



# LHT HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003094E)

Address: 27 Sungei Kadut Street 1 Singapore 729335 Tel: (65)62697890 Fax: (65)63674907 Email:enquiry@lht.com.sg

## OPTION TO PURCHASE PROPERTY AT NO. 6 TUAS SOUTH STREET 10, SINGAPORE 636941

### 1. BACKGROUND

The Board of Directors ("**Board**") of LHT Holdings Limited ("**Company**") wishes to announce that its wholly-owned subsidiary, LHT Ecotech Resources Pte. Ltd. (the "**Proposed Purchaser**") has obtained from DBS Bank Ltd. (the "**Vendor**") an option to purchase dated 29 December 2022 ("**OTP**") for the purchase of the property known as No.6 Tuas South Street 10, Singapore 636941, being JTC Private Lot A3001668 at PID 8201210051 comprised in Lot 04735P MK 7 (the "**Property**").

### 2. INFORMATION ON THE PROPERTY

- 2.1 The Vendor is the mortgagee of the Property. Transvert Scaffold & Engineering Pte Ltd (the "**Existing Lessee**") is the mortgagor and lessee of the Property.
- 2.2 The Existing Lessee has obtained a leasehold interest in the Property from JTC Corporation ("**JTC**") pursuant to the terms and conditions set out in the Conditions of Tender referred to in the Acceptance of Tender dated 23 November 2012 and the Acceptance of Tender dated 23 November 2012 as varied on 20 May 2013 (collectively referred to as the "**JTC Lease**").
- 2.3 The existing lease of the Property commenced on 1 February 2013. As at the date of this announcement, the unexpired leasehold period of the Property is about 13 years. The Property has a land area of approximately 10,000 square metres. Erected on the Property is a 3-storey detached factory and a separate workers' dormitory (where permission obtained for such use shall lapse on 7 July 2027). The gross floor area is about 8,194.58 square metres.

### 3. KEY TERMS OF THE PROPOSED ACQUISITION

The OTP will lapse if not exercised within 2 weeks from the date of the OTP, in which event the Option Fee (as defined in paragraph 3.5 below) shall be forfeited. The key terms and conditions of the agreement for the sale and purchase of the Property (the "**SPA**") entered into upon the exercise of the OTP (the "**Proposed Acquisition**") are as follows:

- 3.1 Conditional SPA: The sale and purchase of the of the Property is subject to the following conditions:
  - (a) the Proposed Purchaser obtaining the written consent and/or approval of JTC ("**Approval**") for:
    - (i) the sale and purchase of the Property herein; and
    - (ii) the change of use of the Property to storage and supply hub for packaging materials, in-house maintenance/repair of equipment and trucks, upcycling of metal parts and components,
  - (b) all clearances from the relevant authorities required by the Proposed Purchaser to complete the sale and purchase of the Property ("**Clearances**") and all such terms



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and conditions as JTC and such relevant authorities may impose from time to time in their absolute discretion.

- (c) the terms and conditions of the JTC Lease.
- (d) the JTC Lease not being determined by JTC for any reason whatsoever

- 3.2 Approval and Clearances: The Proposed Purchaser shall within 14 days from the date of the SPA submit all necessary applications, forms, information or documents to JTC and/or the relevant authorities for the Approval and the Clearances failing which the Vendor may elect to rescind the SPA and forfeit the Deposit.

If JTC rejects the Proposed Purchaser's application to purchase the Property or fails to respond or does not grant the Approval ("**Non-Approval**") by the date falling 16 weeks from the date of the SPA, the Vendor shall be entitled to treat the sale and purchase under the SPA as null and void and shall refund the Deposit to the Proposed Purchaser free of interest.

The Vendor may appeal against Non-Approval or continue to engage JTC to obtain the Approval ("**Appeal**"). Following the Appeal, if the Approval is not obtained within 24 weeks from the date of the SPA, the Vendor may rescind the SPA and shall refund the Deposit to the Proposed Purchaser free of interest.

- 3.3 Termination of JTC Lease: If JTC determines the JTC Lease, the SPA and the sale and purchase of the Property shall become null and void and the Vendor shall refund the Deposit to the Proposed Purchaser free of interest.

- 3.4 JTC Rights of First Refusal and Prohibition of Sale: When granting its approval to the transfer of the Property to the Vendor (as mortgagor), JTC has imposed:

- (a) a prohibition period during which the Vendor is not to re-assign or transfer the lease of the Property; and
- (b) a right of first refusal to JTC whereby JTC is offered to purchase the Property at the prevailing market rate.

If JTC does not waive or exercises its rights in relation to sub-paragraph (a) and (b) above, the Vendor may rescind the SPA and shall refund the Deposit to the Proposed Purchaser free of interest.

- 3.5 Purchase Consideration: The purchase price for the Property is Singapore Dollars Three Million Eight Hundred and Fifty Thousand only (S\$3,850,000) (excluding goods and services tax payable) and shall be payable in cash as follows:

- (a) 5% of the said purchase price (the "**Deposit**") shall be payable upon the exercise of the OTP less 1% of the said purchase price ("**Option Fee**") that was paid on the date of the OTP; and
- (b) the balance of the said purchase price shall be payable on completion of the purchase of the Property.



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Goods and services tax payable on the sale and purchase of the Property shall be borne by the Proposed Purchaser.

Based on a valuation of the Property dated 15 December 2022 that was obtained by the Company, the open market value of the Property is S\$4,800,000/-. The Direct Comparison Approach to value was adopted with reference to Income Capitalisation Approach in valuing the Property.

The Direct Comparison Approach uses the sales and listings of similar properties in the vicinity and elsewhere as guides to value the Property with relevant adjustments.

The Income Capitalisation Approach uses the resultant nett income of the Property (based on the current fair and reasonable rental values of similar properties in similar neighbourhood subject to relevant adjustments) and capitalised it over the unexpired lease term using an appropriate capitalisation rate according to current market condition.

- 3.6 Annual Rent: An annual rent for the Property is payable to JTC. The current annual rent computed on a monthly basis is S\$50,949.84. The annual rent is subject to an annual increase of 3%.
- 3.7 Manner of sale and purchase: The Vendor is selling as mortgagee of the Property. The Property is sold:
- (a) with vacant possession;
  - (b) on an "as-is-where-is" basis
  - (c) subject to encumbrances and other interests (if any) notified or registered against the Property.
- 3.7 EBS: The Proposed Purchaser shall be solely responsible to carry out the Environmental Baseline Study ("**EBS**") on the Property as required by JTC and deliver the EBS report to JTC. The cost and expense of carrying out the EBS, the acquisition and delivery of the EBS report to JTC shall be solely and fully undertaken by the Proposed Purchaser.
- 3.8 Completion: Completion for the purchase of the Property shall take place on the latest of:
- (a) where as a condition of the Approval:
    - (i) an EBS is not required by JTC, on the date of expiry of twelve (12) weeks from the date of exercise of the OTP or on the date following 28 days from and including the date of the Approval granted by JTC, whichever is the later;
    - (ii) an EBS is required by JTC but no remediation or preventive works or measures to decontaminate or clean up the Property ("**Decontamination Works**") are required by JTC to be carried out, 28 days from and including the date gives its written confirmation that the EBS has been completed to its satisfaction and/or that the EBS report submitted is acceptable to JTC;



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- (iii) an EBS is required by JTC and Decontamination Works are required by JTC to be carried out, on the date following 28 days from and including the date JTC gives its written confirmation that the Decontamination Works have been completed to its satisfaction;
- (b) where prior to completion, an application has been made or order made for to place the Existing Lessee under judicial management or interim judicial management and where the approval of the Court or the judicial manager's consent is obtained on or after the date of scheduled completion as set out in (i), (ii) or (iii) of sub-paragraph (a) above (as the case maybe), the date following 21 days from and including the date the Vendor's or the Vendor's solicitors' notice to the Proposed Purchaser that the Vendor has obtained such approval of the court or such judicial manager's consent (as the case may be).

## 4. RATIONALE FOR THE PROPOSED ACQUISITION

- 4.1 In Singapore, the Company currently occupies a premises at 27 Sungei Kadut Street 1, Singapore 729335 (the "**Existing Premises**"). The land area of the Existing Premises is 28,286.70 square metres, or approximately 2.8 times the size of the Property.
- 4.2 The lease for the Existing Premises will expire on 30 June 2025. As announced on 30 January 2020, the Company has entered into an agreement to lease with JTC to acquire a piece of vacant land known as Pte Lot A7000010 at 30 Kranji Way (PID: 8201710044) to build a new building for the use of the Group.
- 4.3 While the Company is evaluating the timing for the 30 Kranji Way project in consideration of current business needs, it is prudent to secure the Property for the storage and warehousing needs of the business of the Group in the meantime and for the future plans. This is also in preparation for business continuity upon the 2025 expiry of the lease of the Existing Premise.
- 4.4 As business continuity has to be ensured, the Property's acquisition is timely to meet the Group's business needs for storage and warehousing to service the Group's major customers and operational needs.

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

For the purposes of Chapter 10 of the Listing Manual, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 and based on the latest audited financial results of the Group for the period ended 31 December 2021 are as follows:

Rule	Bases	Relative Figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.
1006(b)	The net profits attributable to the assets acquired or disposed	N.A.



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	of, compared with the Group's net profits.	
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	10.5%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.
1006(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.	N.A.

Note 1: Based the Company's market capitalisation of approximately S\$36.74m as at 29 December 2022.

As the relative figures under Rule 1006(c) of the Listing Manual in relation to the Proposed Transaction does not exceed 20%, the approval of shareholders of the Company is not required for the acquisition of the Property upon the exercise of the OTP.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

### 6.1 Bases and Assumptions

The pro forma financial effects of the Proposed Acquisition on the Company are set out below and are prepared for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Company after entering into the Proposed Acquisition.

The financial effects of the Proposed Acquisition on consolidated NTA, EPS and gearing of the Group have been computed based on the audited financial statements of the Company for the financial year ended 31 December 2021.

For illustrative purposes, the financial effects of the Proposed Acquisition are based on, inter alia, the following assumptions:

- (a) for the purpose of computing the financial effects of the Proposed Acquisition on the NTA of the Company, the Proposed Acquisition is assumed to have been entered into on 31 December 2021; and
- (b) for the purpose of computing the financial effects of the Proposed Acquisition on the EPS and gearing of the Company, the Proposed Acquisition is assumed to have been entered into on 1 January 2021.



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## 6.2 Net Tangible Assets (NTA) per Share

Assuming that the Proposed Acquisition was entered into on 31 December 2021, the pro forma financial effects of the Proposed Acquisition on the consolidated NTA of the Company are as follows:

	Before entering into the Proposed Acquisition	After entering into the Proposed Acquisition
NTA of the Company as at 31 December 2021 (S\$'000)	56,525	56,525
Number of issued and paid-up shares ('000)	53,245	53,245
NTA per Share (cents)	106.16	106.16

## 6.3 Earnings per Share (EPS)

Assuming that the Proposed Acquisition had been entered into on 1 January 2021, the impact of the Proposed Acquisition on the EPS of the Company would be as follows:

	Before entering into the Proposed Acquisition	After entering into the Proposed Acquisition
Profit for the year attributable to owners of the Company (S\$'000)	4,396	3,419
Weighted average number of issued and paid-up shares for FY2021 ('000)	53,245	53,245
EPS for FY2021 (cents)	8.26	6.42

## 6.4 Funding for the Proposed Acquisition

The Company will fund the Proposed Acquisition from internal sources.

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

None of the Directors and, to the best of the Directors' knowledge, none of the controlling shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interests, directly or indirectly, in the Proposed Acquisition.



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## **8. SERVICE AGREEMENTS**

No person will be appointed to the Board in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

BY ORDER OF THE BOARD

LHT Holdings Limited

Yap Mui Kee

Managing Director

30 December 2022