



(Company Registration No. 200415164G)
(Incorporated in Singapore)
(the "Company")

PROPOSED DISPOSAL OF BUSINESS TOGETHER WITH THE ASSETS OF CRANLEY HOTEL LIMITED

1. INTRODUCTION

The Board of Directors (the "**Board**") of the Company and together with its subsidiaries, (the "**Group**") wishes to announce that its indirect 85%-owned subsidiary, Cranley Hotel Limited ("**CHL**") has entered into an asset purchase agreement ("**APA**") on 25 February 2016 with Belgravia Mews Hotel Limited (the "**Buyer**") for the sale of the business together with the assets of CHL (the "**Proposed Disposal**").

(For the purposes of this announcement, the exchange rate of GBP1: SGD 1.96322 has been used.)

2. INFORMATION ON THE PROPOSED DISPOSAL

CHL was incorporated and registered in England and Wales with company registration number 05882751 whose registered office is at Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES. CHL owns Cranley Hotel (the "**Hotel**") located at 8, 10 and 12 Bina Gardens, London SW5 0LA. The Hotel, with its traditional English charm and furnishings, the 39-room hotel is one of London's most charming and beautiful boutique hotels. Comprising 3 buildings built in 1869, its excellent location in the heart of the London Royal Borough of Kensington and Chelsea allows guests to enjoy easy access to the many historical attractions and to the shopping areas of Knightsbridge and Kings Road.

3. CONSIDERATION

The consideration is GBP 17.5 million and was arrived at on a willing-buyer and willing-seller basis. A deposit of GBP 1.75 million has been paid by the Buyer to CHL on the date of the signing of the APA. The remaining consideration shall be paid in cash upon completion of the sale and purchase of the business and assets by the Buyer to CHL.

4. CERTAIN TERMS OF THE APA

- (a) CHL shall sell with full title guarantee, and the Buyer, with a view to carrying on the business as a going concern, shall purchase free from all encumbrances and with effect from the completion date:
 - (i) the business of the ownership and the operation of the Hotel ("**Business**") and the property, rights and assets of CHL that comprise the Business ("**Assets**");
 - (ii) the goodwill, custom and connection of CHL in relation to the Business, together with the exclusive right for the Buyer and its successors in title and assigns from completion to carry on the Business under the Business Name (and all other names associated with the Business) and respectively to represent themselves as carrying on the Business in succession to CHL;
 - (iii) the lists of customers and suppliers and all the other documents, papers and records relating to the Business or any of the Assets that are necessary in order to run the Business;
 - (iv) all the liabilities and obligations of or relating to the Business or the Assets which are to be performed (wholly or partly);
 - (v) all (if any) of the other assets, property or rights of CHL solely relating to, or belonging to or required or intended for use in, the Business or in the properties; and
 - (vi) all of CHL's rights against third parties, including rights under any warranties, conditions, guarantees or indemnities or under the Sale of Goods Act 1979 relating to any of the Assets.
- (b) CHL undertakes to the Buyer that the Business shall be conducted in the manner as stipulated in the APA from the date of the APA until the completion of the Proposed Disposal.
- (c) CHL and the Buyer agree that the APA would constitute a relevant transfer of the employees of CHL pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("**TUPE**") and it will not operate so as to terminate the contracts of employment of any of the employees. Such contracts of employment shall be transferred to the Buyer pursuant to the TUPE with effect from the date of completion of the Proposed Disposal.
- (d) All costs and expenses incurred in connection with the negotiation, preparation, execution and performance of the Proposed Disposal shall be borne by the respective party that incurred the cost.

5. BOOK VALUE AND GAIN ON PROPOSED DISPOSAL

Based on the management accounts of CHL as at 31 January 2016, the book value of the assets being disposed of was \$25,281,000 and the gain on the Proposed Disposal is \$9,075,000.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Group is of the view that the Proposed Disposal will enhance the Group's cash resources and better utilise by supporting its existing business operations. The net proceeds from the Proposed Disposal will be used for the Group's working capital requirements and/or for repayment of the Group's borrowings.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2015, the financial effects of the Proposed Disposal are set out below.

7.1 Net Tangible Assets

Assuming that the Proposed Disposal was completed on 31 March 2015, the effect on the net tangible assets (“NTA”) per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA Per Share (cents)	10.49 ¹	11.27 ²

Notes:

(1) This is based on the NTA of \$93,021,000 and 886,369,771 ordinary shares.

(2) This is based on the NTA of \$99,859,000 and 886,369,771 ordinary shares.

7.2 Earnings per Share

Assuming that the Proposed Disposal was completed on 1 April 2014, the effect on the earnings per share (“EPS”) of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
EPS (cents)	1.45 ³	2.10 ⁴

Notes:

(3) This is based on the net profit attributable to equity holders of the Company of \$12,607,000 and weighted average numbers of ordinary shares outstanding of 868,724,326.

(4) This is based on the net profit attributable to equity holders of the Company of \$18,241,000 and weighted average numbers of ordinary shares outstanding of 868,724,326.

8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Proposal Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Listing Rule	Content	Disposal (\$'000)	The Group (\$'000)	Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	25,281	95,213	26.55%
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	837	3,473	24.11%
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	34,356	74,810	45.93%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable		
1006(e)	The aggregate volume or amount of proven 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	Not applicable		

Having regard to the above, the Proposed Disposal is a "Discloseable Transaction" under Rule 1010 of the Listing Manual - Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

10. SERVICE CONTRACT

No director will be appointed to the Company in connection with the Proposed Disposal.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The APA is available for inspection at the Company's registered office at 152 Beach Road #27-01 The Gateway East, Singapore 189721 during normal business hours for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
26 February 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone: (65) 6415 9886.