

**PROPOSED DISPOSAL OF THE KIAN TECK FACILITY SITUATED AT 27 KIAN TECK DRIVE,
SINGAPORE 628844 – GRANT OF OPTION TO PURCHASE**

1. INTRODUCTION

The board of directors (the “**Board**”) of Shanaya Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, Shanaya Environmental Services Pte. Ltd. (“**SES**” or the “**Vendor**”) had, on 28 June 2024, accepted a letter of offer (“**LO**”) from Arina International Holding Pte. Ltd. (the “**Purchaser**”) to purchase its leasehold property located at 27 Kian Teck Drive, Singapore 628844 (the “**Property**”), at a consideration of S\$4,100,000 (the “**Consideration**”), and on the terms and subject to the conditions of an option to purchase (the “**Option**”) as granted by SES on the same day (the “**Proposed Disposal**”). With the acceptance of the LO, SES had received S\$41,000, being one per cent. (1%) of the Consideration.

The Purchaser is a company incorporated in Singapore and is in the business of building construction. The Purchaser is an independent and unrelated third party. The Purchaser is not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.

The Option has yet to be accepted by the Purchaser, but the acceptance and the exercise of the Option by the Purchaser shall constitute a binding contract for the Proposed Disposal at the Consideration. The grant of Option is, *inter alia*, subject to the approval of the shareholders of the Company (the “**Shareholders**”). Pursuant to the Option, the completion of the Proposed Disposal is subject to fulfilment of the conditions precedent as set out in the section headed “Condition Precedent and Completion” below.

Based on the foregoing, the Proposed Disposal is considered a “major transaction” of the Company as defined under Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). In accordance with Chapter 10 of the Catalist Rules, the Proposed Disposal will be subject to, amongst others, the approval of the Shareholders of the Company at an extraordinary general meeting of the Shareholders (the “**EGM**”) to be convened pursuant to Rule 1014 of the Catalist Rules.

2. INFORMATION ON THE PROPERTY

The Property is a leasehold property with approximately sixteen (16) years remaining, and the lease is due to expire on 15 March 2040 pursuant to an instrument of lease made between the head lessor of the Property, Jurong Town Corporation (“**JTC**”) and the Vendor. The Property is currently being used by the Vendor to operate the business of biomedical waste management.

The Property is being sold subject to JTC’s approval for the assignment of lease and Shareholders’ approval for the sale of the property.

3. MATERIAL TERMS OF THE PROPOSED DISPOSAL

A summary of the material terms and conditions of the Proposed Disposal as set out in the Option include, *inter alia*, the following:

3.1 Consideration

The Consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations between SES and the Purchaser. In arriving at the Consideration, the Group had taken into consideration *inter alia*, (i) the prevailing market conditions, (ii) an independent valuation report on the Property (the "**Valuation Report**"), and (iii) that the offer made by the Purchaser constitutes the most favourable sale terms which SES has received to-date.

SES had commissioned Asian Appraisal Company Private Limited to conduct an independent valuation of the Property for the purpose of the Proposed Disposal. Based on the independent valuation report on the Property dated 25 June 2024, the open market value of the Property is within the range of the Consideration amount. The valuation was primarily derived using the Market Comparison Method of valuation by taking into consideration recent sales of comparable properties within the vicinity and adjustments were made for any differences in location, size, design and layout, tenure, age and condition of buildings, dates of transactions amongst other relevant factors which may affect value.

Upon the Purchaser's exercise of the Option, the Purchaser shall pay to SES's solicitors a deposit equivalent to the amount of 9% of the Consideration (together with GST thereon)]. From the date of grant of the Option, 28 June 2024, the Purchaser has thirty (30) days to exercise this Option. The balance of the Consideration, together with GST thereon, shall be paid within eight (8) weeks from the Purchaser's receipt of the JTC Confirmation (as defined below).

3.2 Condition Precedent and Completion

The Proposed Disposal is subject to, *inter alia*, (i) the Company procuring the approval of the Shareholders at an EGM to be convened pursuant to Rule 1014 of the Catalist Rules (the "**Shareholders' Approval**"), as it is considered a major transaction under Rule 1006 of the Catalist Rules, (ii) the Vendor and the Purchaser obtaining the written in-principal approval from JTC for the Vendor to sell and the Purchaser to purchase the Property, and (iii) the Vendor and the Purchaser obtaining the written confirmation from JTC that JTC has no objection to the execution of the agreement for the assignment of lease, or such other confirmation of similar nature (the "**JTC Confirmation**").

The Proposed Disposal shall be completed and the balance of the Consideration, together with GST thereon, shall be paid within eight (8) weeks from the date of the Purchaser's receipt of the JTC Confirmation.

4. RATIONALE AND USE OF PROCEEDS

The Company intends to more effectively utilise its larger waste management facility at 3A Tuas South Street 15, Singapore 636845 (the "**Tuas Facility**"), by integrating most, if not all, of its waste handling activities for better management and control. To this end, the Company intends to migrate its biomedical waste incineration plant and operations from the Property to its Tuas Facility. The Board believes that the disposal is in the best interests of the Group and the Shareholders of the Company given that i) there is no plan to utilise the Property for any of its core operations post-migration of the biomedical waste incineration plant; and ii) it will enable the Group to realise the value of the Property at a gain over its net book value, specifically, allowing the Company to realise an estimated net proceed of S\$4,000,000 from the Proposed Disposal (after deducting all estimated expenses in relation to the Proposed Disposal). The Group intends to utilise the net proceeds for general working capital purposes as well as for the repayment of existing borrowings.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("**FY2023**"), the net book value of the Property was S\$3,121,000 as at 31 December 2023. As the Consideration is higher than the net book value of the Property,

there will be a gain arising from the Proposed Disposal after deducting estimated expenses of S\$100,000 that will be incurred in relation to the Proposed Disposal.

5. RELATIVE FIGURES UNDER RULE 1006

Based on the latest announced consolidated financial statements of the Group for FY2023, the relative figures of the Proposed Disposal as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

| Rule 1006 | Bases of Computation | Relative Figures |
|-----------|---|-------------------------------|
| (a) | Net asset value of the assets to be disposed of, compared with the Group's net asset value | 101.2% ⁽¹⁾ |
| (b) | Net profits attributable to the assets disposed of, compared with the Group's net profits | 26.5% ⁽²⁾ |
| (c) | Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares | 71.3% ⁽³⁾ |
| (d) | 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 ⁽⁴⁾ |
| (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 | Not applicable ⁽⁵⁾ |

Notes:

- (1) The carrying value of the Property as at 31 December 2023 was S\$3,121,000 and the net asset value of the Group was S\$3,085,000 as at 31 December 2023.
- (2) The net loss after deducting direct operating expenses was S\$288,000, computed based on the financial statements of FY2023. The Group's audited net losses was S\$1,087,000 for FY2023.
- (3) Based on the Consideration of S\$4,100,000 and the Company's market capitalisation of approximately S\$5,753,507, being the issued ordinary share capital of the Company of 112,813,870 shares ("**Shares**") at the volume weighted average price of the Shares of S\$0.051 on 25 June 2024, being the last trading day where there were shares traded immediately prior to the date of this announcement.
- (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 figures computed under Rule 1006(a) and (c) of the Catalist Rules exceeds 50%, the Proposed Disposal constitutes a "major transaction" pursuant to Chapter 10 of the Catalist Rules. Further to the aforementioned, pursuant to Rule 1014(2) of the Catalist Rules, the Company will be seeking Shareholders' approval for this Proposed Disposal at an EGM in due course.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The unaudited pro forma financial effects of the Proposed Disposal are purely for illustrative purposes only and do not necessarily reflect the actual financial performance or position of the Group following the completion of the Proposed Disposal.

The unaudited pro forma financial effects of the Proposed Disposal set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2023, as well as the following bases and key assumptions:

- (a) the financial effects of the Proposed Disposal on the Group's net tangible assets (the "NTA") per share, it is assumed that transaction took place on 31 December 2023; and
- (b) the financial effects of the Proposed Disposal on the Group's loss per share are computed based on the assumption that the Proposed Disposal was completed on 1 January 2023.

NTA per Share

| | Before the Proposed Disposal | After the Proposed Disposal |
|---------------------------------|---|--|
| NTA (S\$'000) | 3,085 | 4,020 |
| Total number of issued shares | 112,813,870 | 112,813,870 |
| NTA per share (Singapore cents) | 2.73 | 3.56 |

Loss per Share

| | Before the Proposed Disposal | After the Proposed Disposal |
|--|---|--|
| Net loss attributable to owners of the Company (S\$'000) | 1,087 | 152 |
| Weighted average number of shares | 112,813,870 | 112,813,870 |
| Loss per share (Singapore cents) | 0.96 | 0.13 |

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company, if any).

8. SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. Accordingly, no service contracts will be entered into with any new director of the Company in connection with the Proposed Disposal.

9. CIRCULAR

A circular to Shareholders setting out, amongst others, further information on the Proposed Disposal, together with the notice of EGM, will be despatched by the Company to Shareholders in due course.

10. DOCUMENTS FOR INSPECTION

A copy of the LO, the Option and the Valuation Report is available for inspection at the registered office of the Company at the Tuas Facility during normal business hours for a period of three (3) months from the date of this announcement.

11. FURTHER ANNOUNCEMENTS

The Company will make subsequent announcements to update Shareholders when there are material updates as may be necessary or appropriate.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Mohamed Gani Mohamed Ansari
Executive Director and Chief Executive Officer

30 June 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. It has not been examined or approved by 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.

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