	901,858	901,858	901,858
Total Borrowings	4,808,781	5,015,816	5,025,650	400,842	607,877	617,711
Cash and cash equivalents	676,315	676,315	676,315	12,109	12,109	12,109
Number of Shares excluding treasury shares ('000)	2,557,040	2,301,336	2,301,336	2,557,040	2,301,336	2,301,336
Number of treasury shares	–	–	–	–	–	–
Financial Ratios						
NTA per Share (RMB) ⁽¹⁾	1.957	2.084	2.080	1.625	1.715	1.711
EPS (RMB) ⁽²⁾	0.034	0.038	0.038	0.012	0.014	0.014
Net Gearing (times) ⁽³⁾	0.816	0.894	0.898	0.094	0.151	0.154
Current Ratio (times) ⁽⁴⁾	1.515	1.515	1.515	2.701	2.701	2.701

Notes:–

- (1) NTA per Share is calculated based on NTA divided by the number of Shares (excluding treasury shares).
- (2) EPS is calculated based on net profit attributable to the Shareholders of the Company divided by the number of Shares (excluding treasury shares).
- (3) Net Gearing equals total borrowings less cash and cash equivalents, divided by total equity.
- (4) Current Ratio represents the ratio of current assets to current liabilities.

Scenario 2 – On-Market Purchase and Off-Market Purchase made entirely out of distributable profits and cancelled

31 December 2016 (RMB'000)	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase assuming On-Market	After Share Purchase assuming Off-Market	Before Share Purchase	After Share Purchase assuming On-Market	After Share Purchase assuming Off-Market Purchase
Share capital	4,028,372	4,028,372	4,028,372	4,028,372	4,028,372	4,028,372
Retained profits	1,953,241	1,746,206	1,736,372	(749,635)	(956,670)	(966,504)
NTA	5,003,367	4,796,332	4,786,498	4,154,662	3,947,627	3,937,793
Total Equity	5,062,011	4,854,976	4,845,142	4,154,662	3,947,627	3,937,793
Current Assets	6,705,284	6,705,284	6,705,284	2,436,334	2,436,334	2,436,334
Current Liabilities	4,426,195	4,426,195	4,426,195	901,858	901,858	901,858
Total Borrowings	4,808,781	5,015,816	5,025,650	400,842	607,877	617,711
Cash and cash equivalents	676,315	676,315	676,315	12,109	12,109	12,109
Number of Shares excluding treasury shares ('000)	2,557,040	2,301,336	2,301,336	2,557,040	2,301,336	2,301,336
Number of treasury shares	–	–	–	–	–	–
Financial Ratios						
NTA per Share (RMB) ⁽¹⁾	1.957	2.084	2.080	1.625	1.715	1.711
EPS (RMB) ⁽²⁾	0.034	0.038	0.038	0.012	0.014	0.014
Net Gearing (times) ⁽³⁾	0.816	0.894	0.898	0.094	0.151	0.154
Current Ratio (times) ⁽⁴⁾	1.515	1.515	1.515	2.701	2.701	2.701

Notes:–

- (1) NTA per Share is calculated based on NTA divided by the number of Shares (excluding treasury shares).
- (2) EPS is calculated based on net profit attributable to the Shareholders of the Company divided by the number of Shares (excluding treasury shares).
- (3) Net Gearing equals total borrowings less cash and cash equivalents, divided by total equity.
- (4) Current Ratio represents the ratio of current assets to current liabilities.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and earnings/(loss) per Share as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 and is not necessarily representative of future financial performance of the Group and the Company.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasize that they do not propose to carry out Share Purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, orderly trading of the Shares and/or financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

6. Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the Share Purchase or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

7. Listing Rules

7.1 No Purchase during Price Sensitive Developments

While the Listing Manual does not expressly prohibit a listed company from purchasing its own shares during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Purchase 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 Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through an On-Market Share Purchase or an Off-Market Share Purchase during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one (1) month immediately preceding the announcement of the Company’s annual (full-year) results respectively.

7.2 Listing Status of the Shares

Under Rule 723 of the Listing Manual, a listed company must ensure that at least 10% of any class of its issued shares, excluding treasury shares (excluding preference shares and convertible equity securities), must be held by public shareholders. The word “public” is defined in the Listing Manual as persons other than directors, chief executive officer, Substantial Shareholders, or Controlling Shareholders of the listed company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there are 1,050,224,798 Shares, representing approximately 41.07% of the issued Shares (excluding treasury shares), held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its total issued Shares (excluding treasury shares) as at the Latest Practicable Date from public Shareholders through On-Market Share Purchases, the percentage of Shares held by the public Shareholders would be reduced to approximately 31.07%. Accordingly, the Company is of the view that, at present, there is a sufficient number of Shares held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of its Shares through On-Market Share Purchases up to the maximum 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the resulting number of Shares remaining in the hands of the public Shareholders will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading of the Shares.

8. Reporting Requirements

8.1 Notification to ACRA

Within 30 days of the passing of a Shareholders' resolution to renew the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the ACRA. The Company shall also lodge a notice with ACRA within 30 days of a Share Purchase.

Such notification shall include details of the Share Purchase, including the date of the purchase, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares are purchased out of profits and/or the capital of the Company and such other particulars that might be prescribed by ACRA from time to time.

8.2 Notification to the SGX-ST

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of an On-Market Share Purchase, on the Market Day following the day of purchase or acquisition of any of its Shares; and
- (b) in the case of an Off-Market Share Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in compliance with Appendix 8.3.1 of the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), and the number of issued shares (excluding treasury shares) and the number of treasury shares held after the purchase.

9. Details of Share Purchases in the Last 12 Months

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

10. Take-over Code Obligations Arising from the Share Purchases

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

10.1 Obligation to Make a Take-Over Offer

Pursuant to Appendix 2 of the Take-over Code, an increase in the percentage of voting rights in the Company by a Shareholder and parties acting in concert with him as a result of any Share Purchase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Pursuant to Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with him will incur an obligation to make a mandatory take-over offer for the Company if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's total number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could, in certain circumstances, obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

10.2 Persons Acting in Concert

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

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other:

- (a) the following companies:–
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv). For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the total voting rights of the first-mentioned company;
 - (vi) companies whose associated companies include any of (i), (ii), (iii), or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as 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:–
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) 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 such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:–
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i); and
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

10.3 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, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares:–

- (a) the voting rights of such Directors and their concert parties would increase to 30% or more; or
- (b) the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

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 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company 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 (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentage of voting rights under the Take-over Code referred to above.

10.4 Take-over implications arising from the Share Purchase Mandate

(a) As at the Latest Practicable Date:–

- (i) Mr. Fang Ming, an Executive Director of the Company, holds 94,735,548 Shares, representing approximately 3.70% of the issued Shares; and
- (ii) Newest Luck Holdings Limited, a Substantial Shareholder of the Company and whose issued share capital is 100% held by Mr. Fang Ming, holds 825,739,014 Shares, representing approximately 32.29% of the issued Shares.

Under the Take-over Code, Mr. Fang Ming and Newest Luck Holdings Limited (the “**Concert Party Group**”) are presumed to be parties acting in concert. As at the Latest Practicable Date, the Concert Party Group holds an aggregate of 920,474,562 Shares, representing approximately 36.00% of the issued Shares.

(b) For illustrative purposes only and assuming that:–

- (i) there is no change in the number of Shares held by the Concert Party Group or which they are deemed interested in;
- (ii) no new Shares are issued by the Company between the Latest Practicable Date and the date of the 2017 AGM; and
- (iii) the Company purchases or acquires 255,704,002 Shares, being 10% of the issued Shares, pursuant to the Share Purchase Mandate,

the aggregate shareholding of the Concert Party Group would increase from approximately 36.00% to approximately 40.00% of the issued Shares.

Accordingly, if such increase in shareholding were to occur over any six (6)-month period, the aggregate shareholding of the Concert Party Group would have increased by more than 1% within a period of six (6) months, and the Concert Party Group would *prima facie* be required to make a general offer for the Shares held by the other Shareholders pursuant to Rule 14.1(b) of the Take-over Code.

10.5 Exemption from having to make a general offer under Rule 14 of the Take-over Code

Under Appendix 2 of the Take-over Code, the Concert Party Group and its concert parties, if any, will be exempted from the requirement to make a general offer for the Company under Rule 14 of the Take-over Code if the aggregate shareholding of the Concert Party Group and its concert parties, if any, increases by more than 1% in any period of six (6) months as a result of any Share Purchase, subject to the following conditions:–

- (a) the Circular to Shareholders on the resolution to approve the renewal of the Share Purchase Mandate contains:–
 - (i) advice to the effect that by voting to approve the renewal of the Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Concert Party Group and its concert parties, if any, who, as a result of the Company buying back its Shares under the Share Purchase Mandate, would increase their voting rights in the Company by more than 1% in any period of six (6) months; and
 - (ii) the names of the members of the Concert Party Group and its concert parties, if any, their voting rights at the time of the resolution relating to the renewal of the Share Purchase Mandate and after the proposed Share Purchase;
- (b) the resolution to approve the renewal of the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Purchase;
- (c) the Concert Party Group and its concert parties, if any, abstain from voting for and/or recommending Shareholders to vote in favour of the resolution approve the renewal of the Share Purchase Mandate;
- (d) within seven (7) days after the passing of the resolution by Shareholders to approve the renewal of the Share Purchase Mandate, Mr. Fang Ming shall submit to the SIC a duly signed Form 2 as prescribed by the SIC; and
- (e) the Concert Party Group and its concert parties, if any, have not acquired and do not acquire any Shares between the date on which they know that the announcement of the Share Purchase Mandate is imminent and the earlier of:–
 - (i) the date on which the Share Purchase Mandate expires; and
 - (ii) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with those purchased or acquired by the Company under the Share Purchase Mandate, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding six (6) months.

As such, if the aggregate voting rights held by the Concert Party Group and its concert parties, if any, increase by more than 1% solely as a result of the Share Purchase and none of them has acquired any Shares during the relevant period mentioned above, then the Concert Party Group and its concert parties, if any, would be eligible for the exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption has been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares pursuant to the Share Purchase Mandate and the increase in the aggregate voting rights held by the Concert Party Group and its concert parties, if any, as a result of the Share Purchase at such time is less than 1% in any six (6)-month period, the Concert Party Group, and its concert parties, if any, may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the said Share Purchase will be taken into account together with any voting rights acquired by the Concert Party Group and its concert parties, if any (by whatever means) in determining whether they have increased their aggregate voting rights in the Company by more than 1% in any six (6)-month period.

10.6 Waiver

Shareholders should note that by voting in favour of the Share Purchase Mandate, they are waiving their rights to a general offer at the required price from the Concert Party Group and its concert parties, if any.

Save as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue, as a result of a Share Purchase.

Shareholders who are in doubt as to whether they would incur an obligation to make a general offer under the Take-over Code as a result of any Share Purchase are advised to consult their professional advisers and/or the SIC before they acquire any Shares during the period when the Share Buyback Mandate is in force.

