



TA CORPORATION LTD

(Incorporation in the Republic of Singapore)

Co. Registration No. 201105512R

ANNOUNCEMENT

PROPOSED DISPOSAL OF 1 JALAN BERSEH #B1-02 TO #B1-22 NEW WORLD CENTRE SINGAPORE 209037

1. INTRODUCTION

- 1.1 The Board of Directors of TA Corporation Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that Sino Holdings (S’pore) Pte Ltd (“**SHSPL**”), a wholly-owned subsidiary of the Company, has on the date of this announcement (“**Announcement**”) entered into a conditional sale and purchase agreement (“**SPA**”) with Sheng Siong Supermarket Pte. Ltd. (“**Purchaser**”) in relation to the proposed disposal of 1 Jalan Berseh #B1-02 to #B1-22 New World Centre Singapore 209037 (“**Property**”) (“**Proposed Disposal**”).
- 1.2 As the relative figure computed under Rule 1006(c) of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) exceeds 20%, the Proposed Disposal constitutes a major transaction under Rule 1014 of the Listing Manual and is subject to the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened.

2. INFORMATION ON THE PROPERTY AND THE PURCHASER

Background of the Property

- 2.1 The Property is a leasehold commercial property with a tenure of 99 years which commenced on 31 March 1994 with a strata floor area of approximately 1,790 square metres. It is currently leased by SHSPL (as landlord) to the Purchaser (as tenant) for the operation of Sheng Siong supermarket under a current tenancy agreement entered into between themselves. Upon completion of the Proposed Disposal (“**Completion**”), the said tenancy agreement shall cease.

Value of the Property

- 2.2 The market value of the Property is S\$19.82 million (“**Valuation**”) based on the formal valuation conducted on 31 December 2020 and updated on 30 June 2021 (“**Valuation Report**”) by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”) which was commissioned by the Group. The comparison method, which provides an indication of value by comparing the Property with identical or similar properties for which price information is available, was adopted in formulating the Valuation.

2.3 Based on the latest announced audited accounts of the Group for the financial year ended 31 December 2020 (“FY2020”):

- (i) the net tangible assets (“NTA”) value (and book value) of the Property is approximately S\$19.82 million;
- (ii) the net loss attributable to the Property is approximately S\$1.25 million;⁽¹⁾
- (iii) the deficit of the proceeds from the Proposed Disposal over the book value of the Property is approximately S\$2.57 million; and
- (iv) the net loss on the Proposed Disposal is expected to be approximately S\$2.94 million.⁽²⁾

Notes:

- (1) The net loss attributable to the Property was computed based on the annual rental income of the Property after deducting for direct operating expenses and loss in fair value of the Property for the financial year ended 31 December 2020.
- (2) The net loss of the Property was computed on the difference between the net sale proceeds and the book value as at 31 December 2020.

Information on the Purchaser

2.4 Based on public information available to the Company, the Purchaser is a private company limited by shares incorporated in Singapore on 14 October 1983. The principal activity of the Purchaser is in the operation of supermarkets. As at the date of this Announcement, the Purchaser has an issued and paid-up share capital of S\$5 million. The Purchaser is a wholly-owned subsidiary of Sheng Siong Group Ltd., a public company listed on the Mainboard of the SGX-ST.

2.5 The Purchaser has confirmed to the Company that it is not related to any of the Company’s Directors, controlling shareholders, chief executive officer or their respective associates. As at the date of this Announcement, the Purchaser does not hold shares in the Company.

3. RATIONALE

In light of the uncertainty in the commercial property market caused by the COVID-19 pandemic, the Proposed Disposal will enable the Group to realise the value of the Property thereby improving the liquidity of the Group.

Although the Proposed Disposal will be a loss on disposal, the Board has considered and resolved that the Proposed Disposal will be in the commercial interests and benefit to the Group as the Proposed Disposal will allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

4. USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S\$16.88 million (after deducting estimated expenses of approximately S\$0.37 million) from the Proposed Disposal. The Company intends to utilise the net proceeds towards (i) the settlement of the outstanding amounts under the credit facility previously granted by a bank licensed in Singapore to SHSPL and secured by the Property, and (ii) for the general working capital requirements of the Group.

5. SALIENT TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

The consideration payable for the Proposed Disposal is S\$17.25 million (the “**Consideration**”), which was arrived at on a willing-buyer and willing-seller basis, after negotiations which were conducted on an arm’s length basis between the Purchaser and the Company taking into account several factors including, *inter alia*, (i) the Valuation and the book value of the Property as set out in paragraphs 2.2 and 2.3 respectively, (ii) the prevailing economic condition, in particular the COVID-19 pandemic affecting the commercial property market in Singapore, and (iii) an alternative offer which the Company had received but rejected prior. The offer price from the Purchaser is the higher of two offers received by the Company.

As at the date of this Announcement, the Purchaser has paid to SHSPL a sum of S\$1.725 million in cash (the “**Deposit**”), which is equivalent to 10% of the Consideration. The balance of the Consideration, which is equivalent to 90% of the Consideration, shall be payable by cashier’s order after adjustments to reflect any apportionment of land rent, property tax, expenses, outgoings and levies, rents and profits payable by the Purchaser, on Completion.

5.2 Completion

Completion shall take place within three (3) months from the date of the SPA or such other date as may be mutually agreed between SHSPL and the Purchaser.

5.3 Conditions Precedent

The Proposed Disposal is conditional upon, *inter alia*, satisfaction of all of the following conditions precedent:

- (i) the approval of Shareholders of the Company being obtained at an extraordinary general meeting to be convened for approving the Proposed Disposal (“**Shareholders’ Approval**”); and
- (ii) the Purchaser’s solicitors having received satisfactory replies to the usual legal requisitions and applications for interpretation plans sent to the various relevant government departments and Mass Rapid Transit Corporation.

SHSPL shall refund the Deposit (free of interest) to the Purchaser upon the occurrence of any of the following events:

- (iii) if the Shareholders' Approval cannot be obtained by the date falling on the expiry of three (3) months after the date of the SPA (or such later date as may be mutually agreed between the parties) resulting in termination of the SPA by SHSPL; or
- (iv) if any of such replies and/or interpretation plans in paragraph 5.3(ii) above are found to be unsatisfactory to the Purchaser's solicitors resulting in termination of the SPA by the Purchaser.

6. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006

The relative figures of the Proposed Disposal are computed based on the latest announced audited consolidated financial statements of the Group for FY2020.

Rule 1006 of the Listing Manual	Bases	Relative Figures (%) ⁽¹⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	20.1 ⁽³⁾
(b)	The net losses ⁽²⁾ attributable to the assets to be acquired or disposed of, compared with the Group's net losses.	2.3 ⁽⁴⁾
(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.	46.9 ⁽⁵⁾
(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 ⁽⁶⁾
(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.	Not applicable ⁽⁷⁾

Notes:

- (1) The relative figures are rounded to the nearest one (1) decimal place.
- (2) "Net losses" means losses including discontinued operations that have not been disposed (where applicable) and before income tax and non-controlling interests.
- (3) Rule 1006(a) is calculated based on the net asset value of the Group of S\$98.47 million and the net asset value of the Property of S\$19.82 million as at 31 December 2020.
- (4) Rule 1006(b) is calculated based on the net loss attributable to the Property of S\$1.25 million and the net loss before tax of the Group of S\$55.10 million for the financial year ended 31 December 2020.

- (5) Rule 1006(c) is calculated based on the Company's market capitalisation of approximately S\$36.78 million as calculated by multiplying 518,068,220 ordinary shares in issue by the volume-weighted average price per share of S\$0.071 as at 29 July 2021 (being the last full market day preceding the date of the SPA). The consideration for the Proposed Disposal is S\$17.25 million.
- (6) Not applicable as no equity securities of the Company will be issued as part of the consideration.
- (7) Not applicable as the Proposed Disposal is not a disposal of mineral, oil and gas assets.

As the relative figures computed under Rule 1006 (a) and (c) of the Listing Manual exceeds 20%, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the Listing Manual. Accordingly, the approval of the Shareholders at an EGM is required for the Proposed Disposal.

7. FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

7.1 The financial effects of the Proposed Disposal on the Group as set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Disposal.

7.2 The following financial effects of the Proposed Disposal are computed based on the Group's audited consolidated financial statements for FY2020 and the following bases and assumptions:

- (a) the financial effects of the Proposed Disposal on the earning per share ("EPS") of the Company are computed based on the assumption that the Proposed Disposal is completed on 1 January 2020; and
- (b) the financial effects of the Proposed Disposal on the NTA of the Company are computed based on the assumption that the Proposed Disposal is completed on 31 December 2020.

7.3 NTA Per Share

As at 31 December 2020	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
NTA (S\$ million)	96.11	93.17
Number of shares	518,068,220	518,068,220
NTA per share (Singapore cents)	18.6	18.0

7.4 EPS

FY2020	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
Loss attributable to owners of the Company (S\$ million)	(55.80)	(58.75)
Number of shares	518,068,220	518,068,220
Loss per share (Singapore cents)	(10.8)	(11.3)

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (so far as they are aware), the controlling shareholders of the Company or their respective associates, has any interest, direct or indirect (other than through their respective directorships and shareholdings in the Company), in the Proposed Disposal.

9. SERVICE CONTRACTS

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

10. CIRCULAR

The Circular to the Shareholders containing further information on the Proposed Disposal and enclosing the notice of EGM will be published on SGXNET and the Company's website at <http://www.tiongaik.com.sg/> in due course.

11. DOCUMENTS FOR INSPECTION

Copies of the SPA and Valuation Report will be made available for inspection during normal business hours at the Company's registered office at 1 Jalan Berseh #03-03 New World Centre Singapore 209037, for a period of three (3) months from the date of this Announcement.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, such physical inspection may be restricted. Please write in to tacorpegmfy2021@tiongaik.com.sg prior to making any visits to arrange for a suitable time slot for the inspection.

By the Order of the Board
TA Corporation Ltd

Yap Ming Choo
Company Secretary
Date: July 30, 2021