

SINGAPORE WINDSOR HOLDINGS LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

PROPOSED DISPOSAL OF WINDSOR HOLDING INVESTMENTS LTD. AND WINDSOR METAL MANUFACTURE CO LTD

1. INTRODUCTION

The Board of Directors (the "**Board**") of Singapore Windsor Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**"), wishes to announce that the Company has on 23 March 2015 entered into a sale and purchase agreement ("**SPA**") with Chung Koon Wing and Chung Wah Sang (each a "**Purchaser**", and collectively the "**Purchasers**"), for the proposed disposal (the "**Proposed Disposal**") of the entire issued and paid up share capital ("**Sale Shares**") of the Company's wholly-owned subsidiaries, Windsor Holding Investment Limited ("**WHI**") and Windsor Metal Manufacture Co Ltd ("**WMM**").

2. INFORMATION ON WHI, WMM AND THE PURCHASERS

- 2.1 WHI was incorporated in Hong Kong on 13 December 2006 and has an authorised issued and paid up share capital of HK\$10,000. WHI is an investment holding company.
- 2.2 WMM was incorporated in Hong Kong on 10 May 1994 and has an authorised issued and paid up share capital of HK\$5,027,000. WMM is engaged in the business of trading printed circuit board punching moulds.
- 2.3 The Purchasers are Chung Koon Wing and Chung Wah Sang. The Purchasers are not related to any Directors or Controlling Shareholders of the Company.

3. SALE CONSIDERATION

The aggregate sale consideration for the sale of the Sale Shares will be an amount in cash equal to the sum of HK\$55,000,000 (approximately S\$9,775,171 based on the average exchange rates of HK\$ to S\$ quoted by Bloomberg L. P. on the date of this Announcement) (the "**Sale Consideration**"), which will be paid by the Purchasers to the Company in the following manner:

- (a) a non-refundable deposit of HK\$27,500,000 (being the sum equivalent to 50% of the Sale Consideration) ("**Deposit**") which will be paid by the Purchasers within fourteen (14) days from the date of the SPA; and
- (b) the balance Sale Consideration less the Deposit ("**Balance Sale Consideration**") shall be payable by the Purchasers to the Company,

by crediting for value on or before 30 September 2015, to the account specified by the Company by way of telegraphic transfer.

The Sale Consideration was arrived at by the parties on a willing-buyer-willing-seller basis. In arriving at the Sale Consideration, the Board also took into account; *inter alia*, the following factors:

- (i) The historical financial position and performance of WHI and WMM, including their net assets values;

- (ii) The historical track record and future prospects of the WHI and WMM;
- (iii) WHI is an investment holding company that holds:
 - (a) 7.3% interest in Zhen Yang Technology Co. Limited, a company incorporated in the Republic of Taiwan and engaged in the business of providing printed circuit boards routing services;
 - (b) 17.6% interest in Windsor Solar Technology Limited, a company incorporated in Hong Kong. Windsor Solar Technology Limited is an investment holding company that principally holds 0.95% interest in Real Green Material Technology Corporation, a company incorporated in the Republic of Taiwan and engaged in manufacturing high purity silica powder and high purity polysilicon, a key component of solar panel construction.

The above investments held by WHI are expected to be non-performing as Zhen Yang Technology Co. Limited is operating on a razor-thin profit margin and Real Green Material Technology has incurred substantial loss for the past few years. The Company does not expect any major improvements to the outlook of these two companies in the next few years.

- (iv) WMM and its subsidiaries are engaged in the business of:
 - (a) manufacturing and sale of printed circuit board punching moulds and die-casting mould bases; and
 - (b) provision of printed circuit boards electroplating and punching services.

The business of WMM is expected to remain under-performing due to a lack of orders for both high end printed circuit board punching moulds and customized die-casting mould bases, in addition to the decline in outsourcing demand from customers for both electroplating and punching services.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The rationale for and benefits of the Proposed Disposal are, *inter alia*, as follows:

- 4.1 The Company is of the view that continuing the printed circuit board business would be very challenging due to increased price competition. As customer requirements are becoming higher and higher, the Company is of the view that increasing the Company's capital investment to upgrade its dated production facilities for printed circuit board manufacturing coupled with intense competition, will lead to lower profit margins and will not justify the large capital expenditure required.
- 4.2 In the face of rising cost of labour in hiring workers from the People's Republic of China, the Board has assessed and evaluated that this upward trend in labour cost will reduce the operating margins of WHI and WMM. A timely disposal of WHI and WMM will allow the Company to avoid incurring losses in an industry which is highly cyclical and volatile, and enable the Company to focus more of its resources and management on investments in Singapore and Myanmar. The Board has also taken into account the fact that WHI and WMM have historically been loss-making, becoming profitable only within the last year, and the Proposed Disposal will mitigate the risk of these entities becoming loss-making again.
- 4.3 As there are limited buyers in the printed circuit board industry, the Proposed Disposal represents the Company's best opportunity to realize the value of WHI and WMM at higher than book value without having to incur large capital outlays. The Proposed Disposal also allows the Company to remove its existing credit facilities

given by financial institutions to WMM; thereby decreasing the Company's group gearing ratio from 1.22 times to 0.

- 4.4 The impact of the Proposed Disposal on the Company would be to strengthen the Company's balance sheet and improve its overall liquidity. The Proposed Disposal will allow the Group to restructure its existing businesses to achieve a stronger financial performance.

5. SALIENT TERMS

5.1 The completion of the Proposed Disposal is conditional upon, *inter alia*, the following:

- (a) all consents, approvals and authorisations of bankers, financial institutions, landlords of leases, any other relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the Sale Shares from the Company to the Purchasers and the ownership by the Purchasers of the Sale Shares having been obtained (including but not limited to waivers of pre-emption rights by existing shareholders of WHI and WMM and approval by the directors and shareholders of the Company in relation to the Company's sale of the Sale Shares), and if subject to conditions, on such conditions acceptable to the Purchaser, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the completion date;
- (b) the Company having received the approval of its shareholders in a general meeting to be convened for the transactions contemplated herein (if required);
- (c) all representations, warranties and undertakings of the parties under the SPA being complied with, and being true, accurate and correct in all respects as at the completion date, as if repeated at completion and at all times between the date hereof and completion;
- (d) the Purchasers having executed the Memorandum of Charge and all other documents necessary for the purpose of effecting completion or otherwise contemplated or referred to in the SPA;
- (e) each of the parties having performed all of the covenants and agreements required to be performed or caused to be performed by it under the SPA on or before the completion date; and
- (f) the Company or the Purchasers not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

5.2 The Parties agree that all loans, facilities, advances, liabilities, amounts and sums owing by the Company and its related parties to WHI and WMM shall be waived or procured to be waived on completion date (as applicable).

5.3 Completion shall take place at such place as the parties may agree in writing and at such time on 31 July 2015 or as the parties may agree after the conditions precedent referred to in paragraph 5.1 above are either fulfilled or waived by the parties and the events in paragraphs 5.4 and 5.5 below have taken place. The parties shall fulfil the conditions precedent within six (6) months from the date of the SPA or such other date to be extended by the parties upon mutual agreement.

5.4 On completion, the Purchasers shall deliver to the Company a duly executed copy of the Memorandum of Charge and all other documents as may be reasonably required by the Company for the purposes of completion.

5.5 On completion, subject to the Purchasers' fulfilment of its obligations set out in paragraph 5.4 above, the Company shall deliver or cause to be delivered to the Purchasers:

- (i) duly executed transfer forms in respect of the Sale Shares in favour of the Purchasers, accompanied by the relevant original share certificates (in the name of the Company) in respect of the Sale Shares;
- (ii) certified true copies of the resolutions passed by the board of directors of WHI and WMM respectively:
 - (a) approving the transfer of the Sale Shares to the Purchasers;
 - (b) authorising the issue of the new share certificates in respect of the Sale Shares in favour of the Purchasers;
 - (c) approving the entering in the register of members of WHI and WMM respectively, the names of the Purchasers as the holder(s) of the Sale Shares;
 - (d) appointing such persons as the Purchasers may nominate as directors of WHI and WMM subject to the delivery to WHI and WMM respectively of a signed written consent to act as a director for each of the persons so nominated by the Purchasers; and
 - (e) application form(s) for the change of legal, foreign or regional residential representative (as applicable) in relation to WHI and WMM respectively and letter(s) of resignation of the existing legal, foreign or regional residential representative (as applicable) of WHI and WMM respectively.

5.6 If the Company or the Purchasers fail to comply with any obligation in paragraphs 5.4 or 5.5 (as the case may be), the Purchasers (in the case of non-compliance by the Company) or the Company (in the case of non-compliance by the Purchasers) shall be entitled to:

- (i) rescind the SPA (other than the surviving provisions) without any liability on its part and without requiring the Deposit which shall be/has been paid by the Purchasers to the Company to be refunded to the Purchasers; or
- (ii) effect completion so far as practicable having regard to the defaults which have occurred and without prejudice to its rights in respect thereof.

6. VALUE OF SALE SHARES

The net asset value and net loss before tax attributable to the Sale Shares for the financial year ended 31 March 2014 (“**FY2014**”) were HK\$45,595,929 (approximately S\$7,397,253) and HK\$84,915,152 (approximately S\$13,776,205) (based on the average exchange rates of HK\$ to S\$ quoted by Bloomberg L. P. on 31 March 2014) respectively.

7. USE OF PROCEEDS

The Company expects to receive any net proceeds from the Proposed Disposal after deducting transaction expenses (of approximately HK\$337,590 (approximately S\$60,000)) for working capital requirements.

Pending the deployment of the unutilised proceeds for the purpose mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after completion.

8.1 NTA

The effect of the Proposed Disposal on the NTA (defined as shareholders' fund less intangible assets) per share of the Group for FY2014, assuming that the Proposed Disposal had been effected at the end of FY2014 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (HK\$'000) ⁽¹⁾	90,259	120,399
Number of Shares (million) ⁽²⁾	146.88	146.88
NTA per share (HK\$/cents)	61.45	81.97

Notes:

(1) Based on net tangible asset of the Group as at 31 March 2014.

(2) Based on issued share capital of the Company as at the date of this Announcement.

8.2 Earnings Per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2014, assuming that the Proposed Disposal had been effected at the beginning of FY2014 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to ordinary shareholders of Singapore Windsor Holdings Limited (HK\$'000)	(89,300)	(33,845)
Number of Shares (million)	146.88	146.88
Basic EPS share (HK/cents)	(60.80)	(23.04)

Notes:

(1) Based on losses incurred by the Group as at 31 March 2014.

(2) Based on issued share capital of the Company as at the date of this Announcement

9. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual") are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 31 March 2014	50.5%
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits for FY2014	96.0%
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the	15.8%

	Company's market capitalisation based on the total number of issued shares excluding treasury shares	
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on WHI's and WMM's combined audited net assets value of HK\$45,595,929 as at 31 March 2014 and the Company's audited consolidated net assets value of HK\$90,259,357 as at 31 March 2014.
- (2) Based on WHI's and WMM's combined audited net loss before tax of HK\$84,915,152 for FY2014 and the Company's audited consolidated loss before tax of HK\$88,497,439 for FY2014.
- (3) Based on the Sale Consideration of HK\$55,000,000 and the Company's market capitalisation of S\$61,689,600 (being the market day preceding the date of the SPA).

On the basis of Rule 1006 (a) and (b) above, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the SGX-ST Listing Manual. Accordingly, the approval of the Shareholders at an extraordinary general meeting ("**EGM**") is required for the Proposed Disposal.

10. SERVICE CONTRACT

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal.

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

12. CIRCULAR AND DOCUMENTS FOR INSPECTION

The circular to the Shareholders containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of the EGM of the Company will be despatched by the Company to the Shareholders in due course.

A copy of the SPA is available for inspection at the registered office of the Company at 30 Raffles Place #19-04 Singapore 048622 during normal business hours for three (3) months from the date of this announcement.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out above, including the obtaining of the relevant regulatory approvals, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Ho Kwok Wai
Non-Executive Director and Chairman
23 March 2015