
PROPOSED DISPOSAL OF MOBILE CRANE – RESPONSES TO SGX REGCO’S QUERIES

The board of directors (the “**Board**”) of MS Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcement dated 4 October 2021 regarding the proposed disposal of a mobile crane (the “**Announcement**”) and sets out its responses to the queries raised by the Singapore Exchange Regulation on 5 October 2021 in relation to the Announcement.

Unless otherwise defined or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the Announcement.

Question 1:

It was announced that the sale of the mobile crane was for a cash consideration of S\$3.8 million.

- a. *Given that the book value of the mobile crane was approximately S\$6.2 million and the Proposed Disposal will result in a loss of S\$2.4 million, how did the Board arrive at this consideration and how is this in the best interest of the Company?*

Company’s response:

The Board considered, amongst others, the current market conditions and economic climate, the likelihood of recovery of rental rates for larger cranes, as well as recent quotations obtained from authorised agents and brokers at deriving the consideration.

The Group has been exploring the sale of the said mobile crane since 2020 due to depressed local demand for large cranes. While the Group has the option to continue carrying the crane and to wait for the market to recover, given the ongoing pandemic and current market conditions, the Board is of the view that the rental demand and market value for such larger cranes will remain soft. Should the Company retain the said crane, the Company will also need to continue incurring maintenance, depreciation and labour cost without the rental to offset such expenses.

In view of the foregoing, the Company has resolved to dispose the said crane to realise its immediate value and to strengthen the Group’s financial position. As elaborated under paragraph 5 of the Announcement, the Proposed Disposal will contribute net cash proceeds, after the repayment of the outstanding loan in relation to the crane of approximately S\$3.4 million. With the cash proceeds, the Board is of the view that the disposal will put the Group in a better financial position to deal with the volatile market conditions and enable the Group to deploy its resources more efficiently when the opportunity arises. Hence, the Board is of the view that the Proposed Disposal at the said consideration is in the best interest of the Company.

b. *Why was an independent valuer not appointed to perform the valuation?*

Company's response:

The Group did not appoint an independent valuer for the Proposed Disposal having considered the deliberations at arriving the consideration of S\$3.8 million as elaborated in the response to Question 1(a) above. However, to reiterate, the Company did perform enquiries from authorised agents and brokers with regards to the market value and arrived at this consideration.

Question 2:

Subsequent to the Proposed Disposal, will this affect the Group or subsidiary's operation as revenue is derived from rental of equipment and will this optimise the utilisation of the Group's fleet?

Company's response:

The COVID-19 pandemic has severely disrupted global economic activity and led to demand and supply chain disruptions. Based on current economic situation and barring any unforeseen circumstances, the Proposed Disposal's impact to the Group and the subsidiary's operations and revenue is expected to be limited as the Group continues to carry a fleet of 29 mobile cranes and lorry cranes. While it is expected for utilisation rates to remain soft as the economy recovers from the impact of the pandemic, the Group believes the sale will bring about reasonable cost efficiencies in terms of direct labour and maintenance.

By Order of the Board

Yap Chin Hock
Executive Director and Chief Executive Officer
7 October 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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.

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