

ACQUISITION OF PROPERTIES IN JOHOR, MALAYSIA

1. INTRODUCTION

The Board of Directors (the “Board”) of Cheung Woh Technologies Ltd (the “Company”, together with its subsidiaries, collectively the “Group”) wishes to announce that the Company’s wholly-owned subsidiary, Cheung Woh Technologies (Johor) Sdn. Bhd. (“CWJ”) has entered into a sale and purchase agreement (the “Agreement”) with Isopac Chemical Products Sdn. Bhd. (the “Vendor”), for the purchase of land and buildings located at PLO 107 & 108, Kawasan Perindustrian Senai, Fasa 3, 81400 Senai, Johor, Malaysia (the “Properties”).

CWJ is primarily involved in the provision of secondary processes and electroless nickel plating of computer parts and components. The Vendor is an independent third party vendor, it is a company incorporated in Malaysia and which is involved in the business of property letting and trading in insecticide related products.

2. CONSIDERATION AND PAYMENT

The total consideration for the purchase of the Properties is RM8.32 million (equivalent to approximately S\$3.24 million) (the “Purchase Consideration”). The Purchase Consideration was arrived at on a “willing buyer-willing seller” basis and after taking into account the current market valuation of similar property in the area.

The Purchase Consideration will be funded by internal funds and bank borrowings. The initial deposit of RM0.83 million (equivalent to approximately S\$0.32 million) was paid on 31 October 2014 upon the execution of the Agreement. The balance of the payment is to be paid within three months from the date when CWJ receives the letter of approval from the State Authority for the transfer, with an extension of two months subject to interest at the rate of eight per centum per annum on daily basis on the outstanding balance of the purchase price until payment is fully made. Apart from the usual terms of a sale and purchase agreement, there are no material conditions attached to the acquisition.

3. RATIONALE

The acquisition of the Properties is for the purpose of expanding the existing business of CWJ. The Properties are located near to the existing premises of CWJ.

4. FINANCIALS

Assuming the completion of the acquisition of the Properties, the pro forma effects on the net tangible assets per share and earnings per share of the Group are set out below. The pro forma financial effects have been prepared based on the audited consolidated

financial results of the Group for the financial year ended 28 February 2014 (“FY2014”), net of estimated expenses, and are purely for illustration purposes only and do not reflect the actual financial position of the Group after completion.

- 4.1 **Net Tangible Assets (“NTA”) per share.** For illustrative purposes only and assuming that the acquisition of the Properties was completed on 28 February 2014, the pro forma financial effects on the consolidated NTA of the Group for FY2014 are as follows:

	Before acquisition of Property	After acquisition of Property
NTA (S\$’000)	90,479	90,479
NTA per share (cents)	29.94	29.94

- 4.2 **Earnings per share (“EPS”).** For illustrative purposes and assuming that the acquisition of the Properties was completed on 1 March 2013, the pro forma financial effects on the consolidated EPS of the Group for FY2014 are as follows:

	Before acquisition of Property	After acquisition of Property
Earnings (S\$’000)	1,050	983
EPS (cents)	0.35	0.33

The acquisition of the Properties is not expected to have any material impact on the earnings per share and net tangible assets of the Company and the Group for the financial year ending 28 February 2015.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) 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	Not applicable.
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits	Not applicable.
(c)	The 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 ^(a)	5.5%
(d)	The 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.
(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.	Not applicable.

Note:

- (a) The Company's market capitalisation is approximately S\$58.93 million based on the weighted average price of the Company's shares transacted on 30 October 2014, being the market day preceding the date of the Agreement.

As the relative figure under Rule 1006(c) computed on the basis set out in Rule 1006 of the Listing Manual exceeds 5% but does not exceed 20%, the above-mentioned acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than the Directors, Law Kung Ying, Law Kung Ming and Law Yu Chui who are also directors of CWJ, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the above transaction.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 23 Tuas South Street 1, Singapore 638033 for a period of three months from the date of the announcement.

By Order of the Board

Law Yu Chui
Director
31 October 2014