



Second Chance Properties Ltd

(Company Registration No.198103193M)

PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 304 ORCHARD ROAD #01-56/57/58/59 LUCKY PLAZA SINGAPORE 238863

The Board of Directors of Second Chance Properties Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's subsidiary, Better Chance Properties Pte Ltd ("**BCP**") has granted an option ("**Option**") to Low Chee Beng and/or Nominee (the "**Purchaser**") to purchase BCP's property at 304 Orchard Road #01-56/57/58/59 Lucky Plaza Singapore 238863 (the "**Property**") for a total consideration of S\$13,388,000/- (the "**Sale Price**") ("**Proposed Disposal**"). The Sale Price was arrived at on a willing-buyer and a willing-seller basis after taking into consideration the valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 August 2021 and was to be satisfied in cash.

An option fee of 1 per cent of the Sale Price was paid to BCP in accordance with the terms of the Option. The Option will expire on 1 August 2022 and if the Option is not exercised before it expires, the option fee will be forfeited by BCP. If the Option is exercised, the parties agreed that the Option shall constitute a binding contract for the sale and purchase of the Property and no further contracts or agreements shall be entered.

RATIONALE

The popularity of Lucky Plaza as a mall has declined due to the influx of domestic foreign workers crowding the mall every Sunday and as such local shoppers avoid to patronize it.

Lucky Plaza is highly dependent on foreign tourist for shopping and due to COVID 19, rentals here have reduced drastically to almost half from pre Covid levels. It is uncertain whether the rental can revert to pre pandemic levels in the near future.

Therefore, when the company received an unsolicited offer to sell the freehold property, management was of the view that it was a good opportunity as well as a prudent business decision for the company to sell off its property and utilize the proceeds to reduce the debts of the Group.

The Sale Price of S\$13,388,000/- is S\$1,788,000/- above the valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 August 2021.

THE SALE PRICE

The sale price of S\$13,388,000/- of the Property was determined at arm's length and on a willing buyer-willing seller basis. Upon exercise of the Option on 1 August 2022, a deposit of S\$535,520 and the balance amount of S\$12,718,600/- will be paid on completion.

The completion of the Proposed Disposal is expected to be on 31 January 2023 (subject to relevant approvals).

FINANCIAL EFFECTS

For illustrative purposes only, the financial effects of the Proposed Disposal on the net tangible assets (“NTA”) per share and earnings per share (“EPS”), based on the audited consolidated financial statements of the Group for the financial year ended 31 August 2021, are set out below:

NTA

Assuming that the Proposed Disposal had been completed on 1 September 2020, being the beginning of the most recently completed financial year, and based on the Group’s audited consolidated financial statements as at 31 August 2021, the effect on the NTA per share of the Group as at 31 August 2021 would be as follows:

	<u>Before Proposed Disposal</u>	<u>Adjusted for Proposed Disposal</u>
NTA	\$283,217,043	\$284,794,936
No. of Shares	751,906,638	751,906,638
NTA per share (cents)	37.67	37.88

EPS

Assuming that the Proposed Disposal had been completed on 1 September 2020, being the beginning of the most recently completed financial year, and based on the Group’s audited consolidated financial statements for the financial year ended 31 August 2021, the effect on the EPS of the Group for the financial year ended 31 August 2021 would be as follows:

	<u>Before Proposed Disposal</u>	<u>Adjusted for Proposed Disposal</u>
Earnings	\$9,823,510	\$11,401,403
Weighted No. of Shares	753,217,046	753,217,046
EPS (cents)	1.30	1.51

RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 (“Rule 1006”) of the Listing Manual, are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Disposal Properties compared with net asset value of the Group based on the latest announced consolidated accounts	4.10%
(b)	Net profits attributable to the Disposal Properties compared with the Group’s net profits based on the latest announced consolidated accounts	2.14%
(c)	Aggregate value of the total purchase consideration compared with market capitalisation of the Company	6.57%
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

As the relative figures under Rule 1006((c) exceed 5%, the Proposed Disposal is considered a Discloseable Transaction as defined under Chapter 10 of the Listing Manual and does not require shareholders’ approval.

INSPECTION OF DOCUMENTS

A copy of the Option to Purchase is available for inspection during normal business hours at the Company's registered office at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845.

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any direct or indirectly interest in the aforesaid transactions, other than through their respective shareholdings in the Company.

The Company will make a further announcement in relation to the Proposed Disposal in due course, upon the exercise or the expiry of the Option, as the case may be.

BY ORDER OF THE BOARD

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar
Executive Director & Chief Executive Officer

29 June 2022