



HIAP TONG CORPORATION LTD

Registration No. 200800657N GST No. M90362102
22 Soon Lee Road, Singapore 628082
TEL: (65) 67795050 FAX: (65) 67770841

PROPOSED SALE OF PROPERTY LOCATED AT 8 TUAS SOUTH STREET 10 SINGAPORE 636943

1. INTRODUCTION

The Board of Directors of Hiap Tong Corporation Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the conditional option to purchase (the “**Option**”) issued by the Company dated 19 March 2024 to Bachy Soletanche Singapore Pte. Ltd. (the “**Purchaser**” and together with the Company, the “**Parties**”) in relation to the proposed sale of the property located at 8 Tuas South Street 10, Singapore 636943 (the “**Property**”) for an aggregate sale consideration of S\$4.8 million (the “**Consideration**”) has been accepted by the Purchaser (the “**Proposed Sale**”) on 1 April 2024.

2. INFORMATION ON THE PROPERTY

The Property has a land parcel of approximately 12,000 square metres granted by Jurong Town Corporation (“**JTC**”) for a lease term of 22 years 7 months commencing on 31 May 2013 and will expire on 30 December 2035.

The net book value of the Property as at 31 March 2023 was S\$4,988,155. Based on the net proceeds of S\$4.75 million after deducting broker commission of 1% from the Consideration (the “**Net Proceeds**”), the loss on disposal is S\$236,155.

Based on the desk-top valuation report dated 28 March 2024 (the “**Valuation**”) issued by an independent valuer and commissioned by the Company (the “**Valuation Report**”), the market value of the Property was S\$6.5 million as at 25 March 2024 is based on an “as is” basis and with vacant possession.

As stated in the Company’s announcement released on 2 November 2023 in respect of the lease renewal of the land located at 22 Soon Lee Road Singapore 628082 with JTC, the Company is required to fulfil, *inter alia*, one of the stipulated conditions set out in JTC’s letter of offer dated 2 October 2023 (“**Offer Letter**”) which is to dispose the Property within 3 years from the date of the Offer Letter, subject to the execution of the variation of lease.

3. INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Singapore in 1982 with its registered office at 1 Coleman St, #06-09 The Adelphi, Singapore 179803.

To the best of the Company’s knowledge, the Directors and controlling shareholders of the Company, and their respective associates, are not related to the Purchaser and any of its directors.

4. CONSIDERATION

The Consideration for the Proposed Sale was arrived at on a “willing-buyer willing-seller” basis, and after taking into consideration the Valuation Report, general property market conditions as well as the stipulated conditions of JTC in their Offer Letter.

The Company has received an option fee of S\$48,000 (constituting 1% of the Consideration) and an acceptance fee (constituting 4% of the Consideration) from the Purchaser. The remaining 95% of the Consideration and requisite GST is to be paid on 1 July 2024 or 4 weeks from the date of JTC’s notice of compliance of the terms and conditions by the Company and the Purchaser (the “**Completion Date**”).

5. SALIENT TERMS OF THE OPTION

The salient terms of the Option are, *inter alia*, as follows:

- (a) The Purchaser is to complete the “Application for Assignment/Transfer of Lease” within 6 weeks of the date of Option and submit to the JTC and/or the Company together with the relevant supporting documents and the requisite payment*. The Company shall, within 1 week of receipt from the Purchaser, submit the said application form and relevant documents to JTC for approval.
- (b) The sale and purchase of the Property is conditional upon receipt of the written in-principal approval obtained from JTC (“**In-Principle Approval**”) and the Urban Redevelopment of Authority’s approval for the ancillary workers’ dormitory license being renewed by the Company upon its expiry on 15 February 2024 and existing as at the Completion Date.
- (c) In the event the In-Principle Approval is not obtained by 30 June 2024 or such other extended date as the Parties shall mutually agree, the Option shall be rescinded and fees received by the Company may be refunded to the Purchaser under certain conditions.

Note:

*Requisite payment means all administrative costs, assignment, levy, assignment fees and consent fees or GST payable to JTC by the Purchaser or the Company in connection with the Proposed Sale.

6. RATIONALE FOR THE SALE AND USE OF PROCEEDS

The Company is of the view that the Proposed Sale is in the best interest of the Group given the following:

- (a) The Proposed Sale is to meet the condition stipulated in JTC’s Offer Letter;
- (b) Although the Property has a recent desk-top valuation of S\$6.5 million, there has been no offer close to the valuation for more than two years.
- (c) The Proposed Sale will strengthen the cash position for the Group with a positive cash inflow of the Net Proceeds as there is no outstanding loan for the Property. The intended use of the sale proceeds will be for the Group’s working capital and development of the Company’s existing yard at 22 Soon Lee Road, Singapore 628082.
- (d) The Proposed Sale will allow the Group to focus and streamline its business operations by centralizing operations at its remaining yard located at 22 Soon Lee Road Singapore 628082 which is closer to customers’ sites; and

- (e) Given the decreasing tenure of the Property, the market value of the Property is expected to decrease over time. The Proposed Sale represents the most viable option for the Group.

7. FINANCIAL EFFECTS OF THE PROPOSED SALE

Assuming that completion is on 31 March 2023, the Proposed Sale will result in a loss on disposal of approximately S\$236,155 based on the Net Proceeds.

The financial effects of the Proposed Sale set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the Completion Date.

The financial effects of the Proposed Sale were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2023 (“FY2023”), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

7.1 Net Tangible Asset per share

The financial effects of the Proposed on the NTA per share of the Group as at 31 March 2023, assuming completion had taken place on 31 March 2023 are as follows:

	Before the Proposed Sale	After the Proposed Sale
NTA ⁽¹⁾ (S\$)	93,605,000	93,368,845
Number of issued shares	308,065,282	308,065,282
NTA per share (cents) ⁽²⁾	30.38	30.31

Notes:

- (1) NTA is determined based on the net assets value attributable to owners of the Company.
 (2) NTA per share is calculated based on the total number of issued ordinary shares as at 31 March 2023.

7.2 EARNINGS PER SHARE (“EPS”)

The financial effects of the Proposed Sale on the EPS of the Group (based on the audited consolidated financial statements of the Group for FY2023), assuming completion of the Proposed Sale had taken place on 1 April 2022 are as follows:

	Before the Proposed Sale	After the Proposed Sale
Profit attributable to shareholders	13,844,000	14,221,654
Number of issued shares	308,065,282	308,065,282
EPS (cents)	4.49	4.62

8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

Based on the latest unaudited consolidated financial statements of the Group for the half year ended 30 September 2023, the relative figures of the Proposed Sale computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Catalist Rules”) are as follows:

	Bases	Relative Figures
Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value ⁽¹⁾	5.24% ⁽¹⁾
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not applicable.
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares. ⁽³⁾	17.03% ⁽²⁾
Rule 1006 (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.
Rule 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.	Not applicable.

Notes:

- (1) The net asset value of the Property held for sale and the net asset value of the Group as at 30 September 2023 were S\$4,913,129 and S\$95,192,000 respectively. Based on the market value of the Property as at 25 March 2024 compared to the Group’s net asset value as at 30 September 2023, the ratio is 6.83%.
- (2) Computed based on the Net Proceeds and the market capitalisation of the Company of S\$27,896,313, which was determined by multiplying 317,364,199 ordinary shares in issue as at the date of this announcement by the volume weighted average price of the shares of approximately S\$0.0879 per share on 28 March 2024, being the last market day preceding the date of the acceptance of the Option on which transactions in the Company’s shares were recorded.

Having regard to the above, as the relative figures computed under Catalist Rules 1006(a) and (c) in respect of the Proposed Sale exceeds 5% but does not exceed 50%, the Proposed Sale constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

9. DIRECTORS’ SERVICE CONTRACTS

No service contract is proposed to be entered into between the Company and any such person.

10. DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTEREST

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Sale, other than through their directorship and/or shareholding interests in the Company.

11. DOCUMENTS FOR INSPECTION

A copy of the Option and Valuation Report are available for inspection during normal business hours at the Company's registered office at 22 Soon Lee Road, Singapore 628082 for three (3) months from the date of this announcement.

12. UPDATES

The Company will make further announcements in relation to the Proposed Sale as and when there are material developments.

By Order of the Board

Lim Guek Hong
Company Secretary
Date: 2 April 2024

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). 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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.