

CORTINA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197201771W)

DISPOSAL OF UNITS IN THE ADELPHI, 1 COLEMAN STREET (#05-07 and #05-08) SINGAPORE 179803 (THE “PROPERTIES”) PURSUANT TO THE GENERAL MANDATE (THE “DISPOSAL”)

The Board of Directors of Cortina Holdings Limited (the “Company”, and together with its subsidiaries, collectively the “Group”) wishes to announce that the Company had on 3 April 2014 granted an Option to Purchase (the “Option”) in respect of the Properties.

The Option was granted pursuant to the General Mandate obtained from Shareholders at the Extraordinary General Meeting of the Company held on 30 July 2013. The terms of the General Mandate are more particularly set out in Section 4 of the Circular to Shareholders dated 15 July 2013 (the “Circular”). Unless the context requires otherwise, the terms used in this Announcement shall have the same meaning as in the Circular.

In accordance with the terms of the General Mandate, the following disclosures are provided pursuant to Rule 1010 of the Listing Manual:

1. Particulars of the Properties

The Properties, namely 1 Coleman Street, #05-07 & #05-08, Singapore 179803 being Strata Lots TS10-U1699K & TS10-U1700X are comprised in Subsidiary Strata Certificates of Title Vol 803 Folio 70 and Vol 803 Folio 73 respectively. The Properties are not tenanted.

2. Group Sale

The Option has been granted in respect of the Properties collectively.

3. Particulars of the Purchaser

The Option has been granted to BHC Eximp Pte Ltd, Company Registration Number 200205000G, a company incorporated in Singapore and having its registered office at 9 Penang Road #11-14/15, Park Mall, Singapore 238459 (the “Purchaser”) and/or its nominees. The Purchaser is not a Substantial Shareholder or a Controlling Shareholder of the Company, or an Associate of a Substantial Shareholder, Controlling Shareholder, a Director or the CEO of the Company.

4. Value of the consideration and factors taken into account.

4.1 The Sale Price of the Properties is S\$6,527,400 excluding goods and services tax. The Sale Price was arrived at on a “willing buyer-willing seller” basis and took into account the factors set out in the General Mandate, namely:

- (a) the valuations of the Properties as set out in the valuation certificates from Colliers and DTZ. In this regard the Sale Price of the Properties was approximately 7% less than their aggregate market valuation by Colliers of S\$7,040,000 and approximately 12% less than their aggregate market valuation by DTZ of S\$7,400,000. The Company did not commission any further valuation of the Properties since the market valuations obtained from Colliers and DTZ in connection with the Circular;
- (b) the book value of the Properties. In this regard, the Sale Price of the Properties was at a 25% premium to their aggregate book value as at 30 September 2013;
- (c) the prevailing property market conditions at the time of grant of the Option. In this regard, the Sale Price was based on the prevailing property market conditions at the time of grant of the Option;
- (d) the potential cost savings to the Company from the Sale of the Properties, taking into account the holding costs of delaying the sale of the Properties against any potential gains from being able to secure a better Sale Price at a later date. In this regard, the Board had taken into account the holding costs of the Property from the date the General Mandate was granted up to the date of the Option (amounting to approximately S\$157,299 comprising depreciation, interest expense, premise service cost and property tax) against the prospects of being able to secure a better Sale Price in a softening property market; and
- (e) the particular circumstances relevant to each such sale including the relative bargaining positions and commercial objectives of the respective parties, and the risk allocations which are negotiated between the parties in the Sale Conditions. In this regard, the Board took into account the fact that it was a group sale of two properties to a single purchaser rather than separate sales to different purchasers. Furthermore, the Sale Conditions were negotiated on arms-length commercial terms.

4.2 The Board is of the view that the Sale Price was the most favourable Sale Price and was the highest value available to the Company after taking into account all relevant considerations, in the best interest of the Company. The Net Disposal Proceeds upon the completion of the sale of the Properties (which are estimated to be approximately S\$6,422,489 will be greater than their Acquisition Cost.

5. Satisfaction of consideration, terms of payment, and material conditions.

5.1 The Sale Price shall be paid in the following manner:

- (a) An Option Fee of S\$65,274 (equal to 1% of the Sale Price) has been paid to the Company on the grant of the Option;
- (b) A sum of S\$261,096 shall be paid to the Company upon the acceptance of the Option (equal to 4% of the Sale Price); and
- (c) The balance of the Sale Price being the sum of S\$6,201,030 (equal to 95% of the Sale Price) shall be paid on completion of the sale of the Properties.

The sum of S\$326,370 (being the aggregate of the Option Fee and the sum payable upon the acceptance of the Option) shall constitute the Deposit.

5.2 The Option must be exercised by 17 April 2014 at 4 p.m. ("Option Expiry Date") failing which it shall lapse and the Option Fee shall be forfeited by the Company. If the Option is accepted by the Option Expiry Date, completion of the sale and purchase of the Properties shall take place on 12 June 2014. The Properties are sold on an "as is" basis and with vacant possession to be delivered on completion.

6. Rationale for the Disposal and use of proceeds

The rationale for the Disposal and use of proceeds is as set out in Section 3 of the Circular, namely to reduce the Group's bank borrowings and strengthen the Group's working capital position, so as to better position the Group to take advantage of new business opportunities.

7. Financial Effects

The financial effects of the Disposal on the NTA and EPS of the Group, based on the latest announced consolidated financial statements of the Group as at 30 September 2013 are set out below.

7.1 NTA

Based on the Sale Price for the Properties and assuming that the Disposal had been completed on 30 September 2013, the effect on the NTA of the Group is as follows:

	NTA as at 30 September 2013 (S\$)	Number of issued Shares as at 30 September 2013	NTA per Share (Cents)
Before the Disposal	130,763,000	165,578,415	79.0
After the Disposal	131,717,861	165,578,415	79.6

7.2 EPS

Based on the Sale Price for the Properties and assuming that the Disposal had been completed on 1 April 2013, the effect on the EPS of the Group is as follows:

	Group profit ⁽¹⁾ /(Loss) after income tax for the 6 months ended 30 September 2013 (S\$)	Number of issued Shares as at 30 September 2013	Earnings/(losses) per Share (Cents)
Before the Disposal	8,533,000	165,578,415	5.2
After the Disposal ⁽²⁾	9,487,861	165,578,415	5.7

Notes:

(1) the Group Profit of S\$8,533,000 is based on the consolidated unaudited financial statements of the Group for the 6 months ended 30 September 2013.

(2) the increase in Group Profit of S\$954,861 is equal to the sale proceeds of the Properties of S\$6,527,400 less the net book value as at 30 September 2013 of S\$5,272,054 and all incidental expenses relating to the sales including agency commission and professional fees, and adjusting for tax where applicable.

7.3 Excess over book value and gain on disposal

Based on the Sale Price for the Properties, the excess of proceeds over their book value and gain on disposal would be as follows:

Property	Sale Price (S\$)	Book value (as at 3 April 2014) (S\$)	Excess of proceeds over book value (S\$)	After-tax Gain on disposal (S\$)
#05-07 & #05-08	6,527,400	5,218,074	1,309,326	999,664

8. Relative figures computed on the bases in Rule 1006 of the Listing Manual

Based on the latest announced consolidated unaudited financial statements of the Group as at 30 September 2013, the relative figures computed on the bases in Rule 1006 of the Listing Manual are as follows:

	Disposal
Rule 1006(a)	
a) The net asset value of the assets to be disposed of	S\$5,272,054
b) The Group's net asset value	S\$137,293,000
c) Ratio	3.8%
Rule 1006(b) ⁽¹⁾	
a) The net loss attributable to the assets disposed of	S\$(117,339)

<p>b) The Group's net profits</p> <p>c) Ratio</p>	<p>S\$10,060,000</p> <p>not meaningful</p>
<p>Rule 1006(c)⁽²⁾</p> <p>a) The aggregate value of consideration received</p> <p>b) The Company's market capitalisation⁽²⁾ based on the total number of Shares excluding treasury shares (if any)</p> <p>c) Ratio</p>	<p>S\$6,527,400</p> <p>S\$139,085,869</p> <p>4.7%</p>
<p>Rule 1006(d)</p> <p>The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.</p>	<p>Not applicable</p>

Notes:

- (1) Net loss attributable to the Properties in the Disposal comprised depreciation of S\$53,980, mortgage interest of S\$43,718, maintenance fee of S\$11,202 and property tax of S\$8,439. The Properties were vacant.
- (2) For the Disposal these figures were arrived at by dividing the Sale Price by market capitalisation of the Company as at 2 April 2014, the market day preceding the date the Option was granted.

9. Directors' Service Contracts

No Directors are proposed to be appointed to the Company in connection with the Disposal. Accordingly there are no service contracts to be entered into.

10. Interests of Directors and Controlling Shareholders

Save for the shareholdings in the Company, none of the Directors or the Controlling Shareholders of the Company or Associates of such Directors or Controlling Shareholders has any interest, direct or indirect, in the Disposal.

11. Documents for inspection

A copy of the Option and the Circular are available for inspection during normal business hours at the registered office of the Company at 391B Orchard Road #18-01 Ngee Ann City, Singapore 238874 for three months from the date of this announcement.

By Order of the Board

Mr Lim Keen Ban, Anthony
Chairman and Chief Executive Officer

9 April 2014