

HESHE HOLDINGS LIMITED
(Company Registration No. 197501110N)

SALE OF SHARES IN HESHE-KABIL INDUSTRIAL DEVELOPMENTS PTE LTD

1. The Board of Directors of Heshe Holdings Limited (the "**Company**") wishes to announce that the Company's subsidiary, Hinterland Property Development Pte Ltd ("**Hinterland**"), has today entered into an agreement (the "**Agreement**") with inter alia, Inter-Premium Corporation Pte Ltd ("**Inter-Premium**") for the sale of 500,000 ordinary shares (the "**Shares**") in the issued share capital of Heshe-Kabil Industrial Developments Pte Ltd ("**Heshe-Kabil**") by Hinterland to Inter-Premium. The Shares represent a 50% interest in the issued share capital of Heshe-Kabil.

Inter-Premium is the holder of the remaining 50% interest in the issued share capital of Heshe-Kabil.

2. Heshe-Kabil is engaged in the business of real estate developers in Indonesia and has developed, constructed and marketed industrial properties located at Kabil Industrial Estate, Batam Island, Indonesia on behalf of PT Kabil Indonesia Estate.
3. The sale price for the Shares is S\$340,688.00 in cash which is based on the net tangible assets of Heshe-Kabil represented by the Shares as reflected in the accounts of Heshe-Kabil as at 31 December 2004. Payment of the sale price was paid to Hinterland today. As part of the terms of the agreement between the parties, Inter-Premium will procure that Heshe-Kabil will repay the sum of S\$2,759,312.00 being part of the shareholder's loans previously granted by Hinterland to Heshe-Kabil. The loan will be repaid by Heshe-Kabil by way of 14 monthly instalments commencing from today.
4. The net tangible asset value of the Shares as at 31 December 2004 was S\$340,688.00. No formal valuation has been performed on the Shares. Based on the book value of the Shares in the accounts of Hinterland as at 31 December 2004, there will be a loss of S\$7,274.00 to Hinterland arising from the disposal of the Shares.

Based on the latest announced consolidated accounts of the Company as at 31 December 2004, the net loss attributable to the Shares is S\$2,000.00 for the 6-month period ending 31 December 2004.

The directors of Hinterland intend to use the proceeds from the sale of the Shares and the repayment of the shareholder's loan as working capital for Hinterland.

5. **Effect on Net Tangible Assets and Earnings Per Share**

- 5.1 **Purely for illustration purposes only** and assuming that the sale of Shares took place on 30 June 2004, the Net Tangible Assets ("**NTA**") of the Company and its subsidiaries (collectively, the "**Group**") as at 30 June 2004 would have been:-

	As at 30 June 2004	After the sale of the Shares
NTA	S\$3,318,000	S\$3,327,000
Number of issued shares in the share capital of the Company	319,712,250	319,712,250
NTA per share in the share capital of the Company	S\$0.0104	S\$0.01041

5.2 **Effect on Earnings Per Share**

Purely for illustration purposes only and assuming that the sale of Shares took place on 1 July 2003, the financial effects on the earnings per share ("**EPS**") of the Company (based on the consolidated accounts of the Group) for the financial year ended 30 June 2004 would have been:-

	As at 30 June 2004	After the sale of the Shares
Net profit / (loss)	(S\$5,526,000)	(S\$5,507,000)
Weighted average number of issued shares in the Company's paid-up share capital	319,712,250	319,712,250
EPS / (loss per share)	(S\$0.0173)	(S\$0.0172)

6. The Directors of the Company believe that the sale of Shares on the terms and conditions set out in the Agreement is in the best interest of the Company and Hinterland as it offers Hinterland an opportunity to dispose its investment in Heshe-Kabil on reasonable terms and to recover a substantial portion of its shareholder's loan previously granted to Heshe-Kabil.

7. None of the Directors of the Company or the Controlling Shareholder has any interest, direct or indirect, in the sale of the Shares save for their interest (if any) in the share capital of the Company.
8. Based on the latest announced consolidated accounts of the Group as at 31 December 2004:-
 - a. The net asset value of the Shares (as at 31 December 2004) represents approximately 18.97% of the net asset value of the Group;
 - b. The net loss attributable to the Shares represents 0.42% of the net loss of the Group;
 - c. The aggregate value of the consideration to be received for the Shares represents 0.79% of the market capitalisation of the shares in the share capital of Heshe^{*}
9. A copy of the executed Agreement is available for inspection during normal business hours at the registered office of the Company, 8 Cross Street #11-00 PWC Building Singapore 048424, for a period of three months from the date of this Announcement.

By Order of the Board

Chng Weng Wah
Director

26 July 2005

^{*} based on the market capitalisation of S\$43.116 Million which is determined on the basis of 532,712,250 issued shares in the share capital of the Company and the weighted average price of the shares in the share capital of the Company on 25 July 2005 of S\$0.080936.