

HANWELL HOLDINGS LIMITED
(Company No. 197400888M)
(Incorporated in the Republic of Singapore)
(the “**Company**”)

PROPOSED DISPOSAL OF MILLION CUBE LIMITED, ASSOCIATED COMPANY

*Where capitalised or defined terms are used in this announcement and not otherwise defined, such terms shall bear the same meanings as ascribed to them in the Company's announcement dated 23 April 2013 (“**Announcement**”)*

1. INTRODUCTION

Further to the Company's announcement released on 23 April 2013, the Board of Directors (the “**Board**”) of the Company wishes to announce that, its indirect wholly-owned subsidiary, PSC (China) Property Co., Limited (普威(中国)置业有限公司) (the “**Vendor**”) has entered into a Sale and Purchase Agreement with Kang Cheng Holdings Limited (the “**Purchaser**”) on the 20 March 2014 (the “**Agreement**”). Pursuant to the Agreement, the Vendor will dispose the property development project of a golf club known as Sanya Yalong Bay Sun Valley Golf Club, Yalong Bay National Resort Area, Sanya City, Hainan Province, China by selling its entire 49% shareholding interest in Million Cube Limited (“**MCL**”) to the Purchaser for a total consideration of HKD307,000,000.00 (equivalent to approximately S\$50,102,000.00, based on the exchange rate of HKD6.12745: S\$1.00) only (the “**Consideration**”), subject to the terms and conditions of the Agreement (the “**Proposed Disposal**”). The Proposed Disposal is in the ordinary course of business of the Company.

2. INFORMATION ON THE PURCHASER AND MCL

The Purchaser is a company incorporated in British Virgin Islands which is principally engaged in investment holdings. The Purchaser is not related to the Company and any of its subsidiaries (the “**Group**”).

MCL is a company incorporated in British Virgin Islands which is principally engaged in investment holdings. The Vendor owns 49% of the shareholding interest in MCL.

On 28 September 2012, the Vendor had completed the acquisition of the 49% shareholding interest in MCL from SkyHorizon Assets Management Limited and had classified the investment as an “asset held for sale” because it was acquired with the intention to sell it in the ordinary course of business of the Company. Due to accounting principle and that the Company had not confirmed a purchaser as at 31 December 2012, it was subsequently reclassified as an associate for the financial year ended 31 December 2012.

MCL also owns 45% of the shareholding interest in Paragon Winner Company Limited (“**Paragon Winner**”) which is a company incorporated in British Virgin Islands and is principally engaged in investment holdings. Paragon Winner's main assets include Sanya Yalong Bay Sun Valley Golf Club, Yalong Bay National Resort Area, Sanya City, Hainan Province, China (中国海南省三亚市亚龙湾国家旅游度假区博后村

三亚亚龙湾红峡谷高尔夫球俱乐部) (the “**Project**”) whereby Paragon Winner has an equitable interest in the Project (项目之权益) which includes, but is not limited to the construction, development and management of the land use right.

The consolidated unaudited net tangible assets value of MCL group as at 31 December 2013 is approximately negative HKD 33,458,000.

3. SALIENT TERMS OF THE AGREEMENT

The terms of the Agreement are, *inter alia*, set out below:-

3.1. Consideration

The Consideration of HKD307,000,000.00 (equivalent to approximately S\$50,102,000.00, based on the exchange rate of HKD6.12745: S\$1.00) was agreed between the Purchaser and Vendor on a willing buyer willing seller basis, following arms’ length negotiations between the Vendor and the Purchaser after taking into account the net book value/net tangible assets value of MCL and Paragon Winner. The Consideration will be payable by the Purchaser in the following manner:-

- (a) a sum of HKD10,000,000.00 being payment of the non-refundable initial deposit of the Consideration to be paid upon execution of the Agreement;
- (b) a sum of HKD20,000,000.00 being part payment of the non-refundable Consideration payable on 30 June 2014 or such other dates as mutually agreed in writing by the Vendor and Purchaser;
- (c) a sum of HKD20,000,000.00 being part of the non-refundable Consideration payable on 30 September 2014 or such other dates as mutually agreed in writing by the Vendor and Purchaser;
- (d) a sum of HKD257,000,000.00 being final balance Consideration payable on the Completion date (i.e. by 31 December 2014 or such other dates as mutually agreed in writing by the Vendor and Purchaser) to the Vendor in the form of cheque or such other mode of payment subject to consent in writing by the Vendor.

3.2. Condition Precedent

Completion of the Proposed Disposal (“**Completion**”) is conditional upon the fulfillment or waiver of the following:-

- (a) Prior to the Completion, there is no matter or circumstances that may reasonably be expected to have any material impact or any adverse material effect on the Project.

The Condition Precedent fulfillment period shall be on or before 31 December 2014 or such other dates mutually agreed by the Vendor and the Purchaser (unless otherwise the Condition Precedent is waived by the Purchaser in writing).

3.3. Completion

Completion shall take place upon fulfillment of the Condition Precedent on or before 31 December 2014 or such other dates mutually agreed by the Vendor and the Purchaser (unless otherwise the Condition Precedent is waived by the Purchaser in writing) (“**Completion Date**”).

4. INTENDED USE OF THE PROCEEDS AND RATIONALE FOR THE PROPOSED DISPOSAL

4.1 The Proposed Disposal is in line with the Company’s plan to realize the gain of this investment and unlock the value thereof for its shareholders so as to focus its resources on property development in Singapore.

4.2 The Group intends to use the net proceeds (after deducting all estimated costs and expenses associated with the Proposed Disposal) from the Proposed Disposal for general working capital purpose.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

Assuming that the Proposed Disposal had taken place on 31 December 2013, the excess of the proceeds pursuant to the Proposed Disposal over the carrying value is approximately S\$883,000.00. However, upon completion of the Proposed Disposal, a gain in foreign currency translation reserve of S\$2,887,000 will have to be reclassified to profit or loss by the Group, giving rise to a total gain on the Proposed Disposal of S\$3,770,000.00.

The proforma financial effects of the Proposed Disposal on the Group are set out below. The proforma financial are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Group’s operations after the completion of the Proposed Disposal and are not indicative of the future financial position and earnings of the Group.

For the purpose of illustration and assuming that the Proposed Disposal had taken place on 31 December 2013, being the end of the most recently completed financial year, and based on the Group’s unaudited consolidated financial statements as at 31 December 2013, the effect on the NTA per share of the Group as at 31 December 2013, would be as follows:

Effect of the Proposed Disposal on Net Tangible Asset per share (NTA)

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$’000)	255,297	256,180
Number of shares	552,915,746	552,915,746
NTA per share (cents)	46.17	46.33

Assuming that the Proposed Disposal had taken place on 1 January 2013, being the beginning of the most recently completed financial year, and based on the Group's unaudited consolidated financial statements for the financial year ended 31 December 2013, the effect on the EPS of the Group for the financial year ended 31 December 2013 would be as follows,

Effect of the Proposed Disposal on Earnings per share (EPS)

	Before the Proposed Disposal	After the Proposed Disposal
Net profit for the year (S\$'000)	6,638	8,664
Weighted average number of shares (Basic)	554,161,943	554,161,943
Weighted average number of shares (Diluted)	558,931,339	558,931,339
EPS (cents) - Basic	1.20	1.56
EPS (cents) - Diluted	1.19	1.55

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, controlling shareholders or their associates of the Company has any interest, direct or indirect in the Proposed Disposal.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 348 Jalan Boon Lay Singapore 619529 for a period of three months (3) from the date hereof.

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary
21 March 2014