

LINCOTRADE & ASSOCIATES HOLDINGS LIMITED

(Company Registration No.: 200413128G)

(Incorporated in the Republic of Singapore)

AWARD OF JTC FACTORY LOCATED AT 5 TUAS AVENUE 12

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Lincotrade & Associates Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Group’s wholly-owned subsidiary, Lincotrade & Associates Pte Ltd (“**Lincotrade PL**”) received a Letter of Award (“**LOA**”) dated 5 January 2024 by JTC Corporation (“**JTC**”) on 15 January 2024 in relation to the successful tender of a factory located at 5 Tuas Avenue 12 Singapore 639025 (the “**JTC Property**”) (the “**Proposed Acquisition**”).

2. INFORMATION ON THE JTC PROPERTY

The JTC Property is a leasehold property granted by JTC with a tenure of 20 years commencing from 26 March 2024 (“**Commencement Date**”). The JTC Property is a 2-storey factory with a land area of approximately 6,498.50 square metres and a gross floor area of approximately 5,490.41 square metres.

3. RATIONALE

The Group intends to relocate its operations and dormitories from its current premises at 39 Sungei Kadut Loop Singapore 729494, the lease of which will expire on 28 February 2025. The larger premises of the JTC Property is suitable for our existing operation’s needs and also may cater to expected increase in business activities in the future. In addition, based on the Urban Redevelopment Authority’s circular – Temporary Revision to Guidelines for Temporary Workers’ Dormitories Within Industrial or Warehouse Developments dated 10 February 2023, temporary workers’ dormitories can be considered on this JTC Property for up to 3 years, subject to relevant authorities’ approvals.

4. INFORMATION ON THE PROPOSED ACQUISITION

4.1 Tender Price and Payment Schedule

The successful bid price for the JTC Property is S\$9,589,999.00 (the “**Tender Price**”). The Tender Price was determined based on prevailing market conditions and relevant enquiries and references made by Lincotrade PL in relation to the current market prices of properties in the surrounding area of similar size and lease tenure and indicative valuations from Singapore-based banks. No formal valuation has been conducted or commissioned.

Lincotrade PL had paid a deposit of S\$480,000.00 (“**Tender Deposit**”) to JTC to participate in the tender.

The payment for the balance of the Tender Price will be made as follows:

- (i) 10% of the Tender Price (less Tender Deposit paid)¹, i.e. S\$478,999.90 within 3 weeks from the LOA (i.e. by 29 January 2024) or upon the successful tenderer’s acceptance of the lease offer, whichever is earlier.
- (ii) the balance of the Tender Price (less Tender Deposit paid) amounting to S\$8,630,999.10 is payable before the Commencement Date.

The JTC Property shall be used to house our office, processing facility and workers’ dormitory.

The Group intends to satisfy the Tender Price through a combination of internal resources and bank borrowings.

¹ The Tender Price and Tender Deposit shall not include goods and services tax chargeable under the Goods and Services Tax Act (Chapter 117A) (“**GST**”). GST is payable by the successful tenderer after award.

4.2 Other Material Conditions

The lease of the JTC Property is subject to, inter alia, the conditions of tender published by JTC, which include, the installation of Solar Photovoltaic Panels (“**Solar Panels**”) on the roof of the JTC Property if the JTC Property has an available contiguous roof area of at least 800 square metres. Based on Lincotrade PL’s preliminary enquiries, the costs of purchasing and installing the Solar Panels are estimated to be approximately S\$200,000 (“**Solar Panels Costs**”).

As such, the estimated aggregate consideration (“**Consideration**”) for the Proposed Acquisition (including Solar Panels Costs) is currently estimated to be approximately S\$9.8 million, comprising: (i) the Tender Price of approximately S\$9.6 million and (ii) the estimated Solar Panels Costs of S\$200,000.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures of the Proposed Acquisition computed on the bases set out under Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”) is as follows:

Rule 1006	Bases	Relative figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable
(b)	Net profits attributable to the assets acquired, compared with the Group’s net profits	Not applicable ⁽¹⁾
(c)	Aggregate value of the consideration given, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	28.6 ⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable

Notes:

(1) Not applicable as the JTC Property is not a revenue-generating asset.

(2) Based on the Consideration of approximately S\$9.8 million and the market capitalisation of the Company of approximately S\$34.2 million, which was determined by multiplying the issued share capital of the Company of 172,027,726 shares by the volume-weighted average price of such shares transacted on 30 November 2023 (being the last market day on which the shares were traded prior to the date of the LOA) of S\$0.199 per share.

Based on the relative figures computed above, the Proposed Acquisition constitutes a disclosable transaction under Chapter 10 of the Catalist Rules and approval from shareholders of the Company will not be required.

6. FINANCIAL EFFECTS OF THE CONSIDERATION

The financial effects of the Consideration set out below are for illustrative purposes only and do not reflect the actual future financial performance or position of the Group after completion of the Proposed Acquisition.

The financial effects of the Proposed Acquisition had been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2023 (“FY2023”).

6.1 Net tangible assets (“NTA”) per share

Assuming that the Proposed Acquisition had been completed on 30 June 2023, the effects of the Proposed Acquisition on the Group’s NTA per share as at 30 June 2023 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$’000)	8,767	8,767
Number of shares (‘000)	172,028	172,028
NTA per share (cents)	5.10	5.10

6.2 Loss per share (“LPS”)

Assuming that the Proposed Acquisition had been completed on 1 July 2022, the effects of the Proposed Acquisition on the Group’s LPS for FY2023 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Loss for FY2023 (S\$’000)	(8,744)	(9,556)
Weighted average number of shares (‘000)	166,749	166,749
LPS (cents)	(5.24)	(5.73)

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Acquisition, save through their respective shareholdings in the Company (if any).

8. SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of the Company, and no service agreements will be entered into by the Company, in connection with the Proposed Acquisition.

9. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENT FOR INSPECTION

A copy of the LOA is available for inspection during normal business hours at the registered office of the Company at 39 Sungei Kadut Loop Singapore 729494 for a period of three (3) months from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that completion of the Proposed Acquisition is subject to fulfilment of various conditions as set out in the LOA and there is no certainty or assurance that the Proposed Acquisition will be completed. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

By Order of Board

Tan Jit Meng
Managing Director
16 January 2024

*This announcement has been reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Catalist Rules. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Mr. Alvin Soh, Head, Corporate Finance, RHB Bank Berhad, Singapore branch, at 90 Cecil Street, #03-00 Singapore 069531, Telephone: +65 6320 0627.