

**PROPOSED ACQUISITION OF PROPERTIES LOCATED AT 1, 3, 5, 7 AND 9 CLUB STREET**

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**1. INTRODUCTION**

The board of directors ("**Board**" or "**Directors**") of ABR Holdings Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that on 13 May 2022:

- (a) Citystate Properties Pte Ltd ("**Vendor 1**") has granted the Company (and/or its nominee) an option to purchase ("**OTP 1**") the properties located at 1 Club Street Singapore 069400, 3 Club Street Singapore 069401 and 5 Club Street Singapore 069402 (collectively, "**Properties 1**") in consideration of the payment by the Company of a sum of S\$170,000, (excluding Goods and Services Tax) ("**Option Fee 1**") to Vendor 1; and
- (b) Ling Ai Ee ("**Vendor 2**", together with Vendor 1, "**Vendors**") has granted the Company (and/or its nominee) an option to purchase ("**OTP 2**", together with OTP 1, "**OTPs**") the adjoining properties at 7 Club Street Singapore 069403 and 9 Club Street Singapore 069404 (collectively, "**Properties 2**", and together with Properties 1, "**Properties**"), in consideration of the payment by the Company of a sum of S\$88,770 (excluding Goods and Services Tax) ("**Option Fee 2**", together with Option Fee 1, "**Option Fee**") to Vendor 2,

("Proposed Acquisition").

The Option Fee represents 1.0% of the aggregate consideration of S\$25,877,000 (excluding Goods and Services Tax) ("**Consideration**") for the purchase of the Properties under the Proposed Acquisition.

The OTPs shall remain valid until 4.00 p.m. on 10 June 2022 ("**Option Expiry Date**") and will be null and void if not exercised by the Company in accordance with the respective terms of the OTPs on or before the Option Expiry Date. OTP 1 and OTP 2 are required to be exercised together, failing which the respective Vendors may treat the OTPs as not being validly exercised.

**2. INFORMATION ON THE VENDOR AND THE PROPERTIES**

Vendor 1 is a company that was incorporated in Singapore on 13 September 1990 and is an independent third party. None of Vendor 1 or its directors and shareholders is related to the Directors or controlling shareholders of the Company ("**Shareholders**") and their respective associates.

Vendor 2 is an individual who is a Singapore citizen. She is not related to the Directors or controlling Shareholders and their respective associates.

The Properties are 5 adjoining shophouses comprising of 3 shophouses which are 3 storeys high with an attic, and 2 shophouses which are 2 storeys high. The Properties have a combined land area of approximately 3,557 square feet and total built-up area of approximately 7,225 square feet.

The Properties are sold on an "as is where is" basis, and Properties 1 and 2 are also respectively sold subject to existing tenancies, pursuant to a tenancy agreement entered between Vendor 1 and The Bamboo Group Management II Pte. Ltd. dated 12 February 2018, in respect of Properties 1, and a tenancy agreement entered between Vendor 2 and The Bamboo Group Management II Pte. Ltd. dated 12 February 2018, in respect of Properties 2, of

which both tenancy agreements were amended, varied and supplemented by a supplemental agreement dated 5 July 2021.

### **3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

#### **3.1 Consideration**

The consideration payable by the Company to Vendor 1 for Properties 1 is S\$17,000,000, and the consideration payable by the Company to Vendor 2 for Properties 2 is S\$8,877,000, representing an aggregate Consideration of S\$25,877,000 for the Properties (excluding Goods and Services Tax).

The Consideration was determined based on arm's length negotiations between the Company and the respective Vendors and was arrived at on a willing-buyer willing-seller basis after an open tender process in which the Company participated, and taking into account, *inter alia*, the various commercial factors such as the location of the Properties, the property market in the vicinity and prevailing market conditions, factors and indicatives. No formal valuation has been conducted or commissioned for the purpose of the Proposed Acquisition.

Under the terms of the OTPs, the Consideration shall be payable to the respective Vendors in the following manner:

- (i) 1.0% of the Consideration upon the grant of the OTP, which has been paid by the Company on 13 May 2022;
- (ii) 4.0% of the Consideration (the "**Deposit**") upon exercise of the OTP before the Option Expiry Date; and
- (iii) the balance 95.0% of the Consideration upon completion of the Proposed Acquisition (the "**Completion**").

The Group intends to satisfy the Consideration through a combination of internal resources and/or bank borrowings.

#### **3.2 Salient Terms of the OTPs**

The Proposed Acquisition will be conditional upon, *inter alia*, the following:

- (i) the Company obtaining the approval from its Shareholders to purchase the Properties on the terms of the respective OTPs;
- (ii) the Company's solicitors receiving satisfactory replies to their legal requisitions to the various government departments and the Land Transport Authority; and
- (iii) the sale and purchase of Properties 1 and the sale and purchase of Properties 2 completing simultaneously.

In the event approval from the Shareholders for the Proposed Acquisition is not obtained by the date of Completion, the sale and purchase of the Properties shall be null and void and the respective Vendors shall be entitled to forfeit the Deposit and all other monies paid to each of them under the respective OTPs.

#### **3.3 Completion**

Subject to satisfaction of the conditions precedent in the respective OTPs, the Completion is expected to take place on the date falling 16 weeks from the date of exercise of the respective OTPs by the Company.

#### 4. RATIONALE

The Board is of the view that the Proposed Acquisition is in the best interests of the Group and the Shareholders. It is in line with the diversification of the Group's business to include the Property Business (as defined below) and is part of the corporate strategy of the Group.

#### 5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2021 ("**FY2021**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	(34.1%) <sup>(1)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	28.6% <sup>(2)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(3)</sup>
(e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

#### Notes:

- (1) Computed based on (i) estimated net loss before tax attributable to the Properties acquired of S\$387,000; and (ii) the Group's profit before tax of S\$1,136,000 based on the Group's audited consolidated financial statements for the financial year ended 31 December 2021.

Net loss attributable to the Properties acquired is calculated based on prevailing rental income from the master tenant, taking into consideration estimated operating expenses arising from the Properties (including depreciation charge of S\$534,000) and estimated interest on the acquisition loan. Depreciation of the Properties is calculated on a straight-line method over their expected useful life of 50 years and interest is calculated assuming 80% loan financing over a tenure of 25 years.

The remaining lease term of the Properties is 73 years which is significantly longer than the expected useful life of the Properties. The consequent effect of this mismatch of useful life, alongside the assumptions on rental income and loan financing, skew the expected result of this Proposed Acquisition.

- (2) Based on the Consideration of S\$25,877,000 and the market capitalisation of the Company of approximately S\$90.59 million, which was determined by multiplying the issued share capital of the Company of 200,995,734 shares by the volume-weighted average price of such shares transacted

on 12 May 2022 (being the last market day on which the shares were traded prior to the date of the OTP) of S\$0.4507 per share.

(3) No equity securities are being issued by the Company as consideration for the Proposed Acquisition.

As the relative figures computed under Rules 1006(b) and 1006(c) of the Listing Manual exceed 20%, the Proposed Acquisition would constitute a major transaction under Chapter 10 of the Listing Manual. The Proposed Acquisition is therefore subject to the approval of the Shareholders at an extraordinary general meeting ("**EGM**") to be convened.

Pursuant to the Company's circular to Shareholders dated 14 April 2014, the Company set out, *inter alia*, that it would: (a) in respect of its first transaction in the property business comprising residential, commercial, industrial and hospitality property development, redevelopment, sale, lease, management and/or investment and other ancillary or complementary property-related activities ("**Property Business**") that is equal to or more than 20% of the prescribed thresholds under Rule 1006 of the Listing Manual; or (b) where transactions related to the Property Business over a 12-month period, when aggregated, are equal to or more than 20% of the prescribed thresholds under Rule 1006 of the Listing Manual, in respect of the transaction that triggers the 20% threshold, seek Shareholders' approval for such transaction, provided that this shall not apply where the transaction pertains to a public or private tender for property in which the Group is bidding and the conditions of tender set by the property owner do not permit a potential bidder to subject its bid to its Shareholders' approval or in the case where the transaction pertains to other than a tender for property, the counterparty has expressly provided in the terms of the transaction that it will not accept the Group's participation in the transaction if such participation is subject to its Shareholders' approval (even though the Group has used its best endeavours to persuade the counterparty otherwise).

In accordance with the above, the Company will seek the approval of its Shareholders for the Proposed Acquisition at the EGM.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *proforma* financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

The *proforma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2021 subject to the following assumptions:-

- (a) the financial effect on the consolidated net tangible assets ("**NTA**") per share of the Company is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2021; and
- (b) the financial effect on the earnings per share of the Company ("**EPS**") is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2021.

### NTA

As at 31 December 2021	Before the Proposed Acquisition	After completion of the Proposed Acquisition
NTA (S\$'000)	80,213	80,213
Number of issued shares ('000)	200,996	200,966
NTA per share (cents)	39.9	39.9

## EPS

<b>FY2021</b>	<b>Before the Proposed Acquisition</b>	<b>After completion of the Proposed Acquisition</b>
Profit attributable to the owners of the Company (S\$'000)	2,487	2,075
Weighted average number of issued shares ('000)	200,996	200,996
EPS (cents)	1.24	1.03

### **Note:**

The difference between the profit attributable to the owners of the Company before the Proposed Acquisition and after the Proposed Acquisition of S\$412,000 was mainly due to the net loss (after tax) attributable to the Properties acquired.

## **7. UNDERTAKING FROM CONTROLLING SHAREHOLDER**

Mr Ang Yee Lim, who is the Managing Director of the Company, and who legally and beneficially owns or has interests in 103,929,801 shares in the capital of the Company, representing approximately 51.71% of the total number of issued shares in the capital of the Company as at the date of this announcement, has undertaken to the Vendors to vote in favour of the resolutions which are proposed at the EGM to approve the Proposed Acquisition.

## **8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling Shareholders or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective directorships and/or shareholdings in the Company.

## **9. DIRECTORS' SERVICE CONTRACTS**

No person is intended to be appointed as a director of the Company in connection with the Proposed Acquisition and no service contract is intended to be entered into between the Company and any such person.

## **10. EXTRAORDINARY GENERAL MEETING AND CIRCULAR**

The Company shall seek Shareholders' approval for the Proposed Acquisition. A circular setting out the relevant information on the Proposed Acquisition, enclosing a notice of the EGM to be convened in connection therewith, will be despatched to Shareholders in due course.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each of the OTPs are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 41 Tampines Street 92, ABR Building, Singapore 528881 for a period of three (3) months from the date of this announcement.

To avoid instances of overcrowding at the Company's registered office, please contact the Company at +65 6786 2866 prior to making any visits to arrange for a suitable time slot for the inspection.

## **12. 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 and the Group, 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.

## **13. FURTHER ANNOUNCEMENTS**

The Company will make the appropriate announcements as and when there are material developments on the Proposed Acquisition.

## **14. CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD OF  
**ABR Holdings Limited**

Ang Lian Seng  
Executive Director  
13 May 2022