

~~CONFIDENTIAL~~

CIRCULAR DATED 26 AUGUST 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have sold or transferred all your ordinary shares ("Shares") in the capital of Hotel Grand Central Limited (the "Company"), please forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee to the stockbroker, bank or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

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

Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. If you are in any doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.



HOTEL GRAND CENTRAL LIMITED

大中酒店有限公司

(Incorporated in the Republic of Singapore)
(Company No. 196800243H)

This is a circular issued to shareholders following the purchase of the hotel.

this hotel was bought for cash.

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DISPOSAL OF 38,000,000 ORDINARY SHARES REPRESENTING 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HOTEL GRAND CHANCELLOR PTE LTD ("HGCL").

↓
later became Grand Imperial

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	12 noon on 10 September 2014
Date and time of Extraordinary General Meeting	:	12 noon on 12 September 2014
Place of Extraordinary General Meeting	:	3 Belilios Road, Singapore 219924

GLOSSARY

In the Circular, the following definitions apply throughout unless the context otherwise requires:

"Balance Deposit" : The sum of S\$9.92 million.

"Board" : The board of directors of the Company as at the date of this Circular

"Cash Proceeds" : The cash component of S\$248.00 million.

"CDP" : The Central Depository (Pte) Limited.

"Circular" : This circular to Shareholders dated 26 August 2014

"Deposit" : The aggregate of the Initial Deposit and the Balance Deposit equivalent to S\$12.4 million.

"DTZ" : DTZ Debenham Tie Leung

"Companies Act" : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time

"Company" : Hotel Grand Central Limited, Company No. 196800243H

"Directors" : The directors of the Company as at the date of this Circular

"EGM" : The extraordinary general meeting of the Company, notice of which is given on page 14 of this Circular

"EPS" : Earnings per Share

"FY2013" : The financial year ended 31 December 2013

"Group" : The Company and its subsidiaries

"HGCPL" : Hotel Grand Chancellor Pte. Ltd. (Company Number: 200709583W) incorporated in Singapore on 30 May 2007.

"Hotel" : The hotel known as Hotel Grand Chancellor and located at 3 Belilios Road, Singapore 219924

"Initial Deposit" : The sum of S\$2.48 million

"Latest Practicable Date" : The latest practicable date prior to the printing of this Circular, being 20 August 2014

"Listing Manual" : The Listing Manual of the SGX-ST, as may be amended or modified from time to time

"Purchaser" : Canali Logistics Pte Ltd (Company number 200915809E) a company incorporated in Singapore on 27 August 2009 which principal activities is shipping and logistics, and general wholesale trade.

"Sale and Purchase Agreement" or ("SPA") : sale and purchase agreement entered by the Company with Canali Logistics Pte Ltd on 30 June 2014 to sell 38,000,000 ordinary shares, representing 100% of the issued and paid-up share capital of Hotel Grand Chancellor Pte Ltd;

"Proposed Disposal" : The proposed disposal of 38,000,000 issued and paid-up ordinary shares that the Company holds in the share capital of the HGCPL representing 100% of the issued and paid up capital of HGCPL together with all rights and entitlements attaching thereto.

"Sale Consideration" : The aggregate consideration payable by the Company to the Purchaser.

"SGX-ST" : Singapore Exchange Securities Trading Limited

"Shareholders" : The registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall in relation to those Shares, means the Depositors whose Securities Accounts are credited with those Shares.

"Sale Shares" : the 38,000,000 issued and paid-up ordinary shares that the Company holds in the share capital of the HGCPL.

"Substantial Shareholder" : A person who has an interest directly or indirectly in not less than five per cent. of the issued and voting Shares or is otherwise regarded as a substantial shareholder under the Companies Act.

"S\$" or "SGD" : Singapore dollars, being the lawful currency of the Republic of Singapore.

The terms **"Depositor"**, **"Depository Register"** and **"Depository Agent"** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

CORPORATE INFORMATION

BOARD OF DIRECTORS :

Tan Eng Teong, Executive Chairman/Managing Director
Tan Teck Lin, Executive Director
Tan Eng How, Non Independent non-Executive Director
Tan Hwa Lian, Executive Director
Chng Beng Siong, Independent non-Executive Director
Fang Swee Peng, Independent non-Executive Director
Tan Kok Aun, Independent non-Executive Director

COMPANY SECRETARY :

Lim Bee Lian Eliza, ACIS

REGISTERED OFFICE :

3 Belilios Road,
Singapore 219924

SHARE REGISTRAR :

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

LEGAL ADVISER TO THE COMPANY:

DREW AND NAPIER
10 Collyer Quay,
Ocean Financial Centre, #10-01
Singapore 049315

INDEPENDENT VALUER FOR HGCPL:

DTZ Debenham Tie Leung
100 Beach Road
Shaw Tower #35-00
Singapore 189702

HGCPL successfully tendered for the White Site land at Belilios Road from the Urban Redevelopment Authority in 2007 at the tendered sale price of S\$48.89 million. It subsequently constructed a 328 room hotel with 228 carpark lots on the land at a cost of S\$59.23 million. The Hotel was opened in 2010.

2.2 Key Terms of the Proposed Disposal

The Company had entered into a Sale and Purchase Agreement ("SPA") with Canali Logistics Pte. Ltd. (the "Purchaser") for the Proposed Disposal at an aggregate consideration of S\$248.00 million (the "Consideration"). The Consideration was arrived at after arm's length negotiations and on a willing buyer willing seller basis, taking into account, inter alia, the current hotel market condition in Singapore. The Purchaser is an unrelated third party.

The Purchaser has paid S\$18.60 million (inclusive of the Initial Deposit and the Balance Deposit) upon execution of and pursuant to the terms of the SPA. The Initial Deposit shall be non-refundable in all circumstances, save in the event:

- (i) certain of HGC's warranties under the SPA has been breached as a result of any default by HGC, or
- (ii) certain conditions precedent under the SPA have not been met.

→ Salam is a cash buyer.

Under the SPA, it is provided that the Consideration will be paid in cash in various instalments.

2.3 Valuation of the Properties

The Hotel Property was valued by DTZ Debenham Tie Leung based on the income method on 18 September 2012 at S\$201.00 million

It is the Group's policy to value its hotel once every three years. No updated valuation was carried out on the Hotel Property since its last valuation on 18 September 2012. It was the Directors' view that there were no material changes to market conditions that would affect the valuation of the Hotel Property significantly between the date of the last valuation and the date of the SPA.

Please refer to the summary valuation certificate in Appendix A for further details.

2.4 Conditions Precedent

Completion is subject to various conditions precedent amongst others and including:

- (a) the passing of a resolution by the board of directors and/or shareholders of the Company approving the transactions contemplated by the SPA within three (3) months from the date of the SPA;
- (b) HGCPL fully ceasing the operations of its business and a written confirmation thereof being given by Company to the Purchaser.
- (c) No compulsory acquisition or notice of intended compulsory acquisition from any relevant governmental authorities affecting either the hotel (or any part thereof) or of the land (or any part thereof) on which the hotel is sited

2.5 Completion

Completion is intended to take place on 15 January 2015 (or such other date as the parties to the SPA may mutually agree in writing).

Upon Completion, HGCPL will cease to be a wholly-owned subsidiary of HGC.