



## SOON LIAN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200416295G)

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## PROPOSED SALE OF PROPERTY

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### 1. Introduction

- 1.1 The board of directors (the **"Board"** or **"Directors"**) of Soon Lian Holdings Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that SL Metals (M) Sdn. Bhd. (the **"Vendor"**, being the Company's wholly-owned subsidiary) had, on 10 October 2019, granted an option (the **"Option"**) to Mega Kabel Sdn Bhd (the **"Purchaser"**) to purchase the property at No. 5, Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia (the **"Property"**) (the **"Proposed Sale"**).
- 1.2 Unless otherwise stated, all currency translations of Singapore dollar (**"S\$"**) and Malaysia Ringgit (**"RM"**) used in this announcement are based on an exchange rate of RM1.00 : S\$0.330 as at 30 September 2019.

### 2. The Proposed Sale

#### 2.1 Information on the Property

The Property is a factory built on freehold land, covering an area of approximately 1,338 square metres, held under Geran 136392 Lot 111367 in the Plentong District of Johor Bahru. The Property was purchased by the Vendor in 2006 for the purpose of own use as office, workshop and warehouse. The factory is currently used by the Vendor as office, workshop and warehouse.

#### 2.2 Sale Price

Pursuant to the Option, the sale price for the Property is RM2,130,000 (equivalent to approximately S\$703,000) (the **"Sale Price"**), to be satisfied fully in cash. The Sale Price was arrived at based on arm's length negotiations between the parties, after taking into account prevailing market conditions (including the availability of ready buyers) and the market value of the Property based on a valuation report commissioned by the Vendor (the **"Valuation Report"**). According to the Valuation Report, the market value of the Property as at 27 September 2019 (free from all encumbrances, with vacant possession and transferable), based on a comparison method of valuation adopted by the valuer, was RM2,200,000.

The Sale Price shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit of RM21,300 (equivalent to approximately S\$7,000) (the **"Option Money"**), equivalent to 1% of the Sale Price, which had been paid by the Purchaser to the Vendor upon the grant of the Option to the Purchaser;
- (b) a further deposit of RM191,700 (equivalent to approximately S\$63,000) (together with the Option Money, the **"Deposit"**), equivalent to 9% of the Sale Price, shall be payable by the Purchaser to the Vendor upon the exercise of the Option on or before 4.00 p.m. on 24 October 2019 (the **"Option Deadline"**), whereby both parties shall execute the formal sale and purchase agreement in respect of the Proposed Sale (the **"SPA"**) within seven days from the exercise of the Option; and

- (c) the balance of RM1,917,000 (equivalent to approximately S\$633,000), equivalent to 90% of the Sale Price, shall be payable by the Purchaser to the Vendor within four months from the date of execution of the SPA.

## 2.3 Salient terms of the Proposed Sale

2.3.1 Salient terms of the Proposed Sale are, *inter alia*. as follows:

- (a) the Property shall be sold with vacant possession and on “as is, where is” basis but free from all charges, liens, caveats or encumbrances but subject to all restrictions-in-interest and conditions of title;
- (b) in the event that the Purchaser fails, refuses and/or neglects to exercise the Option on or before the Option Deadline, the Option Money shall be forfeited to the Vendor and thereafter the parties hereto shall have no claims whatsoever against each other; and
- (c) in the event that the Vendor fails or refuses to sell the Property to the Purchaser pursuant to the Option, the Vendor shall refund the Option Money together with a sum of RM21,300 as agreed liquidated damages to the Purchaser.

2.3.2 The completion of the Proposed Sale shall take place within four months from the date of execution of the SPA.

## 3. Relative figures under Rule 1006 of the Catalist Rules

The relative figures for the Proposed Sale as computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) and the unaudited financial statements of the Group for the six months ended 30 June 2019 (“**HY2019**”) are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	The net asset value of assets to be disposed of, as compared with the Group’s net asset value	1.3% <sup>(1)</sup>
(b)	The net profits attributable to the assets disposed of, as compared with the Group’s net profits	Not applicable <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalization	12.5% <sup>(3)</sup>
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves	Not applicable <sup>(5)</sup>

### Notes:

- (1) Based on the unaudited net asset value of the Property as at 30 June 2019 of approximately S\$0.39 million, and the unaudited net asset value of the Group as at 30 June 2019 of approximately S\$29.14 million.
- (2) Rule 1006(b) of the Catalist Rules is not applicable as the Property is not a revenue-generating asset.
- (3) Based on the Sale Price of S\$0.70 million and the Company’s market capitalisation of approximately S\$5.62 million. The market capitalisation of the Company was computed based on the issued share capital of the Company of 108,000,000 ordinary shares (“**Shares**”) and the volume weighted average price of S\$0.052 per Share on 20 September 2019 (being the last day on which the Shares were traded prior to the date of the grant of the Option).

- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 50%, the Proposed Sale constitutes a “discloseable transaction” under Rule 1010 of the Catalist Rules. Accordingly, the Company is required to make an immediate announcement of the Proposed Sale but the Proposed Sale is not subject to the approval of shareholders of the Company in a general meeting.

## **4. Financial Information**

### **4.1 Book value of the Property and excess of Sale Price over book value**

Based on the unaudited consolidated financial statements of the Group for HY2019, the book value of the Property as at 30 June 2019 amounted to approximately S\$385,000 (based on the closing exchange rate of RM1.00 : S\$0.327 as at 30 June 2019).

The excess of the Sale Price over the book value of the Property will amount to approximately S\$318,000. After deducting estimated expenses in connection with the Proposed Sale of approximately S\$14,000, the Group will record a net gain on the Proposed Sale of approximately S\$304,000.

### **4.2 Use of net proceeds from the Proposed Sale**

The estimated net proceeds from the Proposed Sale, after deducting estimated expenses to be incurred in connection with the Proposed Sale of approximately S\$14,000, is approximately S\$689,000 (“**Net Proceeds**”).

The Company intends to utilise the Net Proceeds to repay outstanding bank borrowings in relation to the purchase of the Property of approximately S\$158,000 and the balance of the Net Proceeds for general working capital requirements of the Group.

### **4.3 Financial effects of the Proposed Sale**

The *pro forma* financial effects of the Proposed Sale on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company or the Group after the completion of the Proposed Sale.

The *pro forma* financial effects of the Proposed Sale have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 (“**FY2018**”), and on the following bases and assumptions:

- (a) the financial effect on the consolidated net tangible assets (“**NTA**”) per Share is computed based on the assumption that the Proposed Sale was completed on 31 December 2018;
- (b) the financial effect on the consolidated loss per share (“**LPS**”) is computed based on assumption that the Proposed Sale was completed on 1 January 2018; and
- (c) the expenses to be incurred in connection with the Proposed Sale are estimated to be approximately S\$14,000.

(i) **NTA per Share**

The financial effect of the Proposed Sale on the NTA per Share is as follows:

	<b>Before the Proposed Sale</b>	<b>After the Proposed Sale</b>
NTA (S\$'000)	26,051	26,355
Number of Shares ('000)	108,000	108,000
NTA per Share (cents)	24.12	24.40

(ii) **LPS**

The financial effect of the Proposed Sale on the LPS is as follows:

	<b>Before the Proposed Sale</b>	<b>After the Proposed Sale</b>
Net loss attributable to shareholders of the Company (S\$'000)	(249)	(24)
Weighted average number of Shares (excluding treasury Shares) ('000)	108,000	108,000
LPS (cents)	(0.23)	(0.02)

**5. Rationale for the Proposed Sale**

The Property was purchased by the Vendor in 2006 for own use for office, workshop and warehouse. However, as the Group's operations in Malaysia expand, the Group requires a bigger warehouse to provide additional space for its expansion. The Group intends to relocate its operations in Malaysia (i.e. office, workshop and warehouse) to a bigger premise. The Group has identified a bigger premise to relocate its operations, and had entered into a lease arrangement to lease such premise. As such, the Board is of the view that the Proposed Sale and/or the relocation by the Group are not expected to materially affect the existing operations and business of the Group.

In addition, the Proposed Sale will enable the Group to reduce its bank borrowings and provide additional working capital for the Group's operations.

**6. Interests of Directors and controlling shareholders in the Proposed Sale**

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

**7. Service contracts**

No person will be appointed as a Director to the Board in connection with the Proposed Sale. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

## 8. 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 Sale, 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 the announcement in its proper form and context.

## 9. Documents available for inspection

A copy of the Option and the Valuation Report is available for inspection at the registered office of the Company at 6 Tuas Lane, Singapore 638615 during normal business hours for three months from the date of this announcement.

By Order of the Board

Tan Yee Chin  
Chairman and CEO  
10 October 2019

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*