

ANWELL TECHNOLOGIES LIMITED (REG NO. 200308707W)

PROPOSED DISPOSAL OF OFFICE PREMISES IN HONG KONG

1. INTRODUCTION

The board of directors of Anwell Technologies Limited (“**Company**”) and its subsidiaries (“**Group**”) wishes to announce that its wholly-owned subsidiary, Anwell Precision Technology (HK) Limited (宏威精密科技有限公司) has on 10 July 2014 entered into a provisional sale and purchase agreement (“**Provisional SPA**”) with the Purchaser (as defined below) for the disposal of the Company’s property located at units no. 8, 9, 10, 11, 12, 13, 14 and 15 on the 9th Floor and the car parking spaces no. 23, 25, 26 and 27 on 2nd Floor and the car parking spaces no. 20, 21, 22, 23, 25 and 26 on the 3rd Floor, Metro Loft, No. 38 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong (“**Property**”) to the Purchaser (“**Proposed Disposal**”).

2. INFORMATION ABOUT THE PURCHASER

The information in this section relating to the Purchaser is based on information provided by and/or representations made by the Purchaser. The directors of the Company have not conducted an independent review or verification of the accuracy of the following statements and information.

The Purchaser is a company incorporated in Hong Kong. The principal business of the Purchaser is of an investment company.

The Purchaser is a third party and is not an Associate of nor related to any of our Directors and Controlling Shareholders. The directors and shareholders of the Purchaser are also not Associates of nor related to any of our Directors and Controlling Shareholder.

3. RATIONALE OF THE PROPOSED DISPOSAL

As previously announced on 31 October 2013 and 27 June 2014, the Company had defaulted on its bank loans repayment with Shanghai Commercial Bank Limited in Hong Kong. The proceeds from the Proposed Disposal is intended and will be used to satisfy the full repayment of the outstanding loans amount due to Shanghai Commercial Bank Limited.

The Property is used as a headquarters for the Group's general administrative, human resource and accounting and finance functions. The management intends to lease alternative premises for the said functions after the disposal of the Property.

4. THE PROPOSED DISPOSAL

4.1. Principal Terms and Salient Features of the Proposed Disposal

4.1.1. Disposal Consideration

The aggregate consideration for the Proposed Disposal amounts to HK\$28,500,000.00 ("**Disposal Consideration**"), and will be settled in cash by the Purchaser upon the legal completion of the Proposed Disposal.

4.1.2. Salient Terms of the Provisional SPA

The salient terms of the Provisional SPA comprise, *amongst others*, the following:

- (a) The payment terms of the Proposed Disposal has been agreed as follows:
 - (i) An initial deposit of HK\$1,425,000.00 representing five per cent. (5%) of the total Disposal Consideration shall be paid by the Purchaser to the Company's solicitors upon the signing of the Provisional SPA ("**Initial Deposit**");
 - (ii) A further deposit of HK\$1,425,000.00 representing five per cent. (5%) of the total Disposal Consideration shall be paid by the Purchaser to the Company's solicitors on or before 22 July 2014 ("**Further Deposit**"); and
 - (iii) The balance of the Disposal Consideration for the sum of HK\$25,650,000.00 shall be paid upon Completion (as defined below),
- (b) The Company and the Purchaser (collectively referred to as "**Parties**") have agreed that the Initial Deposit and Further Deposit shall be held by the Company's solicitors as stakeholders and shall not be released to the Company unless the Purchaser's solicitors is satisfied that the balance of the Disposal Consideration payable on Completion is sufficient to discharge any outstanding indebtedness or mortgage secured against the Property (if any);

- (c) The Property to be assigned to the Purchaser shall be free from all encumbrances;
- (d) The completion of the Proposed Disposal shall take place on or before 29 September 2014 ("**Completion**")
- (e) The Company shall show and prove good title to the Property at its own costs;
- (f) The Property is to be sold on an "as-is" basis and the Company shall deliver vacant possession of the Property to the Purchaser on Completion;
- (g) On Completion, the Company shall deliver to the Purchaser all existing fixture and fittings, office and other equipment, installation, furniture at or in the Property;
- (h) The Parties shall bear their own legal costs; and
- (i) The stamp duty to be paid in connection with the Proposal Disposal is to be borne solely by the Purchaser.

4.1.3. The Parties have agreed that the formal sale and purchase agreement ("**Formal SPA**") is to be executed on or before 22 July 2014.

4.1.4. It is agreed that the Provisional SPA shall constitute a binding contract between the Parties until it is superseded by the Formal SPA. In the event of default by either party, the non-defaulting party is entitled to claim for specific performance against the defaulting party.

4.2. The Proposed Disposal as a Discloseable Transaction

The Disposal Consideration for the sum of HK\$28,500,000.00 was arrived at on a willing-buyer willing-seller basis and was determined pursuant to the negotiations between the Parties after seeking the views of their respective financing banks. The Company has also commissioned a firm of valuer to seek a market valuation of the Property. On a preliminary basis, the valuer has provided an indicative valuation of HK\$28 million for the Property. The formal valuation report can only be finalised and issued prior to the signing of the Formal SPA. The Company will provide an update in due course and a copy of the valuation report will be made available to shareholders as soon as it is available.

Based on the unaudited financial statements of the Group for the three-month period ended FY2013 announced on 14 May 2013, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	8.93%
(b)	Net profits ⁽²⁾ before tax and minority interest attributable to the assets to be disposed of, compared with the Group's net profits	Not Applicable ⁽³⁾
(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation on 13 August 2013, being the market day preceding the date of the Provisional SPA on which shares of the Company were transacted ⁽⁴⁾	16.66% ⁽⁵⁾
(d)	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

Notes:

- (1) The Group's net assets were approximately HK\$204,994,000 as at 31 March 2013 and the net assets value of the Property to be disposed of was approximately HK\$18,306,000 as at 31 March 2013.
- (2) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) The Property is only used as a headquarters for administrative functions the Group and not as a manufacturing facility. Hence profits attributable to the Property cannot be ascertained.

- (4) 13 August 2013 is the last market day preceding the date of the Provisional SPA on which the shares of the Company were last transacted prior to the trading of the shares of the Company being suspended on 14 August 2013.
- (5) The aggregate value of the Disposal Consideration given for the Proposed Disposal is HK\$28,500,000.00, compared with the Company's market capitalisation of approximately HK\$171,050,000 (based on 311,347,250 shares in issued and the weighted average price of approximately S\$0.09 (based on the exchange rate of S\$1 to HK\$6.1043) on 13 August 2013 being the last market day preceding the date of the Provisional SPA on which shares of the Company were last transacted prior to the trading of the shares of the Company being suspended on 14 August 2013).

Based on the relative figures computed above, the Proposed Disposal is a discloseable transaction for purposes of Chapter 10 of the Listing Manual of the SGX-ST and approval of shareholders of the Company is therefore not required.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Company's consolidated net tangible assets ("**NTA**"), consolidated earnings per share ("**EPS**") and gearing ratio are set out below, and have been prepared on the basis that the Proposed Disposal had taken place:

- (a) for the purpose of the balance sheet, as at 31 December 2012, being the date to which the latest full year audited financial statements of the Company were made up; and
- (b) for the purpose of the profit and loss account, from 1 January 2012 being the start of the latest audited financial year.

The financial effects of the Proposed Disposal on the consolidated NTA and consolidated EPS of the Company are purely for illustrative purposes only. The financial effects stated below are neither indicative of the actual financial effects of the Proposed Disposal on the consolidated NTA and consolidated EPS of the Company, nor are they indicative of the financial performance of the Company for the financial year ended 31 December 2012 ("**FY2012**").

5.1. Share Capital

As at the date of this announcement, the issued share capital of the Company is S\$198.99 million comprising 311,347,250 Shares. The Proposed Disposal will have no impact on the issued and paid-up share capital of the Company.

5.2. EPS

The financial effects of the Proposed Disposal on the EPS of the Company for FY2012, assuming that the Proposed Disposal had been effected as at 31 December 2012 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss after tax (S\$'000)	(42,532)	(40,938)
Weighted average number of shares ('000)	311,347	311,347
EPS (S\$ cents)	(13.66)	(13.15)

5.3. NTA

The financial effects of the Proposed Disposal on the NTA of the Company as at 31 December 2012, assuming that the Proposed Disposal and repayment of bank loan had been effected as at 31 December 2012 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	9,871	11,429
NTA per share (S\$ cents)	3.2	3.7

5.4. Gearing

The financial effects of the Proposed Disposal on the gearing of the Company for FY2012, assuming that the Proposed Disposal and repayment the bank loan had been effected as at 31 December 2012 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Total Debt (S\$ '000)	794,579	790,126
Total Equity (S\$ '000)	50,048	51,606
Debt to Equity Ratio	1,587.6%	1,531.1%

6. BOOK VALUE

The net book value (“**NBV**”) of the Property as at 31 December 2012 and 31 March 2013 was approximately HK\$18,529,000 and HK\$18,306,000 respectively.

The aggregate gross Disposal Consideration proceeds of HK\$28,500,000 (equivalent to approximately S\$4,454,000 based on the currency exchange of S\$1 to HK\$6.3993) therefore represents an excess to the NBV of the Property of HK\$9,971,000 (equivalent to approximately S\$1,593,287 based on the currency exchange of S\$1 to HK\$6.25813).

7. GAINS ON THE PROPOSED DISPOSAL

The purchase price of the Property was HK\$22,234,110 when the Group purchased the same in 2008. The Disposal Consideration of HK\$28,500,000.00 will result in a gross gain on disposal of HK\$6,265,890 (equivalent to approximately S\$1 million based on the currency exchange of S\$1 to HK\$6.25813) for the Group.

8. USE OF PROCEEDS

As disclosed in paragraph 3 (*Rationale of the Proposed Disposal*) above, the Company intends to use the proceeds from the Proposed Disposal to fully repay the outstanding loans due to Shanghai Commercial Bank Limited. The balance of the proceeds from the Proposed Disposal after the repayment of bank loans (if any) will be used as working capital of the Company.

9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company).

No Directors are proposed to be appointed to the Company in connection with the Proposed Disposal.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Provisional SPA will be made available for inspection during normal business hours at registered office of the Company for three (3) months from the date of this announcement.

Trading in the shares of the Company on the SGX-ST has been suspended as from 9 a.m. on 14 August 2013 and will remain suspended until further notice.

BY ORDER OF THE BOARD

Chan Kun Shuin

Lead Independent Director
Audit Committee Chairman

14 July 2014