

NERA TELECOMMUNICATIONS LTD
(Registration No. 197802690R)
Incorporated in the Republic of Singapore

PROPOSED DISPOSAL OF THE PROPERTY AT 109 DEFU LANE 10 SINGAPORE 539225

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Nera Telecommunications Ltd (the “**Company**”) wishes to announce that the Company has, on 7 April 2022, granted to De Tian Holdings Pte. Ltd. (the “**Purchaser**”) an option to purchase (the “**Option to Purchase**”) the Company’s leasehold interest in the whole of Lot MK22-3866P together with the building(s) erected thereon and known as 109 Defu Lane 10, Singapore 539225 (the “**Property**”) (the “**Proposed Disposal**”).

2. PRINCIPAL TERMS

- 2.1** The Option to Purchase may be exercised by the Purchaser by signing and delivering the Option to Purchase and paying the Balance (as defined below) and the goods and services tax thereon to the Company. The Option to Purchase expires at 4:00 p.m. on 21 April 2022. If the Option to Purchase is not exercised by the Purchaser in the manner stipulated in the Option to Purchase or within the prescribed period, it shall be forfeited, and the Option Money (as defined below) and the goods and services tax thereon shall be forfeited to the Company absolutely.
- 2.2** Upon the due exercise of the Option to Purchase, a binding contract for the sale and purchase of the Property on the terms set out in the Option to Purchase (the “**Agreement**”) will be deemed to be entered into by the Company and the Purchaser.
- 2.3** The Property will be sold with vacant possession on an “as is, where is” basis and the Purchaser having inspected the Property shall be deemed to have satisfied itself as to the present state and condition and as regards area, access, repair, light, air and drainage and in all other respects and shall accept the Property in the state and condition in which it shall be at the date of completion of the sale and purchase of the Property.
- 2.4** The sale of the Property is subject to:
- 2.4.1** the Purchaser's solicitors receiving satisfactory replies to their legal requisitions from the relevant governmental authorities;
 - 2.4.2** the Company obtaining approval from Jurong Town Corporation (“**JTC**”) for the Purchaser’s proposed use of the Property and the sale of the Property to the Purchaser (“**JTC Approval**”) and JTC correspondence stating that JTC has no objection to the execution and/or registration of the transfer instrument in respect of the Property in favour of the Purchaser or such other similar statement (“**JTC Final Approval**”), and such approvals remaining in force as at completion of the sale and purchase of the Property;

- 2.4.3 the Company and the Purchaser accepting the terms and conditions stipulated by JTC in connection with the JTC Approval; and
 - 2.4.4 the Company obtaining by the scheduled completion date of the sale and purchase of the Property, the approval of its shareholders (if required).
- 2.5 In the event that the JTC Approval is not obtained by the date falling six (6) months from the date of the Option to Purchase or such other date as may be agreed by the Company and the Purchaser in writing (the “**Long-Stop Date**”), the Company shall be entitled, by written notice to the Purchaser, to extend the Long-Stop Date by a further eight (8) weeks from the Long-Stop Date or such other date as the Company and the Purchaser shall mutually agree (“**Extended Long-Stop Date**”) for the purpose of obtaining the JTC Approval.
- 2.6 If the JTC Approval shall not have been obtained at the expiry of the Long-Stop Date or (as the case may be) the Extended Long-Stop Date, then either the Company or the Purchaser shall have the right immediately at any time after the Long-Stop Date (unless extended) or (as the case may be) the Extended Long-Stop Date by notice in writing to the other party to rescind the Agreement, according to the terms and conditions set out in the Agreement.

3. **CONSIDERATION**

- 3.1 The purchase price for the Company’s leasehold interest in the Property is S\$6,300,000 (excluding any applicable goods and services tax) (the “**Purchase Price**”).
- 3.2 The Purchase Price shall be satisfied by the Purchaser in cash in three tranches and is payable as follows:
- 3.2.1 the first payment of S\$63,000, being one (1) per cent. of the Purchase Price (the “**Option Money**”) together with the goods and services tax thereon, has been paid by the Purchaser in consideration for the granting of the Option to Purchase by the Company to the Purchaser;
 - 3.2.2 the second payment of S\$252,000, being five (5) per cent. of the Purchase Price less the Option Money (the “**Balance**”) together with the goods and services tax thereon, is to be paid by the Purchaser upon its exercise of the Option to Purchase; and
 - 3.2.3 the third payment, being the remaining amount of the Purchase Price together with the goods and services tax thereon, is to be paid by the Purchaser on the date of completion under the Agreement.

The Purchase Price was arrived at on a willing-buyer, willing-seller basis, after arms’ length negotiations with the Purchaser, after considering various factors including an independent valuation of the Property conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, commissioned by the Company to establish the market value for the Property on 20 September 2021 (“**Valuation**”) and the prevailing economic conditions. The Property was valued at S\$6,300,000 based on market value (being the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion).

4. RATIONALE FOR THE PROPOSED DISPOSAL

4.1 Rationale

The Company believes that the Proposed Disposal will be beneficial to the Company to unlock the value of the Property, as no book value is currently ascribed to the Property.

4.2 Use of Proceeds

The Company intends to utilise the sale proceeds arising from the Proposed Disposal for working capital in operating the Company's businesses.

5. VALUE OF THE PROPERTY

Based on the latest unaudited consolidated financial statements of the Company and its subsidiaries (together, the "**Group**") for the twelve month period ended 31 December 2021 (the "**Unaudited Full Year Results**");

5.1.1 the book value of the Property as at 31 December 2021 is nil;

5.1.2 the net tangible asset ("**NTA**") value of the Property as at 31 December 2021 is nil;

5.1.3 the proceeds arising from the Proposed Disposal represent an excess of S\$6,300,000 over the book value of the Property; and

the net profits attributable to the Property are nil and the amount of gain on such disposal is S\$6,156,000 (after deducting related expenses).

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 General

6.1.1 For illustrative purposes only, the financial effects of the Proposed Disposal on the Company as set out below are prepared based on the Group's Unaudited Full Year Results and subject to the following key assumptions:

(i) the effect of the Proposed Disposal on the Company's NTA per share in the capital of the Company ("**Share**") is based on the assumption that the Proposed Disposal had been effected at the end of the twelve month period ended 31 December 2021 ("**FY2021**"); and

(ii) the effect of the Proposed Disposal on the Company's earnings per Share ("**EPS**") for FY2021 is based on the assumption that the Proposed Disposal had been effected at the beginning of FY2021.

6.1.2 The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

6.2 NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	46,588	52,744
Number of Shares (excluding treasury shares) ('000)	361,897	361,897
NTA per Share (S\$)	0.129	0.146

6.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Loss after taxation attributable to shareholders (S\$'000)	(15,744)	(9,588)
Weighted average number of Shares (excluding treasury shares) ('000)	361,897	361,897
EPS (S\$)	(0.044)	(0.026)

6.4 Discloseable Transaction

Based on the Unaudited Full Year Results, the relative figures in relation to the Proposed Disposal computed on the bases as set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Property to be disposed of, compared with net asset value of the Group ⁽¹⁾	0.0
(b)	Net profits attributable to the Property to be disposed of, compared with net loss of the Group ⁽²⁾	0.0

Rule 1006	Bases	Relative Figures (%)
(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation based on the total number of Shares (excluding treasury shares) ⁽³⁾	19.3
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽⁴⁾	Not applicable
(e)	Aggregate value or amount of proved or probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves ⁽⁵⁾	Not applicable

Notes:

- (1) The net asset value of the Property is nil, compared to the net asset value of the Group of approximately S\$46,588,000 based on the Unaudited Full Year Results.
- (2) The net profits attributable to the Property is nil, as compared to the net loss of the Group of approximately S\$15.9 million based on the Unaudited Full Year Results.
- (3) The value of the consideration for the Proposed Disposal is S\$6,300,000. The market capitalisation of the Company of approximately S\$32,571,000 was determined by multiplying the number of Shares (excluding treasury shares) as at 6 April 2022 by the volume-weighted average price of approximately S\$0.09 per Share as at 6 April 2022 being the last market day on which Shares were traded immediately preceding the date of the Option to Purchase.
- (4) Rule 1006(d) of the Listing Manual is not applicable as there are no equity securities issued by the Company as consideration for the Proposed Disposal.
- (5) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil or gas company.

As the relative figure under Rule 1006(c) exceeds 5 per cent., the Proposed Disposal constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual. However, as none of the relative figures exceed 20 per cent., shareholders' approval of the Proposed Disposal is not required.

7. DIRECTORS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company, if any) in the Proposed Disposal. No additional directors of the Company will be appointed in connection with the Proposed Disposal.

8. DOCUMENTS FOR INSPECTION

A copy of the Option to Purchase and Valuation are available for inspection during normal business hours at the registered office of the Company at 109 Defu Lane 10, Singapore 539225 for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Chan Wan Mei and Chan Lai Yin

Joint Company Secretaries

7 April 2022