

# HANWELL HOLDINGS LIMITED

(Company No. 197400888M)  
(Incorporated in the Republic of Singapore)  
(the "Company")

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## RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNOUNCEMENT IN RESPECT OF FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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The Board of Directors of Hanwell Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") refers to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (each, a "**SGX Query**") pertaining to the Group's full year Results Announcement for the financial year ended 31 December 2017, *inter alia*, and wishes to provide further information and clarification as follows:

### **SGX Query 1**

Please explain the details of the exchange loss of S\$3,874,000 for 2017.

#### **Company's Response to SGX Query 1**

This is mainly due to foreign exchange losses from fixed deposits in Hong Kong Dollars, amounting to S\$49.4 million held by Hanwell Holdings Limited. Hong Kong Dollars depreciated against Singapore Dollars in FY2017.

### **SGX Query 2**

Please explain the 72.6% decline in foreign currency translation loss from foreign operations in 2017.

#### **Company's Response to SGX Query 2**

The Group has significant investments in Malaysia and China, arising from its Consumer Essentials and Packaging segments (note 8). Due to the significant depreciation of Malaysian Ringgit and Chinese Yuan Renminbi against Singapore Dollars in FY 2016, a higher translation loss was recognised as compared to FY2017, where the depreciation of Chinese Yuan Renminbi was partially offset by the appreciation of Malaysian Ringgit. This resulted in a lower amount of translation loss in FY2017 as compared to FY2016.

### **SGX Query 3**

We note that property, plant and equipment increased by S\$40.28 million in 2017 due mainly to reconstruction of warehouse and factory. Please clarify where the reconstructed warehouse and factory are located, and provide the carrying value of the reconstructed warehouse and factory, as well as the carrying value for new equipment purchased for the reconstructed warehouse and factory. Please provide a breakdown of the reconstruction costs.

#### **Company's Response to SGX Query 3**

Location of reconstructed warehouse and factory: 348 Jalan Boon Lay Singapore 619529

Carrying value of reconstructed warehouse: S\$8.05 million

Carrying value of reconstructed factory: S\$13.22 million

Carrying value of new equipment purchased for reconstructed factory: S\$6.9 million

The remaining increase was mainly attributed to property, plant and equipment additions by a subsidiary under Tat Seng Packaging Group Ltd.

Breakdown of reconstruction cost:

<b>Cost breakdown</b>	<b>Factory – Completed (million)</b>	<b>Warehouse – Construction in progress (million)</b>
Planning, demolition & structural works	9.96	-
Mechanical & electrical works	2.84	-
Professional & authorities fees	0.64	0.14
Construction in progress	-	7.92
<b>Total</b>	<b>13.44</b>	<b>8.06</b>

#### **SGX Query 4**

We note that investment properties increased by S\$7.05 million due to an acquisition of land and building by an overseas subsidiary. Is this in relation to the investment property in Osaka, Japan, announced on 29 September 2017? If no, please provide details of the acquisition.

#### **Company’s Response to SGX Query 4**

Yes.

#### **SGX Query 5**

With reference to the section on “Comparatives on Performance by Business Segments”, please elaborate on the improvement in margin from pricing advantage for the Consumer Business in 2017.

#### **Company’s Response to SGX Query 5**

We were able to reap better margin from strategically purchasing of our commodity related products when the prices were lower.

#### **SGX Query 6**

Please provide the following information to us

- a. The rationale, location and details of the demolition of the previous warehouse and manufacturing plant.

#### **Company’s Response to SGX Query 6**

The demolition of the previous warehouse and manufacturing plant was to optimize the warehousing facilities. The Group currently has 3 warehouses in Singapore, which will be consolidated under 1 location at 348 Jalan Boon Lay Singapore 619529, when the new warehouse is completed. The replacement of the ageing machinery and equipment was to improve productivity and increase cost efficiencies. The layout of the new factory will allow the Group to meet future demands for space when new opportunities arises.

#### **By Order of the Board**

Chew Kok Liang  
Company Secretary

3 April 2018