



TA CORPORATION LTD.

(Incorporated in the Republic of Singapore)

Co. Registration No. 201105512R

ANNOUNCEMENT

**PROPOSED DISPOSAL OF PROPERTY KNOWN AS 12 ON SHAN, 12 SHAN ROAD,
SINGAPORE 328105**

INTRODUCTION

The Board of Directors of TA Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that TA Realty Pte. Ltd. (“**TA Realty**”), an indirect wholly-owned subsidiary of the Company through Sino Holdings (S’pore) Pte Ltd, a wholly-owned subsidiary of the Company, has issued an option to purchase (the “**Option**”) dated on 11 March 2022 to RL Properties Pte. Ltd. and/or nominee, and the Option was validly exercised by RL Shan Pte. Ltd. as the nominee of RL Properties Pte. Ltd. (the “**Purchaser**”) on 31 March 2022 (“**Date of Contract**”) thereby constituting a contract with the Purchaser for the sale of 12 On Shan, 12 Shan Road, Singapore 328105 (the “**Property**”) together with (i) the plant, mechanical and electrical equipment, fixtures and fittings located in or on or which otherwise relate to the Property (“**Plant and Equipment**”); and (ii) all movable items (including but not limited to bedding and furniture) located in or on or which otherwise relate to Property (“**Inventory Items**”) (collectively referred to as the “**Proposed Disposal**”).

As certain of the relative figures computed under Rule 1006(c) of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) exceed 20%, the Proposed Disposal will, unless it is a disposal in the ordinary course of business of the Company for purposes of Chapter 10 of the Listing Manual, constitute a major transaction under Rule 1014 of the Listing Manual and be subject to the approval of the shareholders of the Company (“**Shareholders**”).

The Company will be submitting written application to the SGX-ST to seek confirmation that approval of the Shareholders under Chapter 10 of the Listing Manual is not required for the Proposed Disposal on the basis that the Proposed Disposal is in the Company’s ordinary course of business.

INFORMATION ON PROPERTY AND PURCHASER

Background of the Property

The Property, comprising 78 units with a total net lettable area of approximately 51,652 square feet and gross floor area (including gross floor area for balconies) of approximately 68,048 square feet, with a site area of approximately 21,940 square feet, was developed by the Group on a freehold property site which was acquired by the Group for the purposes of re-development and sale of residential units. However, in view of the then prevailing poor market conditions and other external business factors that included certain property market cooling measures that had been introduced, the Property was converted from a residential development to a serviced apartment in the intervening period to alleviate holding costs.

Value of the Property

Based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2021:

- (a) The net tangible assets (“**NTA**”) value (and book value) of the Property together with the Plant and Equipment is approximately S\$94.1 million.
- (b) The net profit attributable to the Property is approximately S\$0.3 million.
- (c) The deficit of the proceeds from the Proposed Disposal over the book value of the Property together with the Plant and Equipment is approximately S\$7.6 million.
- (d) The net loss on the Proposed Disposal is expected to be approximately S\$8.6 million.

Information of the Purchaser

The Purchaser is a joint venture between RL Properties Pte. Ltd. (a wholly owned subsidiary of Roxy-Pacific Holdings Ltd), Macly Capital Pte Ltd and LWH Holdings Pte. Ltd.

The Purchaser 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.

RATIONALE

While the operation of the Property as a serviced apartment is currently profitable, TA Realty is currently incurring losses due mainly to high interest and other holding costs. As such the interim use of the Property as a serviced apartment is no longer as effective for purposes of alleviating holding costs associated with the Property.

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 realise the value of the Property, reduce holding costs and improve the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of its assets and improve its gearing ratio.

USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S\$85.5 million (Proposed sales proceeds of S\$86.5 million less selling costs of approximately S\$1.0 million) from the Proposed Disposal. The net proceeds after repayment of borrowing collateralised by the Property from the Proposed Disposal will be used for general working capital purposes of the Group.

SALIENT TERMS OF THE PROPOSED DISPOSAL

Purchase Price

The consideration payable for the Proposed Disposal is S\$86.5 million (the “**Purchase Price**”), exclusive of GST and was arrived at by arms' length negotiations between the Purchaser and the Company and on a willing buyer, willing seller basis, taking into account a recent independent external valuation of the Property commissioned by TA Realty for the purpose of intended sale.

Under the Option, the Purchase Price shall be paid as follows:

- (a) 5% of the Purchase Price to be paid as at the date of exercise of the Option; and

- (b) 95% of the Purchase Price together with GST on the part of the Purchase Price apportioned for the Plant and Equipment and Inventory Items, where applicable on completion of the sale under the Option.

Completion

Completion shall take place within three (3) months from the Date of Contract or four (4) weeks after the date of the written notice ("**CP Satisfaction Notice**") served by TA Realty to the Purchaser informing the Purchaser that (i) TA Realty has obtained approval from the Shareholders in extraordinary general meeting convened in respect of the Proposed Disposal as required under Rule 1014 of the Mainboard Rules of the SGX-ST Listing Manual ("**Shareholders' Approval**") or (ii) SGX-ST has granted a waiver of the requirement for Shareholder's Approval.

Conditions Precedent

The Proposed Disposal is conditional upon the Company obtaining Shareholders' Approval or the SGX-ST Waiver. TA Realty shall be entitled to rescind the Option if TA Realty is not able to obtain the Shareholders' Approval or the SGX-ST Waiver within four (4) months from the date of the Option or, if TA Realty extends the deadline for it to procure the Shareholders' Approval or SGX-ST Waiver by further period(s) not exceeding (a total of) two (2) months by written notice to the Purchaser, the last day of such further period(s).

RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006

The Company will be seeking the SGX-ST's confirmation that the Proposed Disposal is in the Company's ordinary course of business, and accordingly that the Proposed Transactions are not subject to the requirements under Chapter 10 (except for Part VIII on very substantial acquisitions or reverse takeovers)

Notwithstanding the above, the relative figures of the Proposed Transactions are computed on the bases set out in Rule 1006 of Listing Manual as set out below. Such relative figures are computed based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2021:

Rule 1006	Bases	Relative figure
(a)	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	139.60%
(b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net loss	-0.95% ¹
(c)	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 as at 31 March 2022	179.53%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	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

¹ This relative figure is negative due to the net loss before tax of the Group during the relevant financial year.

FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

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.

The following financial effects of the Proposed Disposal are computed based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2021.

NTA Per Share

As at 31 December 2021	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
NTA	S\$65.7 million	S\$57.1 million
Number of shares	518,068,000	518,068,000
NTA per share (Singapore cents)	12.7	11.0

Earnings Per Share

As at 31 December 2021	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
Loss attributable to owners of the Company	S\$29.1 million	S\$37.8 million
Number of shares	518,068,000	518,068,000
Loss per share (Singapore cents)	5.63	7.29

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.

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.

DOCUMENTS FOR INSPECTION

Copies of the Option 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 tacorpegmfy2022@tongaik.com.sg prior to making any visits to arrange for a suitable time slot for the inspection

BY ORDER OF THE BOARD

Yap Ming Choo
Company Secretary

Date: April 1, 2022