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

PROPOSED DISPOSAL OF SHAREHOLDING INTEREST IN INTRACO LIMITED

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1. INTRODUCTION

The Board of Directors (the **"Board"**) of Hanwell Holdings Limited (the **"Company"** or **"Hanwell"** and together with its subsidiaries, the **"Group"**) wishes to announce that the Company has entered into a sale and purchase agreement (the **"Agreement"**) dated 13 September 2012 with TH Investments Pte. Ltd. (the **"Purchaser"**) to transfer 29,486,148 ordinary shares and representing approximately 29.87% shareholding interest in the issued share capital (the **"Sale Shares"**) of Intraco Limited (**"Intraco"**) to the Purchaser (the **"Disposal").**

2. INFORMATION ON THE PURCHASER AND INTRACO

2.1 The Purchaser is a company incorporated under the laws of the Republic of Singapore in 1992 with an issued share capital of S$2,000,000. Its principal businesses are investment holding and trading in securities.

2.2 As at the date of this Announcement, the sole shareholder of the Purchaser is Tat Hong Investments Pte Ltd.

2.3 Intraco is a public company incorporated under the laws of the Republic of Singapore in 1968 and is listed on the main board of the SGX-ST. Intraco is an integrated solutions trading company whose principal activities are trading in building materials, conventional lighting products, provision of total security solutions, commercial building solutions and energy-savings solutions.

3. PRINCIPAL TERMS OF THE DISPOSAL

3.1 Consideration

The Company shall transfer the Sale Shares to the Purchaser at the price of S$0.65 per Sale Share for an aggregate consideration of approximately S$19,165,996.20 (the **"Purchase Consideration"**). The price of S$0.65 per Sale Share is higher than the original purchase price per share at which the Company had purchased the Sale Shares. The Company had originally purchased the Sale Shares at a price of $0.62 per share for an aggregate amount of approximately S$18,281,412.

As at 30 June 2012, the book value of the Sale Shares in the Company's consolidated accounts also amounted to approximately S$18,281,412. The value of the Sale Shares is approximately S$18,723,704 based on the closing price of the Sale Shares on 12 September 2012. Based on Intraco's volume-weighted average price ("**VWAP**") over the trailing three-month, six-month and 12-month periods to 12 September 2012, the value of the Sale Shares is approximately S$18,219,491, S$17,099,017 and S$16,774,670 respectively.

After having considered the Purchase Consideration and the financial effects of the Disposal on the Company, the Directors are of the view that it is in the best interests of the Company to accept the Purchaser's offer for the Sale Shares.

The Purchase Consideration was arrived at on a willing-buyer, willing seller basis, following arms' length negotiations between the Company and the Purchaser.

3.2 **Conditions precedent**

Completion of the Disposal is conditional upon the approval of Hanwell's shareholders being obtained for the Disposal (**"Shareholders' Approval"**) by no later than 5 p.m. by 6 December 2012 or such other date which may be mutually agreed between the Hanwell and the Purchaser (the "**Long-Stop Date**") provided that such Shareholders' Approval shall not be required if a waiver in writing from SGX-ST waiving the requirement for such Shareholders' Approval is obtained or SGX-ST confirms that such Shareholders' Approval is not required.

The Company shall use its best reasonable endeavours to obtain the Shareholders' Approval by the Long-Stop Date unless the SGX ST Waiver is obtained or SGX-ST confirms that such Shareholders' Approval is not required. Three shareholders of the Company holding in aggregate approximately 56% of the shares in the Company have also executed undertakings in favour of the Purchaser (the "**Undertakings**") to vote their shares in the Company in favour of the resolution to approve the Disposal at any extraordinary general meeting of the Company that may be convened to approve the Disposal.

In the event that the Shareholders' Approval is not obtained by the Long-Stop Date (unless this is not required) or Completion does not occur by the date falling 3 Business Days from the Long Stop Date or such other date which may be mutually agreed between the Purchaser and Hanwell other than due to a default, non-observance or non-performance of any of the provisions of the Agreement by the Purchaser, Hanwell shall pay to the Purchaser a termination fee of S$383,320.

For purposes of the Agreement, **"Completion Date"** shall mean a date within 3 Business Days from the date on which SGX-ST grants the Company the waiver of the requirement for Shareholders' Approval OR a date within 3 Business Days from the date on which the Company obtained the Shareholders' Approval, whichever is earlier.

3.3 **Completion**

Completion shall take place on the Completion Date in Singapore or such other date and place as may be agreed by the Parties in writing.

At completion,

(a) the Company shall *inter alia* deliver to the Purchaser certified true copies of the resolutions and/or minutes passed or approved by the board of directors of Hanwell approving or authorizing the sale and transfer of the Sale Shares to the Purchaser; and

(b) the Purchaser shall pay to the Company, the Purchase Consideration.

In the event that the Purchaser does not comply with its payment obligations on the Completion Date, the Company shall also be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages):

(b) to fix a new date for completion;

(c) to impose a late payment interest of 5% per annum on any outstanding Purchase Consideration calculated on a daily basis against the Purchaser for the period commencing from the Completion Date and ending on the date of full settlement of the Purchase Consideration by the Purchaser; or

(d) to elect to terminate the Agreement and negotiate with any third party for the Disposal without any liability whatsoever to the Company.

4. RATIONALE FOR THE DISPOSAL

4.1 The Directors are of the view that the Disposal is in the best interests of the Company and its shareholders as the Disposal will enable the Company to realise its investment in Intraco and to unlock the value thereof for its shareholders.

4.2 The price per Sale Share offered by the Purchaser is also higher than the original purchase price per share at which the Company had purchased the Sale Shares.

5. INTENDED USE OF THE DISPOSAL PROCEEDS

5.1 It is the intention of the Directors to deploy the proceeds from the Disposal to expand the core businesses of the Company and to fund working capital.

6. FINANCIAL EFFECTS OF THE DISPOSAL

6.1 The excess of the proceeds pursuant to the Disposal over the carrying value of the Sale Shares is approximately S$885,000. However, upon disposal, a loss in foreign currency translation reserve of S$1,352,000 and a gain in other reserves of S$146,000 will have to be reclassified to profit or loss by the Group, giving rise to a total loss on Disposal of S$321,000.

6.2 (a) Net tangible assets (**"NTA"**) per share

For illustrative purposes only, assuming that the Disposal had taken place on 31 December 2011, being the end of the most recently completed financial year, and based on the audited consolidated financial statements of the Group for the 12 months ended 31 December 2011, the Disposal would have the following impact on the NTA of the Group:

	Before the Disposal	**After the Disposal**
NTA (S$'000)	280,723	277,990
NTA per Share (cents)	50.49	49.99

(b) Earnings per share (**"EPS"**)

For illustrative purposes only, assuming that the Disposal had taken place on 1 January 2011, being the beginning of the most recently completed financial year, and based on the audited consolidated financial statements of the Group for the 12 months ended 31 December 2011, the Disposal would have the following impact on the EPS of the Group:

	Before the Disposal	**After the Disposal**
Net profit attributable to shareholders (S$'000)	2,316	(506)
Weighted average number of shares (Basic)	556,041,746	556,041,746
Weighted average number of shares (Diluted)	561,430,354	561,430,354
EPS (cents)		
Basic	0.42	(0.09)

Diluted	0.41	(0.09)

6.3 The net loss attributable to shareholders of approximately S$506,000 mentioned in the table set out in paragraph 6.2 above arises principally on account of the higher carrying value of the Sale Shares as at 31 December 2010. The carrying value of the Sale Shares as at 31 December 2010 was S$23,433,000, and if a Disposal had taken place on 1 January 2011, the deficit of the proceeds pursuant to the Disposal over the carrying value of the Sale Shares as at 31 December 2010 would have amounted to S$4,267,000. This is in contrast to the excess of the proceeds pursuant to the Disposal over the current carrying value of the Sale Shares of approximately S$885,000 mentioned in paragraph 6.1 above. Further if the Disposal took place on 1 July 2012, and based on the latest announced financial statements of the Group for the six month period ended 30 June 2012, the Disposal would have the following impact on the EPS of the Group:

	Before the Disposal	**After the Disposal**
Net profit attributable to shareholders (S$'000)	(2,999)	(3,320)
Weighted average number of shares (Basic)	555,805,504	555,805,504
Weighted average number of shares (Diluted)	560,971,681	560,971,681
EPS (cents)		
Basic	(0.54)	(0.60)
Diluted	(0.53)	(0.59)

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

7.1 Based on the latest announced consolidated financial statements of the Group as at 30 June 2012, the relative figures computed on the basis set out in Rule 1006 of the Listing Manual of the SGX-ST (the **"Listing Manual"**) in respect of the Disposal are as follows:

Rule 1006		**The Disposal (S$'000)**	**The Group (S$'000)**	**%**
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value(1)	18,281	268,260	6.8
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits(1)	(2,412)(2)	(797)(3)	302.5
(c)	The aggregate value of the Consideration compared with the Company's market capitalisation as at 12 September 2012, being the market day immediately preceding the date of the Agreement	19,166	155,632	12.3
(d)	The number of equity shares issued by the Company as consideration for an	This basis of computation is not applicable as this is a Disposal and no equity shares		

acquisition, compared with the number of equity securities previously in issue	will be issued

Notes:

(1) Based on the latest announced financial statements of the Group for the six month period ended 30 June 2012.

(2) The losses attributable to assets disposed of mentioned above includes an impairment loss of approximately S$2,526,000 resulting from the Company recognising the value of its shares in Intraco at S$0.62 per share, being the price at which the Purchaser had previously offered to acquire such shares from the Company as announced by the Company on 30 May 2012. The Group's share of Intraco's profits for the six-month period ended 30 June 2012, excluding the impairment loss described above amounted to approximately S$114,000.

(3) The losses of the Group mentioned above includes an impairment loss of approximately S$2,526,000 recognised on the Company's shares in Intraco as described in footnote 2 above. The Group's profits for the six-month period ended 30 June 2012, excluding the impairment loss described above amounted to approximately S$1,729,000.

7.2 As set out in paragraph 7.1, the relative figure calculated under Rule 1006(b) of the Listing Manual (the "**Rule 1006(b) Figure**") is more than 20%. Under Rule 1014 of the Listing Manual, where any of the relative figures as computed under Rule 1006 of the Listing Manual exceed 20%, the transaction is classified as a major transaction and would require shareholders' approval pursuant to Rule 1014(2) of the Listing Manual.

7.3 The Rule 1006(b) Figure set out in paragraph 7.1 takes into account an impairment loss of S$2,526,000 (the "**Intraco Impairment Loss**") arising from the Group recognising the value of its shares in Intraco at S$0.62 per share, being the price at which the Purchaser had previously offered to acquire such shares from the Company as announced by the Company on 30 May 2012. The Rule 1006(b) Figure, excluding the effect of the Intraco Impairment Loss would be less than 20% as illustrated by the table below:

	The Disposal (S$'000)	**The Group (S$'000)**	**%**
The net profits attributable to the assets disposed of, compared with the Group's net profits[(1)(2)].	114	1,729	6.6

Notes:

(1) Based on the latest announced financial statements of the Group for the six month period ended 30 June 2012.

(2) Excluding the effect of the Intraco Impairment Loss.

7.4 The Rule 1006(b) Figure in paragraph 7.1 arises because of a comparison between two negative figures, being the losses attributable to the assets disposed of compared with the Group's losses after taking into consideration the Intraco Impairment Loss. The Rule 1006(b) Figure set out in paragraph 7.1 may therefore not be meaningful. Accordingly, the Company will be seeking clarification from the SGX-ST on whether the Disposal would fall under the ambit of Rule 1014 of the Listing Manual and thus require shareholders' approval pursuant to Rule 1014(2) of the Listing Manual. If SGX-ST clarifies that the Disposal does fall under the ambit of Rule 1014, the Company will submit an application to SGX-ST for a waiver of the requirement to seek shareholders' approval for the Disposal (the "**Waiver Application**").

7.5 If the Disposal falls under the ambit of Rule 1014 of the Listing Manual and the Waiver Application is unsuccessful, the Company will convene an extraordinary general meeting ("**EGM**") to seek approval from its shareholders for the Disposal. A circular setting out further information and details of the Disposal, together with a notice of the EGM to be convened, will then be despatched by the Company to its shareholders.

7.6 Further announcements on the Disposal will be made by the Company as and when appropriate.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE DISPOSAL

Save for their shareholding interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

9. DOCUMENTS FOR INSPECTION

Copies of the Agreement and the Undertakings are available for inspection during normal business hours at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 for a period of three (3) months from the date of this Announcement.

10. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the completion of the Disposal is conditional upon the approval from the Company's shareholders in respect of the Disposal being obtained (if required), and are therefore advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate in all material aspects as at the date hereof and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information in this Announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

By Order of the Board

Tan Hui Ann Sherry
Joint Company Secretary
13 September 2012