

ADDENDUM DATED 14 JULY 2015

This Addendum is circulated to shareholders of Pan Hong Property Group Limited (the “**Company**”) together with the Company’s annual report. Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders’ approval to renew the Share Purchase Mandate (as defined herein) to be tabled at the Annual General Meeting to be held on 30 July 2015, at 10.00 a.m., at Marie II room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516. The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

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

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



汎港地產集團  
PAN HONG PROPERTY GROUP

## **PAN HONG PROPERTY GROUP LIMITED**

(Incorporated in Bermuda on 20 December 2005)

(Company Registration Number: 37749)

### **ADDENDUM IN RELATION TO THE DETAILS OF THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**



## PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Company Registration Number: 37749)

### *Directors*

Wong Lam Ping (*Executive Chairman*)  
Wang Cuiping (*Executive Director*)  
Chan Chun Kit (*Executive Director*)  
Wong Ching (*Executive Director*)  
Chan Kin Sang (*Non-Independent and Non-Executive Director*)  
Sim Wee Leong (*Lead Independent Director*)  
Dr Choo Kian Koon (*Independent Director*)  
Dr Zheng Haibin (*Independent Director*)

### *Registered Office*

Clarendon House  
2 Church Street  
Hamilton, HM 11  
Bermuda

14 July 2015

To: The Shareholders of Pan Hong Property Group Limited

Dear Sir/Madam,

### **1. INTRODUCTION**

- 1.1 Reference is made to the notice of annual general meeting (“**AGM**”) dated 14 July 2015 (“**Notice of AGM**”) of the Company convening the AGM of the shareholders of the Company (“**Shareholders**”) to be held on 30 July 2015.
- 1.2 The proposed Ordinary Resolution 10 in the Notice of AGM relates to the renewal of the share purchase mandate (“**Share Purchase Mandate**”) to authorise the directors of the Company (“**Directors**”) to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) on the terms of the Share Purchase Mandate. The current Share Purchase Mandate, which was last renewed at the AGM held on 30 July 2014 will expire on 30 July 2015, being the date of the forthcoming AGM. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM.
- 1.3 The purpose of this Addendum is to provide Shareholders with relevant information relating to and explain the rationale for the proposed renewal of the Share Purchase Mandate to be tabled at the forthcoming AGM.

## 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 2.1 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchase of Shares by the Company under the proposed Share Purchase Mandate (“**Share Purchases**”) are set out below:–

#### 2.1.1 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, which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate, is limited to that number of Shares representing not more than ten per cent. (10%) of the issued and paid-up ordinary share capital of the Company as at the date of the forthcoming AGM at which approval for the Share Purchase Mandate is being sought (“**Approval Date**”) (unless the Company has effected a reduction of its share capital at any time during the relevant period, in which event the total issued ordinary share capital of the Company shall be taken to be the total amount of the issued ordinary share capital of the Company as altered).

Any Shares which are held as treasury shares by the Company will be disregarded for purposes of computing the ten per cent. (10%) limit.

For illustrative purposes only, based on the existing issued and paid-up ordinary share capital of the Company as at 19 June 2015 (“**Latest Practicable Date**”) of HK\$307,386,614, comprising 512,311,024 Shares (excluding 6,544,000 treasury shares), and assuming that no further Shares are issued on or prior to the date of the AGM, not more than 51,231,102 Shares (representing ten per cent. (10%) of the issued and paid-up ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in Section 2.1.2(a) below.

#### 2.1.2 Duration of authority

- (a) Under the proposed Share Purchase Mandate, Share Purchases may be made, at any time and from time to time, on and from the date of the AGM at which the Share Purchase Mandate is approved up to:–
  - (i) the conclusion of the next AGM or the date by which such AGM is required to be held; or
  - (ii) the date on which the Share Purchases are carried out to the full extent mandated; or

- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by ordinary resolution of the Company in general meeting,

whichever is the earliest.

- (b) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company.

### 2.1.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of:–
  - (i) an on-market share purchase transacted on the SGX-ST's ready market or, as the case may be, other stock exchange for the time being on which the Shares may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**On-Market Share Purchase**"); and/or
  - (ii) an off-market share purchase (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore ("**Singapore Companies Act**") ("**Off-Market Share Purchase**").
- (b) The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual of the SGX-ST ("**Listing Manual**"), the Singapore Companies Act, the Companies Act 1981 of Bermuda ("**Bermuda Companies Act**") and the bye-laws of the Company ("**Bye-laws**"), as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:–
  - (i) offers for the Share Purchase shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued 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 the offers relate to Shares with different accrued dividend entitlements;
  - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
  - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (c) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:–
- (i) the terms and conditions of the offer;
  - (ii) the period and procedures for acceptance;
  - (iii) the reasons for the proposed Share Purchase;
  - (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (“**Take-over Code**”) or other applicable take-over rules;
  - (v) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and
  - (vi) details of Share Purchases made during the previous twelve (12) months (whether On-Market Share Purchases or Off-Market Share Purchases), giving 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.

## 2.2 Maximum Purchase Price

- (a) 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.
- (b) However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:–
  - (i) in the case of an On-Market Share Purchase, 105 per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and

- (ii) in the case of an Off-Market Share Purchase, 120 per cent. (120%) of the Average Closing Price of the Shares,

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

- (c) For the above purposes:–

- (i) “**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) days on which the SGX-ST is open for trading of securities (“**Market Day**”), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or as the case may be, the day of making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and
- (ii) “**day of making of the offer**” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

### 2.3 Rationale

The Share Purchase Mandate will give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The Directors believe that the Share Purchase Mandate provides the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group’s working capital requirements in an expedient and cost-efficient manner.

The Directors further believe that the Share Purchases may also buffer short-term Share price volatility, offset the effects of Share price speculation and bolster Shareholders’ confidence. If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost-effective and efficient approach.

Any Share Purchase by the Company will be made in accordance with the Bermuda Companies Act, the Company’s memorandum of association and Bye-laws and the rules and regulations of the SGX-ST and if applicable, of other regulatory authorities. The Share Purchases will only be made as and when the Directors consider it to be in the best interests of the Company and in appropriate circumstances which the Directors believe will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the working capital requirements and the gearing level of the Group.

## 2.4 **Source of Funds**

Under the Bermuda Companies Act, a purchase of shares may only be funded out of the capital paid up on the shares to be purchased, or out of the funds of the company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of shares made for the purpose of the purchase, and the premium, if any, payable on the purchase (i.e., the amount paid in excess of the nominal value of the shares to be purchased) must be provided for out of the funds of the company which would otherwise be available for dividend or distribution, or out of the company's share premium account before the shares are purchased.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will 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.

## 2.5 **Status of Purchased Shares**

### 2.5.1 **Cancellation**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the issued share capital of the Company will be diminished by the nominal value of the number of Shares purchased or acquired by the Company and which are not held as treasury shares. This shall not be taken as a reduction to the Company's authorised share capital. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares are to be purchased or acquired for cancellation or to be held as treasury shares, or partly cancelled and partly to be held as treasury shares, depending on the needs of the Company at that point in time.

### 2.5.2 **Treasury shares**

Under the Bermuda Companies Act, a company may, if authorised by its memorandum of association or bye-laws, purchase or acquire its own shares for cancellation (in which event, the company's issued, but not its authorised, share capital will be diminished accordingly) or to be held as treasury shares. Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares.

No acquisition by a company of its own shares to be held as treasury shares or for cancellation may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

While there is no specific maximum limit to the number of shares which a company can hold as treasury shares, a company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares.

A company that acquires its own shares to be held as treasury shares may:–

- (a) hold all or any of the shares;
- (b) dispose of or transfer all or any of the shares for cash or other consideration;  
or
- (c) cancel all or any of the shares.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares, 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 in a class that is listed 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.

## 2.6 Illustrative Financial Effects

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.



**For illustrative purposes only**, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group for financial year ended 31 March 2015 (“**FY2015**”), are prepared based on the following assumptions:-

- (a) the Share Purchases comprised 51,231,102 Shares (representing ten per cent. (10%) of the issued and paid-up share capital of the Company as at the Latest Practicable Date);
- (b) in the case of On-Market Share Purchases, the Maximum Price was S\$0.183 (being five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days prior to the Latest Practicable Date on which there were trades in the Shares) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such On-Market Share Purchases would amount to approximately S\$9.4 million;
- (c) in the case of Off-Market Share Purchases, the Maximum Price was S\$0.210 (being twenty per cent. (20%) above the average of the closing market prices of the Shares over the last five (5) Market Days prior to the Latest Practicable Date on which there were trades in the Shares) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases would amount to approximately S\$10.8 million;
- (d) the Share Purchases took place on 1 April 2014; and
- (e) based on the closing exchange rate of RMB4.899 to S\$1.00 as at 1 April 2014.

## 2.6.1 On-Market Share Purchases

	<u>Group</u>			<u>Company</u>		
	Before Share Purchases	After Share Purchases	Share Purchases held as treasury share	Before Share Purchases	After Share Purchases	Share Purchases held as treasury share
<b>As at 31 March 2015</b>						
<i>(RMB' 000)</i>						
Share capital	313,446	289,073	313,446	313,446	289,073	313,446
Reserves	1,224,893	1,203,336	1,224,893	295,906	274,349	295,906
Non-controlling interests	522,396	522,396	522,396	–	–	–
	2,060,735	2,014,805	2,060,735	609,352	563,422	609,352
Treasury shares <sup>(1)</sup>	(12,817)	(12,817)	(58,747)	(12,817)	(12,817)	(58,747)
Total equity	<u>2,047,918</u>	<u>2,001,988</u>	<u>2,001,988</u>	<u>596,535</u>	<u>550,605</u>	<u>550,605</u>
NTA <sup>(2)</sup>	1,525,522	1,479,592	1,479,592	596,535	550,605	550,605
Current assets <sup>(3)</sup>	4,333,807	4,310,842	4,310,842	261,080	261,080	261,080
Current liabilities	2,325,288	2,348,253	2,348,253	248,605	294,535	294,535
Total borrowings <sup>(3)</sup>	1,515,641	1,538,606	1,538,606	–	–	–
Cash and bank balance <sup>(3)</sup>	309,501	286,536	286,536	132	132	132
Net borrowings <sup>(4)</sup>	981,641	1,004,606	1,004,606	–	–	–
Profit after tax and non-controlling interests	50,965	50,965	50,965	339	339	339
Number of shares (excluding treasury shares) as at 31 March 2015 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
Weighted average number of shares (excluding treasury shares) as at 31 March 2015 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
<b>Financial Ratios</b>						
NTA per Share (RMB cents) <sup>(5)</sup>	297.77	320.90	320.90	116.44	119.42	119.42
Gross gearing <sup>(6)</sup>	0.74	0.77	0.77	–	–	–
Net gearing <sup>(7)</sup>	0.48	0.50	0.50	–	–	–
Current ratio <sup>(8)</sup>	1.86	1.84	1.84	1.05	0.89	0.89
EPS (RMB cents) <sup>(9)</sup>	9.95	11.05	11.05	0.07	0.07	0.07

Notes:

- (1) “Treasury shares” represents Shares purchased pursuant to the Share Purchase Mandate which were not cancelled.
- (2) “NTA” represents net tangible assets before non-controlling interests.
- (3) Assume that the Share Purchases were financed as to 50% by internal sources of funds and as to 50% by external borrowings.
- (4) “Net borrowings” represents total borrowings less deposit collateral.
- (5) “NTA per Share” represents NTA divided by the weighted average number of Shares as at 31 March 2015.
- (6) “Gross gearing” represents total borrowings divided by total equity.
- (7) “Net gearing” represents net borrowings divided by total equity.
- (8) “Current ratio” represents current assets divided by current liabilities.
- (9) “EPS” represents profit after tax and non-controlling interests for FY2015 respectively divided by the weighted average number of Shares (excluding treasury shares) for FY2015.

## 2.6.2 Off-Market Share Purchases

	<u>Group</u>			<u>Company</u>		
	Before Share Purchases	After Share Purchases	Share Purchases cancelled	Before Share Purchases	After Share Purchases	Share Purchases held as treasury share
<b>As at 31 March 2015</b>						
<i>(RMB' 000)</i>						
Share capital	313,446	289,073	313,446	313,446	289,073	313,446
Reserves	1,224,893	1,196,560	1,224,893	295,906	267,573	295,906
Non-controlling interests	<u>522,396</u>	<u>522,396</u>	<u>522,396</u>	—	—	—
	2,060,735	2,008,029	2,060,735	609,352	556,646	609,352
Treasury shares <sup>(1)</sup>	<u>(12,817)</u>	<u>(12,817)</u>	<u>(65,523)</u>	<u>(12,817)</u>	<u>(12,817)</u>	<u>(65,523)</u>
Total equity	<u>2,047,918</u>	<u>1,995,212</u>	<u>1,995,212</u>	<u>596,535</u>	<u>543,829</u>	<u>543,829</u>

	<u>Group</u>			<u>Company</u>		
	Before Share Purchases	After Share Purchases	Share Purchases held as treasury share	Before Share Purchases	After Share Purchases	Share Purchases held as treasury share
<b>As at 31 March 2015</b>						
NTA <sup>(2)</sup>	1,525,522	1,472,816	1,472,816	596,535	543,829	543,829
Current assets <sup>(3)</sup>	4,333,807	4,307,454	4,307,454	261,080	261,080	261,080
Current liabilities	2,325,288	2,351,641	2,351,641	248,605	301,311	301,311
Total borrowings <sup>(3)</sup>	1,515,641	1,541,994	1,541,994	–	–	–
Cash and bank balance <sup>(3)</sup>	309,501	283,148	283,148	132	132	132
Net borrowings <sup>(4)</sup>	981,641	1,007,994	1,007,994	–	–	–
Profit after tax and non-controlling interests	50,965	50,965	50,965	339	339	339
Number of shares (excluding treasury shares) as at 31 March 2015 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
Weighted average number of shares (excluding treasury shares) as at 31 March 2015 ('000)	512,311	461,080	461,080	512,311	461,080	461,080

#### Financial Ratios

NTA per Share (RMB cents) <sup>(5)</sup>	297.77	319.43	319.43	116.44	117.95	117.95
Gross gearing <sup>(6)</sup>	0.74	0.77	0.77	–	–	–
Net gearing <sup>(7)</sup>	0.48	0.51	0.51	–	–	–
Current ratio <sup>(8)</sup>	1.86	1.83	1.83	1.05	0.87	0.87
EPS (RMB cents) <sup>(9)</sup>	9.95	11.05	11.05	0.07	0.07	0.07

#### Notes:

- (1) “Treasury shares” represents Shares purchased pursuant to the Share Purchase Mandate which were not cancelled.
- (2) “NTA” represents net tangible assets before non-controlling interests.
- (3) Assume that the Share Purchases were financed as to 50% by internal sources of funds and as to 50% by external borrowings.
- (4) “Net borrowings” represents total borrowings less deposit collateral.

- (5) "NTA per Share" represents NTA divided by the weighted average number of Shares as at 31 March 2015.
- (6) "Gross gearing" represents total borrowings divided by total equity.
- (7) "Net gearing" represents net borrowings divided by total equity.
- (8) "Current ratio" represents current assets divided by current liabilities.
- (9) "EPS" represents profit after tax and non-controlling interests for FY2015 respectively divided by the weighted average number of Shares (excluding treasury shares) for FY2015.

**The financial effects set out above are for illustrative purposes only. Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**

## 2.7 Take-over Implications under the Take-over Code

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

### 2.7.1 Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company resulting from a share buy back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

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

### 2.7.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise 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 Take-over Code presumes, *inter alia*, the following individuals and companies to be persons 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); and
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);
  - (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; and
- (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).

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (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 them respectively, 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.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the buy back of 10% Shares by the Company pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to repurchase Shares pursuant to the Share Purchase Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of share buy backs by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.**

## 2.8 Taxation

**Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.**

## 2.9 Interested Persons

The Company is prohibited from knowingly buying Shares on SGX-ST from an interested person, that is, a Director, the chief executive of the Company or controlling shareholder of the Company or any of their associate, and an interested person is prohibited from knowingly selling his Shares to the Company.

## 2.10 Listing Manual

2.10.1 As at the Latest Practicable Date, 188,225,630 Shares representing approximately 36.7% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of On-Market Share Purchases, the percentage of Shares held by the public would be approximately 29.7%.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through On-Market Share Purchases up to 10% limit pursuant to the Share Purchase Mandate without adversely affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading.

2.10.2 Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last 5 market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to On-Market Share Purchases by the Company, referred to in Section 2.2 of this Addendum, conforms to this restriction.

Additionally, the Listing Manual also 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 a On-Market Share Purchase, on the Market Day following the day of purchase 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 shall include, *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the number of share cancelled or kept as treasury shares, the Purchase Price per share or the highest price and lowest price per share (as applicable), the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase 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. In particular, the Company will not purchase or acquire any Shares 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 and ending on the date of announcement of the relevant financial statements and during the period commencing one (1) month before the announcement of the Company's full year financial statements and ending on the date of announcement of the relevant financial statements.

#### 2.11 Details of the Shares Bought by the Company in the Previous 12 Months

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

### 3. INTERESTS OF THE DIRECTORS AND/OR 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		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Wong Lam Ping <sup>(2)</sup>	20,952,194	4.09	302,443,000	59.04
Wang Cuiping	689,900	0.13	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Extra Good Enterprises Ltd. <sup>(2)</sup>	288,000,000	56.22	–	–
Chan Heung Ling <sup>(2)</sup>	14,443,300	2.82	308,952,194	60.31



Notes:

- (1) Percentage is calculated based on 512,311,024 Shares (excluding treasury shares) as at Latest Practicable Date.
- (2) The entire issued share capital of Extra Good Enterprises Ltd. (“**Extra Good**”) is held as to 52.0% and 48.0% by Mr Wong Lam Ping and Ms Chan Heung Ling, respectively. As such, they are both deemed to be interested in the Shares held by Extra Good. Mr Wong Lam Ping and Ms Chan Heung Ling are husband and wife. As such, they are deemed to be interested in the Shares held by each other.

#### **4. APPROVALS AND RESOLUTIONS**

Shareholders’ approval for the proposed renewal of the Share Purchase Mandate is sought at the forthcoming AGM. The resolution relating to the proposed renewal of the Share Purchase Mandate is contained in the Notice of AGM as Ordinary Resolution 10.

#### **5. DIRECTORS’ RECOMMENDATION**

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and they recommend that Shareholders vote in favour of the Ordinary Resolution 10 as set out in the Notice of AGM.

#### **6. DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum 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 Addendum in its proper form and context.

## **7. INSPECTION OF DOCUMENTS**

The following documents are available for inspection at the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758, during normal business hours from the date of this Addendum up to and including the date of the AGM:–

- (i) the existing Bye-laws; and
- (ii) the annual report of the Company for FY2015.

Yours faithfully

For and on behalf of the Board of Directors of  
**Pan Hong Property Group Limited**

**Wong Lam Ping**  
*Executive Chairman*