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- (1) **DISPOSAL OF ENTIRE SHAREHOLDING INTEREST IN NEIKEN SWITCHGEAR (S) PTE. LTD.; AND**
- (2) **ACQUISITION OF A PROPERTY LOCATED AT 9 TAGORE LANE, #02-06, 9@TAGORE, SINGAPORE 787472**
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1. INTRODUCTION

- 1.1 The Board of Directors of Choo Chiang Holdings Ltd. (the “**Company**”) wishes to announce that:
- (a) the Company has today entered into a share sale and purchase agreement (“**Share SPA**”) with United MS Electrical Mfg (M) Sdn. Bhd. (“**UMS**”) and completed the disposal by the Company of its entire 50.00% shareholding interests in the issued and paid-up share capital of Neiken Switchgear (S) Pte. Ltd. (“**NSS**”), comprising 500,000 ordinary shares (“**Sale Shares**”), to UMS for a consideration of approximately S\$1,405,000 (“**Shares Consideration**”) (the “**NSS Disposal**”); and
 - (b) Choo Chiang Properties Pte. Ltd. (“**CCHP**”), a wholly-owned subsidiary of the Company, has today entered into a property sale and purchase agreement (“**Property SPA**”) with NSS and completed the acquisition of a property located at 9 Tagore Lane, #02-06, 9@Tagore, Singapore 787472 (the “**Property**”) for a consideration of S\$1,520,000 (excluding goods and services tax) (“**Property Consideration**”) (“**Property Acquisition**”).
- 1.2 The NSS Disposal constitutes a “disclosable transaction” under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Please refer to paragraph 7 below for further details on the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules.
- 1.3 As the Sale Shares represent the entire interest held by the Company in NSS, the Company has ceased to have any interest in NSS and NSS has ceased to be a subsidiary of the Company following the completion of the NSS Disposal today.

2. INFORMATION ON UMS AND NSS

- 2.1 UMS (Company Registration No. T05UF0327E) is a company incorporated in Malaysia with its registered address at Lot 5, Batu 17½ Jalan Ipoh, Rawang Industrial Estate 48000 Rawang, Selangor, Malaysia. UMS is a wholly-owned subsidiary of UMS-Neiken Group Berhad, which is a Malaysian company listed on Bursa Malaysia. UMS is principally involved in designing, manufacturing and trading of electrical wiring accessories.

- 2.2 NSS (Company Registration No. 200301169N) is a private company limited by shares incorporated in Singapore with its registered address at 9 Tagore Lane, #01-16, 9@Tagore, Singapore 787472. NSS is in the business of dealing in electrical wiring and products, and is also principally engaged in electrical works and the assembly of electrical fittings and parts. NSS operates one (1) retail branch in Singapore located at 9 Tagore Lane.
- 2.3 Apart from the Company, UMS is the only other shareholder in NSS. UMS owns 500,000 ordinary shares in NSS constituting the other 50.00% of the entire issued and paid-up share capital of NSS.

3. VALUE OF THE SALE SHARES

- 3.1 The Shares Consideration, further details of which is provided in paragraph 5.1 below, is approximately S\$1,405,000.
- 3.2 Based on the unaudited financial statements of NSS for the six (6) months ended 30 June 2016 (“**HY2016**”), the net profits of NSS amounted to approximately S\$44,000.
- 3.3 Based on the unaudited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for HY2016, the net tangible asset value of NSS attributable to the Company as at 30 June 2016 was approximately S\$1,095,000. The proceeds of approximately S\$1,405,000 from the NSS Disposal represented an excess of approximately S\$311,000 over the net tangible asset value of the NSS attributable to the Company.

4. RATIONALE AND USE OF PROCEEDS

The profits of NSS have been decreasing for the past few years. The divestment of NSS will allow the Group to streamline its existing business by disposing the less profitable subsidiary while retaining the more profitable parts of the business. Additionally, the NSS Disposal will allow the Group to recover approximately S\$1,047,000 of inter-company loans in cash which will further strengthen the Group’s financial and capital resources.

The Company believes that the Property Acquisition will enhance the Group’s portfolio of investment properties. As at the date of this announcement, NSS owns the Property and two (2) other properties located at: (i) 9 Tagore Lane, #01-16, 9@Tagore, Singapore 787472 which is currently used as a retail branch; and (ii) No 421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805 which is also held as an investment property.

The proceeds from the NSS Disposal were fully utilised for the Property Acquisition which was effected by way of the set-off arrangements referred to in paragraph 5.1 below.

5. PRINCIPAL TERMS OF THE NSS DISPOSAL

5.1 Consideration

The Shares Consideration was approximately S\$1,405,000 and was payable in full upon completion of the NSS Disposal (“**Completion**”). The Shares Consideration was arrived at on a willing buyer and willing seller basis and was equivalent to the adjusted net tangible asset value of the Sale Shares (“**Adjusted NTA Value**”) as at 30 June 2016.

UMS and CCH (each a “**Party**” and collectively, the “**Parties**”) shall be entitled to effect any payment under the Share SPA (including the Shares Consideration and the Property Consideration) by way of set-off arrangements as may be mutually agreed. As such, the shareholder’s loan from CCH to NSS (“**CCH Loan**”) as at 30 June 2016 (including interests), the Property Consideration, and the Shares Consideration would be set-off against each other, and a net amount of approximately S\$933,000 in cash would be payable by UMS to CCH on Completion as full and final settlement of the Shares Consideration.

5.2 **Conditions Precedent**

Completion shall be conditional upon the following, amongst others, being fulfilled or waived (in accordance with the Share SPA), as relevant (“**Conditions Precedent**”):

- (a) approval or ratification by the board of directors and shareholders of CCH, CCHP, UMS and NSS (as the case may be) for the NSS Disposal and the Property Acquisition (collectively, the “**Agreed Transactions**”), and all other transactions in connection therewith;
- (b) all necessary consents, approvals, confirmations and waivers of the relevant authorities being obtained in respect of the Agreed Transactions (collectively, “**Requisite Regulatory Approvals**”) and such Requisite Regulatory Approvals not having been amended or revoked before Completion Date (as defined in paragraph 5.6 below), and to the extent such Requisite Regulatory Approvals are subject to any conditions, all such conditions having been fulfilled;
- (c) all representations, undertakings and warranties of CCH and UMS provided under the Share SPA being complied with, true, complete, accurate and correct in all material respects;
- (d) all necessary approvals and consents in respect of the transactions contemplated in the Share SPA and all other transactions in connection therewith, having been obtained and such approvals and consents not having been withdrawn, suspended or amended on or before the Completion Date, and to the extent such approvals and consents are subject to conditions, all such conditions having been fulfilled;
- (e) full disbursement of the New UMS Loan (as defined in paragraph 5.5 below) to NSS; and
- (f) outcome of the due diligence by UMS into the financial, legal, and business of NSS (as may be necessary in UMS’ sole opinion) being satisfactory to UMS in its reasonable opinion.

5.3 **Inter-conditionality and Concurrent Completion of the NSS Disposal and the Property Acquisition**

Pursuant to the Share SPA, unless otherwise mutually agreed to by the Parties:

- (a) completion of NSS Disposal and Property Disposal shall be inter-conditional on each other;
- (b) the Agreed Transactions shall take place concurrently to the extent possible and permitted by law, and the Parties shall undertake to take such necessary steps and actions to ensure that the Agreed Transactions shall take place in such manner; and

- (c) UMS shall not be obliged to complete the NSS Disposal unless completion of the Property Acquisition takes place concurrently or immediately after the completion of NSS Disposal on the same day.

5.4 Repayment by Certain Trade Debtors

In the event that NSS manages to collect any outstanding debts owing from certain trade debtors after Completion, UMS shall procure that NSS repay 50.00% of such collected amount, up to an amount of approximately S\$248,000, to CCH within 10 business days of collection.

5.5 New UMS Loan

Pursuant to the Property SPA, the Property is to be acquired unencumbered by CCHP. As such, UMS shall provide a shareholder's loan of a principal amount up to S\$600,000 to NSS before Completion ("**New UMS Loan**") to facilitate the early discharge of the existing bank mortgage over the Property.

If Completion does not take place by the Long-Stop Date (as defined in paragraph 5.6 below) and/or the Shares SPA is being terminated for whatsoever reason, NSS shall, amongst others, fully repay the New UMS Loan and such other amount as may have been provided by UMS to NSS in relation thereto.

In connection with the early discharge, CCH shall bear 50.00% of the penalty and interest in lieu of notice. The Parties agreed that such amount may be off-set against interests accruing under the CCH Loan from 1 July 2016 onwards.

5.6 Completion Date

Subject to the fulfilment or waiver (as the case may be) of the Conditions Precedent, Completion shall take place on the date ("**Completion Date**") falling no more than ten (10) business days after the satisfaction of the last Condition Precedent, or such other date as the Parties may agree in writing, but in any event such date being no later than 30 September 2016, unless agreed otherwise by the Parties in writing (the "**Long-Stop Date**").

All the conditions precedent have been fulfilled and/or waived and accordingly, the completion of the Agreed Transactions has taken place today.

6. FINANCIAL EFFECTS OF THE NSS DISPOSAL AND THE PROPERTY ACQUISITION

The financial effects of the NSS Disposal and the Property Acquisition on the Group's consolidated net tangible assets ("**NTA**") per share and the consolidated earnings per share have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**"). The pro forma financial effects of the NSS Disposal and the Property Acquisition are presented below purely for illustration purposes only, and are not intended to reflect the actual future financial situation of the Group after Completion.

For the purposes of illustrating the financial effects of the NSS Disposal and the Property Acquisition, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of both the NSS Disposal and the Property Acquisition on the consolidated NTA per share are computed assuming that both the NSS Disposal and the Property Acquisition had been completed on 31 December 2015;
- (b) the financial effects of both the NSS Disposal and the Property Acquisition on the consolidated earnings per share are computed assuming that both the NSS Disposal and the Property Acquisition had been completed on 1 January 2015; and
- (c) the expenses in connection with the NSS Disposal and the Property Acquisition are disregarded for the purposes of calculating the financial effects.

6.1 NTA

	Before the NSS Disposal and the Property Acquisition	After the NSS Disposal and the Property Acquisition
NTA attributable to the shareholders of the Company (S\$)	35,123,000	35,890,000
Number of ordinary shares in issue	208,000,000	208,000,000
NTA per share (Cents)	16.89	17.25

6.2 Earnings

	Before the NSS Disposal and the Property Acquisition	After the NSS Disposal and the Property Acquisition
Earnings attributable to the shareholders of the Company (S\$)	3,579,000	3,908,000
Number of ordinary shares in issue	208,000,000	208,000,000
Earnings per share (Cents)	1.72	1.88

7. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES IN RELATION TO THE NSS DISPOSAL AND THE PROPERTY ACQUISITION

Based on the unaudited consolidated financial statements of the Group for HY2016, the relative figures for the NSS Disposal and the Property Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

Rule 1006	Bases	NSS Disposal (%)	Property Acquisition (%)
(a)	Net asset value of the Sale Shares to be disposed of, compared with the Group's net asset value	6.00 ⁽¹⁾	Not applicable ⁽²⁾
(b)	Net profits attributable to the Sale Shares disposed of / the Property acquired, compared with the Group's net profits	1.80 ⁽³⁾	0.08 ⁽⁴⁾
(c)	Aggregate value of the consideration received (in relation to NSS Disposal) / given (in relation to Property Acquisition), compared with the Company's market capitalisation	2.02 ⁽⁵⁾	2.18 ⁽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 ⁽⁶⁾	Not applicable ⁽⁶⁾
(e)	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	Not applicable ⁽⁷⁾	Not applicable ⁽⁷⁾

Notes:

- (1) Based on the unaudited consolidated financial statements of the Group for HY2016, as at 30 June 2016, the net asset value of NSS and the Group were approximately S\$2,180,000 and S\$36,325,000 respectively.
- (2) Not applicable for acquisition of assets.
- (3) Based on the unaudited consolidated financial statements of the Group for HY2016, the net profits attributable to NSS and the Group were approximately S\$44,000 and S\$2,450,000 respectively. Had the relative figures been computed on the basis of the Group's audited consolidated financial statements for FY2015, the relative percentage would have been approximately 0.56%.
- (4) This is computed based on the rental income and expenses relating to the Property in respect of HY2016 of approximately S\$42,000 and S\$39,000 respectively. Had the relative figures been computed on the basis of the Property's net income and the Group's audited consolidated financial statements for FY2015, the relative percentage would have been approximately 0.03%.
- (5) The Shares Consideration was approximately S\$1,405,000 and the Property Consideration was S\$1,520,000. The Company's market capitalisation of approximately S\$69,680,000 was computed based on the volume weighted average price of S\$0.335 on 18 August 2016 (being the last full market day preceding the date of the Share SPA and Property SPA on which there was trading in the Company's shares) and the Company's share capital of 208,000,000 ordinary shares.

- (6) Not applicable. The NSS Disposal relates to a disposal of assets and there are no equity securities issued by the Company as consideration for the Property Acquisition.
- (7) Not applicable. The Company is not a mineral, oil or gas company.

As the relative figure(s) computed on the bases set out under Chapter 10 of the Catalist Rules:

- (a) in relation to the NSS Disposal, exceeds 5% under Rule 1006(a) but is less than 50%, the NSS Disposal constitutes a disclosable transaction; and
- (b) in relation to the Property Acquisition, are less than 5% under Rule 1006, the Property Acquisition constitutes a non-disclosable transaction.

8. PROPERTY ACQUISITION

8.1 Details of the Property

The Property is located in an industrial building at 9 Tagore Lane, off Tagore Industrial Avenue and Upper Thomson Road. The Property has a freehold tenure with a gross floor area of 315 square metres, and is being held for investment purposes.

8.2 Property Consideration

Pursuant to the Property SPA, the Property Consideration was S\$1,520,000 (excluding goods and services tax) and is payable in full upon completion of the Property Acquisition. The Property Consideration was arrived at on a willing buyer and willing seller basis and is equivalent to the market value of the Property. The Property Consideration will be subject to the set-off arrangements referred to in paragraph 5.1 above.

8.3 Value of the Property

The net book value of the Property as at 30 June 2016 was approximately S\$1,350,000. Based on a valuation commissioned by NSS, the market value of the Property as at 10 June 2016 was S\$1,520,000. Capital value was used as the basis of valuation and the direct comparison method of valuation was adopted.

9. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS

None of the Directors and to the best knowledge of the Directors, none of the controlling shareholders of the Company, has any interest, direct or indirect (other than through their shareholdings in the Company, to the extent applicable), in the NSS Disposal and the Property Acquisition.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the NSS Disposal and/or the Property Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DOCUMENTS FOR INSPECTION

A copy of the Share SPA, the Property SPA and the valuation report in respect of the Property dated 15 June 2016 are available for inspection during normal business hours at the Company's registered office at 10 Woodlands Loop, Singapore 738388 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Teck Chuan
Executive Chairman and Chief Executive Officer

15 September 2016

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*