



PROPOSED DISPOSAL OF HISAKA INTERNATIONAL HOLDINGS PTE. LTD.

CIMB Bank Berhad, Singapore branch was the financial adviser to the Company for the acquisition of the entire issued and paid up share capital of Regal International Holdings Pte. Ltd. (the "Financial Adviser"). The Financial Adviser (i) assumes no responsibility for; and (ii) does not endorse, the contents of this announcement (or any matter contemplated herein).

1. Introduction

The Board of Directors of the Regal International Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 2 June 2016 entered into a sale and purchase agreement (the "**HIH SPA**") with Cheng Ee Chew, Cheng Ee Lieng and Yong Yew Seng (collectively, the "**HIH Purchasers**") for the disposal of the Company's entire interest in its wholly owned subsidiary, Hisaka International Holdings Pte. Ltd. ("**HIHPL**", and such proposed disposal of Hisaka International Holdings, the "**Proposed Disposal of HIHPL**").

2. Information on the asset to be disposed of and the rationale for the Proposed Disposal of HIHPL

HIHPL is a private company limited by shares incorporated in Singapore on 20 January 2009. HIHPL has a registered and paid-up capital of S\$300,000, comprising 300,000 ordinary shares. As at the date of this announcement, HIHPL is a wholly owned subsidiary of the Company.

As at the date of this announcement, HIHPL is the holding company of Hisaka (Singapore) Pte. Ltd. ("**HSPL**"), Hisaka Mechatronic (Suzhou) Co. Ltd. ("**HMS**") and Tech Motion (Shanghai) Co. Ltd. ("**TMS**"). Summarily, HIHPL is the holding company of the Group's precision engineering business division (the "**Precision Business Division**").

HSPL is the owner of the leasehold property located at 63 Sungei Kadut Loop, Hisaka Industrial Building, Singapore 729484 (the "**Property**"), at which the Precision Business Division currently carries out its production activities in Singapore. As at the date of the HIH SPA, the lease agreement in respect of the Property between HSPL and JTC Corporation ("**JTC**"), the master lessor of the Property, is expected to expire on 16 September 2024, pursuant to which the Property shall revert to JTC. In connection with the Proposed Disposal of HIHPL, the Company and HIHPL are desirous of HSPL disposing the Property because it is envisaged that the Property would not be part of the long term plans of the Group or HIHPL moving forward.

In respect of the HIH Purchasers:

- (a) Cheng Ee Chew is an executive officer and director of HSPL;
- (b) Cheng Ee Lieng is an executive officer and director of HSPL; and
- (c) Yong Yew Seng is an executive officer of HSPL.

Following the completion of the Proposed Disposal of HIHPL (the "**Completion**"), HIHPL will cease to be a subsidiary of the Group.

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 31 March 2016 ("**1Q2016**"), the book value and net tangible asset value attributable to HIHPL were approximately S\$17,452,142 and S\$17,452,142 respectively. The net losses attributable to HIHPL for 1Q2016 were approximately S\$198,466.



The Group's precision business division, which is held through HIHPL, has on the whole been loss-making and is in a negative cash flow position, and the Company believes that business conditions surrounding the precision engineering business remain volatile and challenging. The Company believes that the Proposed Disposal of HIHPL will allow the Group to, amongst others, rationalise its financial and capital resources and allow the Group to focus its resources on its property development business.

3. Consideration and material terms relating to the HIH Purchase Consideration

Under the terms of the HIH SPA, the purchase consideration payable by the HIH Purchasers to the Company for the Proposed Disposal of HIHPL is an amount being the aggregate of (i) S\$7,000,000 and (ii) an amount equivalent to the aggregate of a number of components based on certain proceeds relating to the Property (further details of which are set out below). (collectively "**HIH Purchase Consideration**").

The HIH Purchase Consideration will be payable in two (2) tranches. The first tranche of the HIH Purchase Consideration, which shall be satisfied in cash, is the payment of S\$7,000,000 by the HIH Purchasers to the Company on the completion date of the Proposed Disposal of HIHPL. The second tranche of the HIH Purchase Consideration, which shall be satisfied in cash and in accordance with the terms of the HIH SPA, involves the payment of an amount equivalent to the aggregate of the following components (the "**Second Tranche Consideration**"):

- (a) in the event that the Property is sold, the net proceeds received by HSPL on the completion of the sale of the Property after deducting all fees, costs, charges, disbursements, duties, taxes and expenses incurred relating to the sale of the Property (the "**Sale Proceeds Component**");
- (b) subsequent to Completion, in the event that the Property is not sold and the whole or any part of the Property is leased or sub-leased to a third party, the net proceeds of any and all rental monies collected or received by HSPL in respect of leasing or sub-leasing the whole or any part of the Property (the "**Rental Proceeds Component**"). In the event the Property is sold during or after the lease period, no further rental monies shall subsequently accrue under this Rental Proceeds Component of the Second Tranche Consideration (and the Company shall be paid the equivalent of the Sales Proceeds Component pursuant to sub-paragraph (a) above); and
- (c) the sum of S\$1.00 or the equivalent of whatever amount that JTC pays HSPL when the Property reverts to JTC (the "**Reversion Component**"),

(the components in (a), (b) and (c) above, the "**Property Proceeds**").

For the purposes of this announcement, the value of the Second Tranche Consideration shall be estimated to be equivalent to the value of the Property and shall be estimated to be the sum of S\$5,500,000. This valuation of the Property is based on the "open market value" of the Property as reflected in the latest available property valuation report in respect of the Property dated 23 May 2016 (the "**May 2016 Property Valuation Report**"), and does not take into account any costs and expenses (such as administrative costs and commissions) incurred or to be incurred in the event of a sale of the Property. The May 2016 Property Valuation Report had been commissioned by the Company and had been prepared for the purposes of determining the value of the Property for sale. The valuation of the Property had been carried out using the comparable sales method as the primary method of valuation. On the above basis, the aggregate value of the HIH Purchase Consideration is estimated to be approximately S\$12,500,000.

The abovementioned sale, lease and/or sub-lease of the whole or any part of the Property shall be subject always to the Company, HIHPL and/or HSPL receiving all necessary third party, governmental and regulatory consents, approvals and waivers if and where required. Additionally, the parties to the HIH SPA (the "**Parties**") have agreed that prior to the Move Out Date (as defined below), any lease(s) and/or sub-lease(s) to be created under the HIH SPA shall be subject to the prior written consent of the HIH Purchasers and all fees, costs, charges,



disbursements, duties, taxes and expenses (including stamp duty) as may be incurred by the Parties and/or HSPL in relation to the creation of such lease(s) and/or sub-lease(s) shall be borne by the Company.

In respect of the Second Tranche Consideration, at any time after the date of Completion, the Company may elect in its absolute discretion to direct the HIH Purchasers to procure the assignment of all of HSPL's rights in respect of the remainder of the leasehold term of the Property to the Company, its nominee(s) and/or such person(s) that the Company may direct in its absolute discretion (the "**Assignment**", and the right of the Company to direct the Assignment, the "**Right of Assignment**"). In such an event, the Company shall direct the HIH Purchasers and the HIH Purchasers shall procure the implementation and completion of the aforementioned Assignment. If the Company exercises its Right of Assignment, the HIH Purchasers shall execute a separate deed of assignment and procure and do all such acts and things as may be necessary to carry out and complete the Assignment as soon as reasonably practicable. In the event that the Company exercises its Right of Assignment, the Parties have agreed that the Second Tranche Consideration shall be satisfied in full upon the completion of the Assignment.

In the event that the sale of the Property is completed before the date of Completion, the Second Tranche Consideration shall be satisfied in full and paid in cash against the Parties' compliance with their respective obligations under the HIH SPA.

In the event that the sale of the Property has not been completed as at the date of Completion, the Parties have agreed that:

- (i) Cheng Ee Lieng and HIHPL shall procure HSPL to execute and deliver an irrevocable power of attorney on the date of Completion in favour of the Company, granting the Company the power and authority to sell, lease, charge and/or otherwise deal with the Property in the Company's absolute discretion, if and howsoever the Company elects (the "**Power of Attorney**");
- (ii) in the event that the Company exercises its powers under the Power of Attorney to create a security interest over the Property in connection with or for the purpose providing security for any borrowings and/or financing facilities for the benefit of the Company, the Parties have acknowledged and agreed that the obligations of HSPL and/or HIHPL shall be limited only to the granting or provision of a charge or mortgage over the Property as may be required by the relevant lender. In the event that the Property is foreclosed or seized as security under the said charge(s) and/or security relating to the abovementioned borrowings and/or financing facilities, the Parties have agreed that the HIH Purchasers' obligations arising from the Second Tranche Consideration shall be regarded as satisfied in full;
- (iii) the Company shall bear all fees, costs, charges, disbursements, duties, taxes and expenses (including stamp duty) as may be incurred by the Company, HIHPL and/or HSPL in relation to the exercise of the Company's powers under the Power of Attorney;
- (iv) the execution of the Power of Attorney and the transactions contemplated thereunder shall be subject always to all necessary third party, governmental and regulatory consents, approvals and waivers where required having been obtained by the Company, HIHPL and/or HSPL. The Parties have agreed that on the execution of the Power of Attorney, the Company shall be the sole party responsible and who shall have the power and authority to sell, lease, charge and/or otherwise deal with the Property; and
- (v) subject to the terms of the HIH SPA, at any time after the date of Completion, if the Company, HIHPL and/or HSPL does not receive all necessary third party, governmental and regulatory consents, approvals and waivers where required for the execution of and the transactions contemplated under the Power of Attorney as required under the HIH SPA, the Company may instruct and direct the HIH Purchasers in writing to procure HSPL to sell, lease, charge and/or otherwise deal with the Property as the Company may direct in its absolute discretion.



In the event that the Property is not sold or disposed prior to the reversion of the Property to JTC, all such sums accrued and remaining unpaid under the Rental Proceeds Component of the Second Tranche Consideration (if and where applicable), together with the Reversion Component of the Second Tranche Consideration shall be paid to the Company within three (3) Business Days from the reversion of the Property to JTC, by way of cashier's order made in favour of the Company or as may be mutually agreed between the Parties.

The HIH Purchase Consideration was arrived at arm's length and on a willing buyer, willing seller basis, after taking into account:

- (a) the unaudited net tangible asset value of HIHPL of approximately S\$17,452,142 as at 31 March 2016;
- (b) the decline in the net tangible asset value of the shares in HIHPL;
- (c) the past and current loss-making position of HIHPL; and
- (d) the value of the Property.

Taking into account the HIH Purchase Consideration, the Proposed Disposal of HIHPL represents a loss upon disposal of approximately S\$4,367,685. The proceeds in respect of the Proposed Disposal of HIHPL represent a deficit of S\$4,367,685 against the book value of HIHPL.

The Group intends to utilise the proceeds from the Proposed Disposal of HIHPL as follows:

- (a) Approximately S\$6.75 million of the proceeds from the Proposed Disposal of HIHPL will be employed towards paying down the indebtedness of the Group; and
- (b) The remainder, to be employed towards expanding the business under the property division and/or general working capital for ongoing operational expenses of the Group.

4. Relative figures for the Proposed Disposals

The relative figures computed on the bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"), and based on the latest announced unaudited consolidated financial statements of the Group for 1Q2016, are as follows:

Rule 1006		Proposed Disposal of HIHPL
(a)	Net asset value of the target to be disposed of, compared with the Group's net tangible asset value of approximately MYR78,869,000 (approximately S\$27,052,067). This basis is not applicable to an acquisition of assets.	64.51% ⁽¹⁾
(b)	Net profit/loss attributable to the target to be disposed of, compared with the Group's net profit of approximately MYR332,000 (approximately S\$113,876). ⁽²⁾	N.M. ⁽³⁾
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. ⁽⁴⁾	50.37%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue. ⁽⁵⁾	N.A.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved 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. ⁽⁶⁾	N.A.



Notes:

- (1) The net asset value of HIHPL for 1Q2016 is S\$17,452,142.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (3) The net loss attributable to HIHPL for 1Q2016 is S\$198,466. This relative figure is not meaningful of the significance of the Proposed Disposal of HIHPL as HIHPL is loss-making for 1Q2016.
- (4) Based on the HIH Purchase Consideration (assuming and taking into account that the value of the Second Tranche Consideration is S\$5,500,000 based on the latest available valuation in respect of the Property) and the market capitalisation of the Company of approximately S\$24,814,143 as at 1 June 2016 (being the full market day immediately preceding the date of the SPAs). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 200,114,059 ordinary shares, and the volume weighted average price of S\$0.124 per share on 1 June 2016.
- (5) Not applicable. This is not an acquisition.
- (6) Not applicable. The Company is not a mineral, oil and gas company.

As the relative figure computed pursuant to Rule 1006(a) and Rule 1006(c) in respect of the Proposed Disposal of HIHPL is more than 20%, the Proposed Disposal of HIHPL constitutes a major acquisition under Chapter 10 of the Listing Manual. Accordingly, the Company intends to seek the approval of its shareholders (“**Shareholders**”) for the Proposed Disposal of HIHPL at an extraordinary general meeting to be convened (“**EGM**”).

5. Financial effects of the Proposed Disposal of HIHPL

The pro forma financial effects below have been prepared based on the audited financial statements of the Group for the financial year ended 31 December 2015 (“**FY2015**”) and are strictly for illustration purposes.

On 27 May 2016, the Company had also announced the proposed disposals of HMS and TMS. For the purposes of showing the financial effects of the Proposed Disposal of HIHPL, this segment of the announcement will provide:

- (a) the financial effects of the Proposed Disposal of HIHPL on its own, on the assumption that there is no disposal of HMS and no disposal of TMS; and
- (b) the financial effects of the Proposed Disposal of HIHPL, combined with that of the disposals of HMS and TMS, on the assumption that HMS and TMS are disposed together or before the completion of the Proposed Disposal of HIHPL.

Proposed Disposal of HIHPL (individually) – Financial effects on Net Tangible Assets (“**NTA**”) per ordinary share of the Company (“**Share**”)

Assuming that the Proposed Disposal of HIHPL had been completed on 31 December 2015 and based on the audited financial statements of the Group for FY2015, and on the assumption that there is no disposal of HMS and no disposal of TMS, the pro forma financial effects which the Proposed Disposal of HIHPL would have on the NTA per Share are as follows:

	Before the Proposed Disposal of HIHPL	After the Proposed Disposal of HIHPL
NTA (Singapore Dollars)	26,532,864	21,976,932
Number of Shares	200,114,059	200,114,059
NTA per Share (Singapore Dollars)	0.1326	0.1098



Proposed Disposal of HIHPL (individually) – Financial effects on Earnings per Share (“EPS”)

Assuming that the Proposed Disposal of HIHPL had been completed on 1 January 2015 and based on the audited financial statements of the Group for FY2015, and on the assumption that there is no disposal of HMS and no disposal of TMS, the pro forma financial effects which the Proposed Disposal of HIHPL and the waiver of the Intercompany Debt would have on the EPS are as follows:

	Before the Proposed Disposal of HIHPL	After the Proposed Disposal of HIHPL
Loss attributable to Shareholders (Singapore Dollars)	(25,490,065)	(30,699,390)
Number of Shares	200,114,059	200,114,059
Loss per Share (Singapore Dollars)	(0.1274)	(0.1534)

Proposed Disposal of HIHPL and the proposed disposals of HMS and TMS – Combined financial effects on NTA per Share

Assuming that the proposed disposals of HMS and TMS and the Proposed Disposal of HIHPL had been completed on 31 December 2015 and based on the audited financial statements of the Group for FY2015, the combined pro forma financial effects which the proposed disposals of HMS and TMS and the Proposed Disposal of HIHPL would have on the NTA per Share are as follows:

	Before the Proposed Disposal of HMS and TMS and the Proposed Disposal of HIHPL	After the Proposed Disposal of HMS and TMS and the Proposed Disposal of HIHPL
NTA (Singapore Dollars)	26,532,864	19,655,318
Number of Shares	200,114,059	200,114,059
NTA per Share (Singapore Dollars)	0.1326	0.0982

Proposed Disposal of HIHPL and the proposed disposals of HMS and TMS – Combined financial effects on EPS

Assuming that the proposed disposals of HMS and TMS and the Proposed Disposal of HIHPL had been completed on 1 January 2015 and based on the audited financial statements of the Group for FY2015, the combined pro forma financial effects which the proposed disposals of HMS and TMS and the Proposed Disposal of HIHPL would have on the EPS are as follows:

	Before the Proposed Disposal of HMS and TMS and the Proposed Disposal of HIHPL	After the Proposed Disposal of HMS and TMS and the Proposed Disposal of HIHPL
Loss attributable to Shareholders (Singapore Dollars)	(25,490,065)	(33,081,254)
Number of Shares	200,114,059	200,114,059
Loss per Share (Singapore Dollars)	(0.1274)	(0.1653)



Please note that the above financial effects figures are for illustrative purposes only. These do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposals. No representation is made as to the actual financial position and/or results of the Group after completion of the Proposed Disposals.

6. Material terms and conditions of the Proposed Disposal of HIHPL

The salient terms and conditions relating to the Proposed Disposal of HIHPL are set out in this section below. Please note that the items below are not a full list of the terms and conditions of the HIH SPA.

Pursuant to the Proposed Disposal of HIHPL, the respective proportions of the ordinary shares in HIHPL to be transferred to the HIH Purchasers are as follows:

- | | | |
|-----|-----------------|-----|
| (a) | Cheng Ee Chew: | 53% |
| (b) | Cheng Ee Lieng: | 37% |
| (c) | Yong Yew Seng: | 10% |

The Proposed Disposal of HIHPL is subject to, among others:

- (i) HIHPL obtaining such approval(s) from its board of directors and/or shareholders in connection with the HIH SPA and the transactions contemplated therein as may be necessary;
- (ii) The Company obtaining such approval(s) from its Board of Directors, Shareholders (including Shareholders' approval at the EGM) and the SGX-ST (and any other regulatory authority) in connection with the HIH SPA and the transactions contemplated therein as may be necessary;
- (iii) There is no material breach by the Parties of their respective representations, warranties, covenants and indemnities contained in the HIH SPA;
- (iv) Each of the warranties and undertakings under the HIH SPA remaining true and not misleading in any respect at completion of the Proposed Disposal of HIHPL, as if repeated at completion of the Proposed Disposal of HIHPL and at all times between the date of the HIH SPA and Completion; and
- (v) All necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained by the Company and/or HIHPL (including but not limited to any third party change in control restrictions imposed on HIHPL and/or its subsidiaries), and such consents, approvals and waivers not having been amended or revoked before the date of Completion, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Party.

Pre-completion covenants of the Parties

Subject to the Company receiving the relevant and necessary approval(s) from the SGX-ST as required in the HIH SPA, the Company shall take all necessary steps to convene the EGM as soon as practicable to approve the transactions contemplated under the HIH SPA. In this regard, the Company shall procure an irrevocable undertaking from (i) Su Chung Jye, (ii) Wong Pak Kiong, and (iii) Ikram Mahawangsa Sdn Bhd (the "**Controlling Shareholder Group**") and its concert parties on the date of the execution of the HIH SPA to, amongst others, vote in favour of all the transactions contemplated under the HIH SPA, namely (i) the Proposed Disposal of HIHPL and (ii) each of the proposed disposals of HMS and TMS.



As at the date of the HIH SPA, the Company owes the following inter-company debts HSPL:

- (i) an aggregate amount of S\$6,750,000, in connection with HSPL accepting certain banking facilities with a line of credit of up to S\$9,064,000 (the “**Facilities**”) from United Overseas Bank Limited (the “**Bank**”) (the “**First Inter-company Debt**”); and
- (ii) an aggregate amount of US\$427,822 (approximately S\$584,457) in inter-company loans provided by HSPL to the Company (the “**Second Inter-company Debt**”).

Subject to the Company receiving the relevant and necessary approval(s) from its shareholders at the EGM, the HIH Purchasers shall procure the waiver of the Second Inter-company Debt owing by the Company to HSPL.

Post-completion covenants of the Company

The Company shall procure the full repayment of the First Inter-company Debt and any interest as may be incurred by HSPL in connection with the First Inter-company Debt subsequent to the date of the HIH SPA, to HSPL within three (3) business days from the date of Completion, and shall deliver evidence of the reasonable satisfaction of such repayment to the HIH Purchasers upon such repayment.

Post-completion covenants of the HIH Purchasers

As at the date of the HIH SPA, the Company has executed:

- (a) a deed of indemnity dated 14 August 2015 in favour of HSPL (“**Deed**”) in connection with the Facilities; and
- (b) a corporate guarantee dated 28 July 2015 for the sum of S\$9,814,000 in favour of the Bank in connection with the Facilities (“**Corporate Guarantee**”).

As at the date of the HIH SPA, HSPL has executed:

- (a) a Key Man Insurance Policy in respect of Mr Wong Pak Kiong (a director of the Company) in connection with the Facilities (“**Key Man Insurance Policy**”); and
- (b) the legal assignment of the benefits under the Key Man Insurance Policy to the Bank in connection with the Facilities.

The HIH Purchasers have undertaken and covenanted that they shall procure HSPL to deliver to the Company evidence to the reasonable satisfaction of the Company of the repayment of HSPL’s indebtedness to the Bank under the Facilities within three (3) business days from the receipt by the HIH Purchasers of such evidence of the full repayment of the First Inter-company Debt. On such repayment of HSPL’s indebtedness to the Bank, the HIH Purchasers shall procure HSPL to deliver to the Company evidence to the reasonable satisfaction of the Company of the following:-

- (1) the discharge of the Company’s obligations towards HSPL under the Deed within three (3) business days from the repayment of HSPL’s indebtedness to the Bank;
- (2) the discharge of the Corporate Guarantee within three (3) business days from HSPL receiving such evidence from the Bank; and
- (3) the legal assignment of the Key Man Insurance Policy, from HSPL to the Company, within fourteen (14) days from the Bank submitting a revised notice of assignment to the insurer to inform the insurer that the Bank will assign the benefits under the Key Man Insurance Policy back to HSPL upon the full repayment of HSPL’s indebtedness to the Bank under the Facilities. The abovementioned assignment(s) of the Key Man Insurance Policy shall be subject to all necessary third party, governmental and regulatory



consents, approvals and waivers where required having been obtained by HSPL, the Bank and/or the Company, as the case may be.

Post-completion covenants of the parties

Subject to the Company receiving the relevant and necessary approval(s) from its Shareholders at the EGM:-

- (I) the Company may at any time after Completion and in its absolute discretion, give notice in writing to HIHPL and Cheng Ee Lieng to vacate the Property. HIHPL and Cheng Ee Lieng agree and undertake that they shall procure that the Property be vacated within three (3) months from receipt of such notice from the Company; or
- (II) the HIH Purchasers may at any time after Completion and in their absolute discretion, give notice in writing to the Company that HSPL and/or HIHPL intend(s) to vacate the Property. HIHPL and Cheng Ee Lieng agree and undertake that they shall procure that the Property be vacated within six (6) months from the service of such notice to the Company.

(in either case, the “**Move Out Date**”).

In addition, the Company shall be entitled at any time to direct HIHPL and/or HSPL to vacate the Property by furnishing three (3) months’ prior written notice to HIHPL and/or HSPL if (a) the SGX-ST gives approval in respect of the draft Circular (as defined below) to be issued by the Company or (b) HIHPL, HSPL and/or the Company (as the case may be) enters into a definitive sale and purchase agreement in respect of a sale or disposal of the Property by HIHPL, HSPL and/or the Company (as the case may be) to a third party purchaser of the Property.

At any time after the Completion Date, in the event that:

- (i) the Second Tranche Consideration has not been satisfied in full by the HIH Purchasers to the Company pursuant to the terms and conditions of the HIH SPA; and ;
- (ii) (a) the HIH Purchasers intend to sell all or some of their shares in HIHPL; or (b) HIHPL intends to sell all or some of its shares in HSPL to one or more third party purchaser(s) (in either case, the “**Proposed Third Party Sale**”),

the HIH Purchasers shall give notice in writing to the Company to inform the Company of the Proposed Third Party Sale as soon as reasonably practicable (and in any event, prior to the execution of any definitive agreement(s) in relation to the Proposed Third Party Sale). The Parties have agreed that on the Company’s receipt of such written notice from the HIH Purchasers, the Parties shall reach a separate agreement (on terms and conditions to be further negotiated) to resolve any and all matters relating to the Property and the Second Tranche Consideration under the HIH SPA before the Proposed Third Party Sale may be effected.

7. Interests of Directors and Controlling Shareholders

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal of HIHPL.

8. Service contracts

There is no person who is proposed to be appointed as Director of the Company in connection with the Proposed Disposal of HIHPL. Accordingly, no service contract is proposed to be entered into between the Company and any person.



9. Further updates

The Company will prepare and despatch a circular to provide Shareholders with information on the Proposed Disposal of HIHPL (“Circular”) and convene an EGM and release such further announcements in due course as and where may be necessary in compliance with the listing manual.

10. Documents available for Inspection

Copies of the HIHPL SPA and the May 2016 Property Valuation Report are available for inspection during normal business hours at the registered office of the Company at 45 North Canal Road #04-01 Singapore 059301 for a period of three (3) months from the date of this announcement.

11. Miscellaneous

Unless otherwise specifically stated, all references to currencies in this announcement have been based on the currency exchange rates as at 31 March 2016. The currency exchange rate between SGD and MYR has been based on an exchange rate of SGD1: MYR2.9155. The currency exchange rate between SGD and RMB has been based on an exchange rate of SGD1: RMB4.7483. The currency exchange rate between USD and SGD has been based on an exchange rate of USD1: SGD0.7320.

12. Caution in trading

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Disposals will proceed to completion. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board

Su Chung Jye
Executive Chairman and Chief Executive Officer
2 June 2016