

# BROTHERS (HOLDINGS) LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration No. 199700550E

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## SIGNING OF JOINT VENTURE AGREEMENT

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Further to the Company's announcements of 12 December 2006, the Board wishes to announce that it has on 15 January 2007 entered into the JV Agreement.

### Salient terms of the JV Agreement

The JV Agreement sets out the terms of the Company's co-investment in the Project with Azette. The JV Agreement is entered into between (i) Brothers (China) Pte Ltd ("**BCPL**"), which is a company incorporated in Singapore and is a wholly-owned subsidiary of the Company, (ii) Azette, and (iii) Value Land Pte. Ltd ("**VLPL**"), which is the joint venture company. BCPL and Azette will hold equal equity interests in VLPL.

VLPL in turn, has a controlling interest in Shenyang Sentosa Property Development Co., Ltd, which is the entity developing the Project.

BCPL and Azette will each commit to fund up to RMB187.75 million in VLPL, through the subscription of shares of VLPL and extension of shareholders' loans (the "**Committed Sum**").

Each of BCPL and Azette will be injecting the Committed Sum in two tranches:-

- (a) the first tranche of RMB100 million (the "**First Tranche**") shall be paid to VLPL by 15 January 2007 or such other date as may be mutually agreed by BCPL, Azette and VLPL (the "**Parties**"); and
- (b) the second tranche of RMB87.75 million or such other sum(s) as may be mutually agreed by the Parties (the "**Second Tranche**") shall be paid to VLPL by 29 January 2007 or such other date as may be mutually agreed by the Parties.

The First Tranche shall be injected by each of BCPL and Azette as follows:

- (a) RMB50 million by way of subscription of 10 million shares of VLPL at the issue price of RMB5.00 per share in the capital of VLPL; and
- (b) RMB50 million in the form of interest free shareholders' loans.

The Second Tranche shall be injected by each of BCPL and Azette in the form of interest free shareholders' loans.

It is noted that BCPL has to date, directly and indirectly injected approximately RMB154.7 million into VLPL, which forms part of its Committed Sum.

The obligations of BCPL and Azette under the JV Agreement are conditional upon:

- (a) the signing of a supplemental letter agreement between the Company and Azette revising the terms of the Subscription Agreement (the "**Azette Subscription**", and see the Company's other announcement of today's date); and

- (b) VLPL entering into an agreement with Brothers Realty (Shenyang) Co., Ltd ("**BRS**") (a related corporation of BCPL), under which BRS agrees to vest in VLPL all its interests in the registered capital of Sentosa Changbai Realty Co., Ltd ("**SCR**") (representing approximately 51% of the registered capital of SCR) owned by BRS, for a consideration of (i) RMB25.5 million, such assignment shall be effective concurrently with the injection of the Second Tranche of the Committed Sum, and (ii) VLPL assuming and performing all the obligations of BRS arising from BRS's 51% interest in the registered capital of SCR .

BCPL and Azette may jointly waive (in whole or in part) the above conditions.

In addition, the JV Agreement provides that, unless waived or otherwise agreed by BCPL and Azette, in the event:-

- (a) the Azette Subscription is not completed in accordance with the terms of the Subscription Agreement; and
- (b) Azette is not satisfied with the documentation evidencing BCPL's injection of RMB154.7 million of its Committed Capital,

BCPL shall purchase Azette's entire equity interest in VLPL at the price paid by Azette, and VLPL shall repay the shareholders' loans extended by Azette. In addition, BCPL shall pay Azette a funding cost calculated from the relevant date of disbursement to the date of repayment based on the average prevailing prime lending rate per annum of the three major Singapore banks.

#### **Interests of Directors and Shareholders**

To the best of the Directors' knowledge, none of the Directors of the Company or substantial shareholders of the Company has, other than through the Group, any interest, direct or indirect, in the above transaction.

*All capitalised terms herein shall have the same meanings ascribed to them in the announcements dated 12 December 2006, unless otherwise provided or unless the context otherwise requires.*

Submitted by Ms Lee Mei Fong, Company Secretary, By Order of the Board on 15/01/2007 to the SGX-ST