



TA CORPORATION LTD

(Incorporation in the Republic of Singapore)

Co. Registration No. 201105512R

ANNOUNCEMENT

PROPOSED DISPOSAL OF 1 LEONIE HILL ROAD #28-01 SINGAPORE 239191

1. INTRODUCTION

- 1.1 The Board of Directors of TA Corporation Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that Sino Holdings (S’pore) Pte Ltd (“**SHSPL**”), a wholly-owned subsidiary of the Company, had granted an option to purchase (the “**Option**”) to two independent third party individuals (the “**Joint Purchasers**”) in relation to the sale of 1 Leonie Hill Road #28-01 Singapore 239191 (“**Property**”) on the terms and subject to the conditions of the Option, as may be amended and supplemented from time to time (“**Proposed Disposal**”), and the Joint Purchasers have exercised the Option on 27 October 2021.
- 1.2 As the relative figure computed under Rule 1006(c) of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a disclosable transaction under Rule 1010 of the Listing Manual.
- 1.3 The Proposed Disposal is subject to the Law Society of Singapore’s Conditions of Sale 2012 (the “**Conditions**”) in so far as they are applicable to sale by private treaty and in so far as the Conditions and the terms and conditions of this agreement are not contrary to or in conflict with the following:
 - (a) Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act; and
 - (b) Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap 294A) (if applicable).

2. INFORMATION ON THE PROPERTY AND THE JOINT PURCHASERS

Background of the Property

- 2.1 The Property is a unit in the freehold residential development known as Leonie Hill Residences, which was developed by the Group in 2005. The Property has been retained by the Group after its development for investment purposes and has a gross area of approximately 260 square metres.

- 2.2 The Property is currently leased by SHSPL (as landlord) to an unrelated third party and the Property will be sold subject to the existing tenancy. The Joint Purchasers shall at their own cost and expense prepare an assignment or novation in relation to the tenancy agreement in such form to be agreed between the Joint Purchasers and the Company and to be executed by the parties on the Completion Date (as defined below). If the existing tenancy agreement is terminated due to any reason whatsoever on or before the Completion Date, the Joint Purchasers shall accept the Property with vacant possession on completion.

Value of the Property

- 2.3 Based on the latest announced unaudited condensed interim financial statements of the Group for the half year ended 30 June 2021 (“1H2021”):
- (i) the net tangible assets (“NTA”) value (and book value) of the Property is approximately S\$5.2 million;
 - (ii) the net profit attributable to the Property is approximately S\$0.1 million;⁽¹⁾
 - (iii) the deficit of the proceeds from the Proposed Disposal over the book value of the Property is approximately S\$0.3 million; and
 - (iv) the net loss on the Proposed Disposal is expected to be approximately S\$0.4 million.⁽²⁾

Notes:

- (1) The net profit attributable to the Property was computed based on the annual rental income of the Property after deducting for direct operating expenses and gain in fair value of the Property for 1H2021.
- (2) The net loss of the Property was computed on the difference between the net sale proceeds and the book value as at 1H2021.

Information on the Joint Purchasers

- 2.4 The Joint Purchasers are two unrelated third party individuals who have confirmed to the Company that they are 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 Joint Purchasers do not hold shares in the Company.

3. RATIONALE

- 3.1 In light of the uncertainty in the property market caused by the COVID-19 pandemic, the Proposed Disposal will enable the Group to realise the value of the Property thereby improving the liquidity of the Group and reducing its borrowings.
- 3.2 Although the Proposed Disposal will be a loss of approximately S\$0.3 million 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 reallocate its resources to improve and optimise the utilisation of assets. In particular, the Group intends to utilise the net proceeds of the Proposed Disposal towards settlement of an outstanding credit facility previously granted by a bank licensed in

Singapore to, which was drawdown by, SHSPL and secured by the Property (**“Existing Loan Facility”**). This will further reduce the Group’s current financial liabilities and borrowings and improve the gearing ratio of the Group.

4. USE OF PROCEEDS

- 4.1 The Company expects to receive net proceeds of approximately S\$4.8 million (after deducting estimated expenses of approximately S\$0.1 million) from the Proposed Disposal. The Company intends to utilise the net proceeds towards (i) the settlement of the Existing Loan Facility, and (ii) for the general working capital requirements of the Group.

5. SALIENT TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

The consideration payable for the Proposed Disposal is S\$4.935 million (the **“Consideration”**), which was arrived at on a willing-buyer and willing-seller basis, after negotiations which were conducted on an arm’s length basis between the Joint Purchasers and the Company taking into account, inter alia, the prevailing market conditions and references to the sale transaction records of similar units and/or developments in the vicinity of the location of the Property. The Company has not commissioned for a valuation of the Property for the purposes of the Proposed Disposal.

As at the date of this Announcement, the Joint Purchasers have paid to SHSPL a sum of S\$493,500.00 in cash (the **“Deposit”**), which is equivalent to 10% of the Consideration. The balance of the Consideration, which is equivalent to 90% of the Consideration, shall be payable in cash after adjustments to reflect any apportionment of land rent, property tax, expenses, outgoings and levies, rents and profits payable by the Joint Purchasers, on Completion.

5.2 Completion

The sale and purchase of the Property shall be completed on 31 March 2022 (**“Completion Date”**).

5.3 Conditions Precedent

The Proposed Disposal is conditional upon the Joint Purchasers’ solicitors having received satisfactory replies to the usual legal requisitions and applications for interpretation plans sent to the various relevant government departments.

If any such replies or interpretation plans are found to be unsatisfactory, the Option may be rescinded at the Joint Purchasers’ option, and the Company shall refund the Joint Purchasers the Deposit without any interest, compensation, or deduction whatsoever.

5.4 Sale on an “As is, Where is” Basis

The Property shall be sold on an “as is, where is basis” and is subject to such all incidents of tenure, restrictive and other covenants and conditions, party wall rights and other easements and reservations (if any) affecting the same but otherwise free from

encumbrances.

6. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006

The relative figures of the Proposed Disposal are computed based on the latest announced unaudited condensed interim financial statements of the Group for 1H2021.

Rule 1006 of the Listing Manual	Bases	Relative Figures (%) ⁽¹⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	6.6 ⁽³⁾
(b)	The net profit ⁽²⁾ attributable to the assets to be acquired or disposed of, compared with the Group's net losses.	0.8 ⁽⁴⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	14.9 ⁽⁵⁾
(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 ⁽⁶⁾
(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 ⁽⁷⁾

Notes:

- (1) The relative figures are rounded to the nearest one (1) decimal place.
- (2) "Net profit" means profit including discontinued operations that have not been disposed (where applicable) and before income tax and non-controlling interests.
- (3) Rule 1006(a) is calculated based on the net asset value of the Group of S\$79.15 million and the net asset value of the Property of S\$5.2 million as at 30 June 2021.
- (4) Rule 1006(b) is calculated based on the net profit attributable to the Property of S\$0.13 million and the net loss before tax of the Group of S\$16.00 for 1H2021.
- (5) Rule 1006(c) is calculated based on the Company's market capitalisation of approximately S\$33.16 million as calculated by multiplying 518,068,220 ordinary shares in issue by the volume-weighted average price per share of S\$0.064 as at 26 October 2021 (being the last full market day preceding the date of the Option). The consideration for the Proposed Disposal is S\$4.935 million.
- (6) Not applicable as no equity securities of the Company will be issued as part of the consideration.

(7) Not applicable as the Proposed Disposal is not a disposal of mineral, oil and gas assets.

As the relative figures computed under Rule 1006 (a) and (c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal is a "disclosable transaction" as defined in Rule 1010 of the Listing Manual.

7. FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

7.1 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.

7.2 The following financial effects of the Proposed Disposal are computed based on the Group's audited consolidated financial statements for the financial year ended 31 December 2020 ("FY2020") and the following bases and assumptions:

- (a) the financial effects of the Proposed Disposal on the earning per share ("EPS") of the Company are computed based on the assumption that the Proposed Disposal is completed on 1 January 2020; and
- (b) the financial effects of the Proposed Disposal on the NTA of the Company are computed based on the assumption that the Proposed Disposal is completed on 31 December 2020.

7.3 NTA Per Share

As at 31 December 2020	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
NTA (S\$ million)	96.11	95.83
Number of shares	518,068,220	518,068,220
NTA per share (Singapore cents)	18.6	18.5

7.4 EPS

FY2020	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
Loss attributable to owners of the Company (S\$ million)	(55.80)	(56.08)
Number of shares	518,068,220	518,068,220
Loss per share (Singapore cents)	(10.8)	(10.8)

8. 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.

9. 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.

10. DOCUMENTS FOR INSPECTION

A copy 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 tacorpegmfy2021@tiongaik.com.sg prior to making any visits to arrange for a suitable time slot for the inspection.

By the Order of the Board
TA Corporation Ltd

Yap Ming Choo
Company Secretary
Date: 1 November 2021