

# TRANSPAC INDUSTRIAL HOLDINGS LIMITED

("Company")

*Incorporated in the Republic of Singapore*

**Company Registration Number: 199400941K**

## JOINT INVESTMENT

The Company would like to announce that it has reached agreement with Transpac Investments Limited ("**TIL**") and Power Hope Limited ("**PHL**") to jointly invest in Hansen Limited ("**Hansen**"), a company incorporated in the Cayman Islands which has been established for the purpose of acquiring a homeshopping business in Taiwan. The value of the homeshopping business to be acquired was arrived at on a willing buyer willing seller basis and based on the earning potential, market position and historical performance of the business.

TIH will invest about US\$20 million and own about 19.6% of Hansen, PHL will invest about US\$30 million and own about 29.4% of Hansen and TIL will invest about US\$52 million and own about 51.0% of Hansen. The transaction is in the ordinary course of the business of the Company which invests capital in the expectation of future higher realisations.

### **Interested Person Transaction**

PHL is 100% owned by ASM Asia Recovery (Master) Fund ("**ASM Asia**") and ASM Hudson River Fund ("**ASM Hudson**"). ASM Asia and ASM Hudson, which are funds managed by Argyle Street Management Limited ("**Argyle**"), are collectively substantial shareholders in the Company interested in shares representing 43.28% of the issued shares of the Company through direct holdings and through their substantial ownership in ASM Ventures Limited. Mr Kin Chan, the Company's Chairman, is the chief investment officer and director of Argyle and a director of ASM Asia and ASM Hudson. Ms Angie Li, a Company director, is a director of Argyle, ASM Asia and ASM Hudson. Accordingly, PHL is an interested person as defined under Chapter 9 of the SGX-ST Listing Manual.

TIL holds an 10.27% stake in the Company and is an affiliate of the Transpac Capital Pte Ltd ("**TPC**"), the investment manager for the Company. Mr Christopher Leong, a director of the Company, is also the beneficial owner of a majority of the issued shares of TIL. Accordingly, TIL is an interested person as defined under Chapter 9 of the SGX-ST Listing Manual.

### **Opinion of the Audit Committee**

**The Audit Committee, having considered the terms of the joint investment, is of the view that the risks and rewards of the Company are not inferior to either TIL or PHL. The Audit Committee is also of the view that the terms of the joint investment are not prejudicial to the interests of the Company and its minority shareholders.**

**The Audit Committee further notes that neither TIL nor PHL have any existing equity interest in Hansen save that Transpac Nominees Pte Ltd, a subsidiary of Transpac Capital Pte Ltd, is holding one subscriber share in Hansen issued upon incorporation of Hansen.**

### **Financial Effects**

The estimated consideration of approximately US\$20 million (approximately S\$28 million) as compared to the net asset value of S\$247 million as at 30 June 2008 is approximately 11%, and as compared to the Company's market capitalization as at the date hereof (based on the last traded share price of S\$1.93 and 88,000,004 shares), is approximately 16%.

The pro forma financial effects of the joint investment in Hansen presented below are purely for illustration purposes only, and are based on the financial statements of the Company for the half-year ended 30 June 2008.

- (a) Net Asset Value (“NAV”). For illustrative purposes only, and assuming that the acquisition had been completed on 30 June 2008, the investment has no impact on the NAV of the Company as the cash consideration is replaced by an investment-available-for sale asset.
- (b) Earnings. The transaction is classified as investments-available-for-sale and accordingly its impact on earnings of the Company is in the realization and/or revaluation of this joint venture. Accordingly, the estimated dollar impact on the Company's earnings going forward will be based on any revaluation of its joint investment in Hansen and/or proceeds from sale or distributions. Assuming no immediate revaluation, realization, or distributions from this investment, there would be no impact on the Company's earnings if the transaction has been completed on 1 January 2008.
- (c) Share Capital. The transaction will not have any impact on the issued shares of the Company.

#### **Previous Interested Person Transactions during Current Financial Year**

As at the date of this announcement, the Company has not entered into any interested person transactions with Mr Christopher Leong, TPC or any of their associates nor with Mr Kin Chan, Ms Angie Li, Argyle or any of their associates.

#### **Interests of Directors and Controlling Shareholders**

Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction.

BY ORDER OF THE BOARD OF DIRECTORS

Tham Shook Han  
Company Secretary  
2 September 2008