

SINGAPORE WINDSOR HOLDINGS LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

PROPOSED DISPOSALS AND RELOCATION OF FACTORY PREMISES IN KUNSHAN, PEOPLE'S REPUBLIC OF CHINA

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 each of the Company's wholly-owned subsidiaries, Kunshan Lun Hsing Electronics Technology Co Ltd ("**LHE**") and Lun Hsing Machinery Industry (Kunshan) Co Ltd ("**LHM**") have on 20 August 2014 entered into relocation agreements with the Redevelopment Office of Zhangpu Town (the "**Purchaser**") (collectively the "**Agreements**" and each an "**Agreement**") for the proposed disposals of:

- (i) LHE's interest in the land and factory premises at Yangguan Zhong Road, Zhangpu Town, Kunshan City, Jiangsu Province (the "**LHE Factory**"); and
- (ii) LHM's interest in the land and factory premises at No.118, Suhong Jichang Road, Zhangpu Town, Kunshan City, Jiangsu Province (the "**LHM Factory**").

(collectively the "**Proposed Disposals**" and each a "**Proposed Disposal**").

2. Information on the Factories and the Purchaser

2.1 The Purchaser

The Purchaser is the Redevelopment Office of Zhangpu Town and is the agency responsible for executing the redevelopment plans of Zhangpu Town.

2.2 The Factories

The Group currently uses the LHE Factory and LHM Factory (collectively the "**Factories**") for the manufacture of PCB moulds and providing PCB punching services. Pursuant to the terms of the Agreements, the Group has twelve months from the date of the Agreements to relocate its operations from the Factories. The Group intends to relocate its operations currently at the Factories to leased premises within the Jiangsu Province and is in the process of making arrangements for the premises.

3. The Sale Consideration

The sale consideration for the LHE factory is RMB17.12 Million ("**LHE Factory Sale Consideration**") and the sale consideration for the LHM factory is RMB25.47 Million ("**LHE Factory Sale Consideration**").

In aggregate, the sale consideration of the Factories is RMB42.59 million (approximately HK\$53.71 million based on the average exchange rates of HK\$1 to RMB0.793 quoted by the Bloomberg L.P. on the date of this Announcement) (the "**Sale Consideration**"), which will be paid in cash by the Purchaser to each of LHM and LHE in the following manner:

(i) **In relation to the LHM Factory**

- (a) A deposit of RMB10.188 Million (being the sum equivalent to 40% of the LHM Factory Sale Consideration) (“**LHM Deposit**”) has been paid to LHM on the date of the Agreement;
- (b) A sum of RMB5.094 Million (being the sum equivalent to 20% of the sale consideration for the LHM Factory) will be paid on the date falling 6 months after the LHM Deposit is paid; and
- (c) The balance LHM Factory Sale Consideration of RMB10.188 Million (being the sum equivalent to 40% of the LHM Factory Sale Consideration) shall be paid to LHM on completion of the relocation of the LHM Factory.

(ii) **In relation to the LHE Factory**

- (a) A deposit of RMB6.848 Million (being the sum equivalent to 40% of the LHE Factory Sale Consideration) (“**LHE Deposit**”) has been paid to LHE on the date of the Agreement;
- (b) A sum of RMB3.424 Million (being the sum equivalent to 20% of the sale consideration for the LHE Factory) will be paid on the date falling 6 months after the LHE Deposit is paid; and
- (c) The balance LHE Factory Sale Consideration of RMB6.848 Million (being the sum equivalent to 40% of the LHE Factory Sale Consideration) shall be paid to LHE on completion of the relocation of the LHE Factory.

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) Valuation of the Factories based on the valuation reports dated 24 April 2014 issued by each of Kunshan Zhongjian Real Estate Appraisal Co., Ltd. and Jiangsu Zhongtian Assets Appraisal Office Co., Ltd. on each of the Factories (“**Valuation Reports**”) which were commissioned by the Purchaser;
- (ii) The net asset value of each of the Factories;
- (iii) The income generated by each of the Factories in each financial year;
- (iv) The continuing costs of regular maintenance programmes required to maintain and up-keep the Factories in each financial year and the finance and depreciation costs associated with the Factories if the Group were to continue retaining the Factories given that the Factories have sustained considerable wear and tear, having been operating for a good number of years; and
- (v) The costs and resources involved in the relocation of the Factories.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSALS

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

- (i) The Proposed Disposals will allow the Company to unlock the monetary value in the ownership of the Factories and apply the proceeds from the Proposed Disposals to other areas of the Company’s business; and

- (ii) The Proposed Disposals will provide the Company with a chance to move to newer premises and take advantage of newer infrastructure, facilities and technology which may be available at the new premises.

5. SALIENT TERMS

The completion of the proposed sale of the Factories is conditional upon, *inter alia*, the following:

- (i) LHE and LHM (collectively the “**Subsidiaries**” and each a “**Subsidiary**”) are required to complete the relocation of the Factories during the period of September 2014 to August 2015 and the Purchaser has agreed to render assistance as may be required to complete the relocation of the Factories;
- (ii) The Subsidiaries are required to, at their own expense, discharge any and all encumbrances relating to the Factories; and
- (iii) The Subsidiaries are to be responsible for the relocation of the plant and plant equipment in the Factories.

6. VALUE OF THE FACTORIES

The following table shows the net asset value and net loss before tax attributable to each of the LHE Factory and LHM Factory for the financial year ended 31 March 2014 (“**FY2014**”):

	Net asset value as at 31 March 2014	Net loss before tax for FY2014
LHE Factory	RMB10,371,130 ⁽¹⁾	RMB382,920 ⁽³⁾
LHM Factory	RMB5,489,652 ⁽²⁾	Nil ⁽⁴⁾

Note:

- (1) Being approximately HK\$13,078,348 based on the average exchange rates of HK\$1 to RMB0.793 quoted by the Bloomberg L.P. on the date of this Announcement.
- (2) Being approximately HK\$6,922,638 based on the average exchange rates of HK\$1 to RMB0.793 quoted by the Bloomberg L.P. on the date of this Announcement).
- (3) Being approximately HK\$482,875 based on the average exchange rates of HK\$1 to RMB0.793 quoted by the Bloomberg L.P. on the date of this Announcement arising from rental income generated from the LHE Factory.
- (4) There was no rental income generated by the LHM Factory.

7. USE OF PROCEEDS

The Company expects to receive net proceeds from the Proposed Disposals after deducting transaction expenses of approximately RMB95,000 towards repayment of existing bank loans and loans from third parties.

Pending the deployment of the unutilised proceeds for the purposes 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 purpose on a short-term basis, as the Directors may deem appropriate in the interest of the Group.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS

The financial effects of the Proposed Disposals 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 Net tangible assets (“NTA”)

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

	Before the Proposed Disposals	After the Proposed Disposals
NTA (HK\$’000)	102,361	135,885
Number of Shares (million)	146.88	146.88
NTA per share (HKcents)	69.69	92.51

8.2 Earnings per Share

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

	Before the Proposed Disposals	After the Proposed Disposals
Net (loss) attributable to ordinary shareholders of the Company (HK\$’000)	(91,026)	(57,504)
Number of Shares (million)	146.88	146.88
Basic EPS (HKcents)	(61.97)	(39.15)

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

The relative figures for the Proposed Disposals 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:

		In relation to the LHM Factory	In relation to the LHE Factory	In relation to both Factories
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value ⁽¹⁾	6.76%	12.78%	19.54%
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits ⁽²⁾	NA	-0.53%	-0.53%
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation ⁽³⁾	7.04%	4.73%	11.77%
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	Not applicable		

	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	
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Note:

- (1) Based on the Group's net asset value as at 31 March 2014 being HK\$102,361,463 as disclosed in the Company's annual report for FY2014 and the audited net asset value attributable to each of the Factories as at 31 March 2014.
- (2) Based on the Group's net (loss) for FY2014 being HK\$91,026,849 as disclosed in the Company's annual report for FY2014.
- (3) Based on the Group's market capitalisation as at 14 August 2014 (the last trading day immediately preceding the date of the Agreements) being S\$73,440,000 (being approximately HK\$456,149,068 based on the average exchange rates of HK\$1 to S\$0.161 quoted by the Bloomberg L.P. on the date of this Announcement) based on 146,880,000 ordinary shares in issue as at 14 August 2014 and the weighted average price of the Company's shares transacted on the SGX-ST on the same date of S\$0.50.

On the basis of Rule 1006(a) above, the Proposed Disposals are "discloseable transactions" as defined in Rule 1014 of the SGX-ST Listing Manual.

10. SERVICE CONTRACT

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

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the directors of the Company (the "Directors") has any interest, direct or indirect, in the Proposed Disposals (other than by reason only of being a Director). In addition, as far as the Directors are aware, none of the Company's Controlling Shareholder (as defined in the Listing Manual) has any interest, direct or indirect, in the Proposed Disposals (other than by reason of their shareholding interest in the Company).

12. DOCUMENTS FOR INSPECTION

A copy of the Agreements and Valuation Reports are available for inspection at the Company's registered office at 30 Raffles Place #19-04 Chevron House Singapore 048622, for a period of 3 months from the date of this Announcement.

By Order of the Board

Ho Kwok Wai
Executive Director and Chairman
20 August 2014