

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

THE CAPITAL REDUCTION AND CASH DISTRIBUTION

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Hanwell Holdings Limited (the “**Company**”) wishes to announce that the Company intends to undertake a capital reduction exercise (the “**Capital Reduction**”) pursuant to Section 78A and Section 78C of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), to return to shareholders of the Company (“**Shareholders**”) surplus capital in excess of the Company’s needs by way of a cash distribution of S\$0.03614 for each ordinary share in the share capital of the Company (“**Share**”) held by Shareholders (the “**Cash Distribution**”).
- 1.2 The books of the Company will be closed at a books closure date to be determined by the Board for the purpose of determining the entitlements of Shareholders in connection with the Cash Distribution.
- 1.3 The Company intends to seek Shareholders’ approval for the Capital Reduction and Cash Distribution at an extraordinary general meeting of the Company to be convened (the “**EGM**”).

2. THE CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Details of the Capital Reduction and Cash Distribution

- 2.1.1 The Capital Reduction and Cash Distribution will be effected in the following manner:-
 - (a) Reducing the issued and paid-up share capital of the Company by S\$20,000,445.10 from S\$200,099,207.29 (as at the date of this announcement) to S\$180,098,762.19.
 - (b) Distributing to Shareholders the sum of S\$20,000,445.10 (based on S\$0.03614 per Share) based on the issued and paid-up share capital of the Company of S\$200,099,207.29 comprising 553,415,746 Shares (as at the date of this announcement and excluding 17,581,000 treasury shares).
- 2.1.2 The Cash Distribution amount of S\$20,000,445.10 comprises the issued and paid-up capital in excess of the immediate requirements of the Company.
- 2.1.3 As at the date of this announcement, the Company has an issued and paid-up share capital of S\$200,099,207.29. Upon the completion of the Capital Reduction and Cash Distribution of S\$20,000,445.10, the Company will have an issued and paid-up share capital of S\$180,098,762.19.

2.2 Rationale of the Capital Reduction and Cash Distribution

The Directors are of the view that the Capital Reduction is in the best interests of the Company as the Cash Distribution comprises the paid-up capital in excess of the immediate requirements of the Company. If effected, the Capital Reduction and Cash Distribution would result in the Company having a more efficient capital structure, thereby improving Shareholders’ return on equity. In determining the level of capital to be returned to Shareholders, the Company has ensured that it retains sufficient capital for its business and operation needs.

2.3 Financial Effects of the Capital Reduction and Cash Distribution

2.3.1 Assumptions

- (a) For illustrative purposes only, and based on the unaudited consolidated financial statements of the Company for the nine months ended 30 September 2018, the pro forma financial effects of the Capital Reduction and Cash Distribution on the Company are as set out below. Shareholders should note that the pro forma financial effects are for illustrative purposes only and are not indicative or a projection of the results and financial position of the Company following the Capital Reduction and Cash Distribution.
- (b) The pro forma financial effects are calculated on the assumption that:-
- (i) The Capital Reduction and Cash Distribution were completed on 30 September 2018.
 - (ii) The aggregate amount of cash required for the Cash Distribution will be generated through the Company's available liquid cash sources on hand.
 - (iii) The estimated transaction costs of approximately S\$60,000/- have been taken into account in the computation of the financial effects.

2.3.2 Share Capital

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by Shareholders after the Capital Reduction and Cash Distribution. The pro forma financial effects of the Capital Reduction and Cash Distribution on the issued share capital of the Company based on the unaudited consolidated financial statements of the Company for the nine months ended 30 September 2018 are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
No. of Shares (including treasury shares)	570,996,746	570,996,746
No. of Shares (excluding treasury shares)	553,415,746	553,415,746
Amount of share capital (S\$)	200,099,207.29	180,098,762.19

2.3.3 Earnings per Share

The Capital Reduction and Cash Distribution will have no impact on the earnings per Share of the Company.

2.3.4 Net Asset Value ("NAV")

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Company based on the unaudited consolidated financial statements of the Company for the nine months ended 30 September 2018 are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Net asset value (S\$)	283,720,774	263,660,329
No. of Shares (excluding treasury shares)	553,415,746	553,415,746
NAV per Share (S\$)	0.51	0.48

2.3.5 Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company based on the unaudited consolidated financial statements of the Company for the nine months ended 30 September 2018 are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Borrowings	86,223,926	86,223,926
NAV (S\$)	283,720,774	263,660,329
Gearing (%)	30.39%	32.70%

2.3.6 Return on Equity

The pro forma financial effects of the Capital Reduction and Cash Distribution on the return on equity of the Company based on the unaudited consolidated financial statements of the Company for the nine months ended 30 September 2018 are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Profit attributable to Shareholders (S\$) – exclude Non-Controlling Interest	9,411,386	9,351,386
Profit attributable to Shareholders (S\$) – include Non-Controlling Interest	16,100,769	16,040,769
Return on equity (%) – exclude Non-Controlling Interest	3.32%	3.55%
Return on equity (%) – include Non-Controlling Interest	4.69%	4.96%

2.4 Conditions of the Capital Reduction and Cash Distribution

2.4.1 The Cash Distribution is conditional on the completion of the Capital Reduction.

2.4.2 The Capital Reduction is subject to, *inter alia*, the following conditions:-

- (a) The Board complying with the relevant solvency requirements set out in the Companies Act, including but not limited to, making the solvency statements (“**Solvency Statements**”).
- (b) The Company obtaining Shareholders’ approval for the special resolution in respect of the Capital Reduction and Cash Distribution (the “**Special Resolution**”) at the EGM.
- (c) The Company complying with the relevant publicity requirements set out in the Companies Act.
- (d) No creditor of the Company having made an application for the cancellation of the Special Resolution during the period of 6 weeks beginning with the date of the EGM, and, if such application was made, the withdrawal of such application or the dismissal thereof by the High Court of Singapore.
- (e) The lodgement with the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”) of copies of the Solvency Statements made by the Directors, and the Special Resolution within 15 days beginning with the date of the EGM.
- (f) The lodgement with ACRA of further documents including but not limited to, a statement from the Directors confirming that the solvency requirements and publicity requirements have been met, after the end of the period of 6 weeks but before the end of the period of 8 weeks beginning with the date of the EGM.

3. CIRCULAR TO SHAREHOLDERS

A circular containing further information on the Capital Reduction and Cash Distribution, and the EGM will be despatched to Shareholders in due course.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Capital Reduction and Cash Distribution (other than through their shareholdings in the Company, if any).

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Capital Reduction and Cash Distribution, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

By Order of the Board

Allan Yap
Executive Chairman

10 January 2019