



THAKRAL CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 October 1993)

(Company Registration No. 199306606E)

PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THAKRAL REALTY (S) PTE LTD FROM THAKRAL INVESTMENTS HOLDINGS PTE LTD FOR A CONSIDERATION OF S\$9 MILLION WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 AND A DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED RESPECTIVELY

1. INTRODUCTION

1.1. Background of the Proposed Acquisition

- 1.1.1. The board of directors (each, a **"Director"** and collectively, the **"Board"**) of Thakral Corporation Ltd (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that on 21 May 2018, the Company entered into a put and call option agreement dated 21 May 2018 (the **"Put and Call Option Agreement"**) with Thakral Investments Holdings Pte Ltd (the **"Seller"**) in respect of 100% of the issued and paid-up ordinary share capital (the **"Sale Shares"**) of Thakral Realty (S) Pte Ltd (the **"Target"**) for a consideration of S\$9 million (the **"Proposed Acquisition"**).
- 1.1.2. Under the Put and Call Option Agreement and subject to its terms and conditions, the Seller has agreed to grant to the Company an option to call for the sale from the Seller (the **"Call Option"**), and the Company has agreed to grant to the Seller an option to require the Company to purchase (the **"Put Option"**), the Sale Shares. Further details on the key terms of the Put and Call Option Agreement are set out in Section 2.4 of this announcement.
- 1.1.3. In addition, on completion of the Proposed Acquisition (**"Completion"**), the Target and Thakral Brothers (Private) Limited (**"TBPL"**) will enter into a leaseback agreement (the **"Leaseback Agreement"**) governing the terms of the lease of the property described as Lot U398M Town Subdivision 7 (the **"Property"**) (less the area occupied by the Group) (the **"Property Leaseback"**). Further details on the Property and the Lease Agreement are set out in Section 2.3 of this announcement.
- 1.1.4. The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the listing manual (the **"Listing Manual"**) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) exceed 5% but do not exceed 20%. Accordingly, the Proposed Acquisition is a discloseable transaction in respect of which the approval of the shareholders of the Company (the **"Shareholders"**) is not required.
- 1.1.5. As described in Section 2.1 of this announcement, the Seller is an interested person (as defined in the Listing Manual) (**"Interested Person"**) and the Proposed Acquisition between the Company and the Seller is an interested person transaction (as defined in the Listing Manual) (**"Interested Person Transaction"**). The consideration for the Proposed Acquisition represents approximately 6.6% of the Group's latest audited net tangible assets (**"NTA"**) for the financial year ended 31 December 2017 (**"FY2017"**). Accordingly, pursuant to Rule 906 of the Listing Manual, the Proposed Acquisition is an Interested Person Transaction in respect of which the approval of the Shareholders who are independent for

the purposes of the Proposed Acquisition as an Interested Person Transaction (the “**Independent Shareholders**”) is required.

- 1.1.6. As the term of the Leaseback Agreement does not exceed three years and its terms are supported by independent valuation, pursuant to Rule 916(1) of the Listing Manual, approval from the Independent Shareholders for the Property Leaseback is not required.
- 1.1.7. Accordingly, a circular setting out information relating to, *inter alia*, the Proposed Acquisition as an Interested Person Transaction will be issued to the Shareholders in due course to seek Independent Shareholders’ approval for the same at an extraordinary general meeting (the “**EGM**”) to be convened at a later date.

1.2. Applicability of Rule 921(b)(ii) of the Listing Manual

On 23 March 2018, the Company obtained confirmation from the SGX-ST that Rule 921(b)(ii) of the Listing Manual applies to the Proposed Acquisition as:

- (a) the intention of the Proposed Acquisition is the acquisition of the Property itself;
- (b) the Target has no assets or businesses save for its holding of the Property; and
- (c) upon Completion, the Target will have no liabilities save for the Property Loan (as defined below),

and that accordingly, an opinion from an independent financial adviser in respect of the Proposed Acquisition is not required.

2. THE PROPOSED ACQUISITION

2.1. Information on the Seller

- 2.1.1. The Seller (i.e., Thakral Investments Holdings Pte Ltd (Company Registration No.: 197601510R)) is an exempt private company limited by shares which was incorporated in Singapore on 22 July 1976.
- 2.1.2. As at the date of this announcement, it has an issued share capital of S\$6,000,000 comprising 6,000,000 ordinary shares of S\$1.00 each, and its board of directors comprises Mr. Kartar Singh Thakral, Mr. Gurmukh Singh Thakral and Mr. Karan Singh Thakral. As at the date of this announcement, the shareholders of the Seller are Mr. Kartar Singh Thakral, Mr. Gurmukh Singh Thakral, Mr. Rikhipal Singh Thakral and Mr. Karan Singh Thakral.
- 2.1.3. Mr. Kartar Singh Thakral is an Executive Director of the Company and has a deemed interest of 29.86% in the issued share capital of the Company. Mr. Gurmukh Singh Thakral, Mr. Rikhipal Singh Thakral and Mr. Karan Singh Thakral are the sons of Mr. Kartar Singh Thakral, and the brothers of Mr. Inderbethal Singh Thakral, an Executive Director and the Chief Executive Officer of the Company who also has a deemed interest of 29.86% in the issued share capital of the Company.
- 2.1.4. Accordingly, the Seller is an Interested Person for the purposes of the Proposed Acquisition.

2.2. Information on the Target

- 2.2.1. The Target (i.e., Thakral Realty (S) Pte Ltd (Company Registration No.: 198002298C)) is a private company limited by shares which was incorporated in Singapore on 7 July 1980.
- 2.2.2. As at the date of this announcement, it has an issued share capital of S\$6,000,000 comprising 6,000,000 ordinary shares of S\$1.00 each, and its board of directors comprises Mr. Kartar Singh Thakral, Mr. Gurmukh Singh Thakral and Mr. Karan Singh Thakral. Upon Completion, the board of directors of the Target will comprise Mr. Bikramjit Singh Thakral and Mr. Lee Ying Cheun only. The Seller is the sole shareholder of the Target.
- 2.2.3. As at the date of this announcement, the Target does not have any business operations or assets save for the Property.
- 2.2.4. As at the date of this announcement, there are three registered mortgages over the Property, of which (in the following order of priority):
- (a) the first registered mortgage was granted in favour of United Overseas Bank Limited (the “**UOB First Mortgage**”) in relation to loans taken up by the Target for: (i) the purchase of the Property (the “**Property Loan**”); and (ii) the refinancing of the existing term loan granted by United Overseas Bank Limited to Universal Procurement Systems Pte Ltd (“**UPS**”);
 - (b) the second registered mortgage was granted in favour of United Overseas Bank Limited (the “**UOB Second Mortgage**”) in relation to loans taken up by UPS; and
 - (c) the third registered mortgage was granted in favour of Asia Richer Investment Services Limited (the “**ARIS Mortgage**”) in relation to loans taken up by Thakral Holdings (HK) Ltd and TBPL.
- 2.2.5. On or prior to Completion, all outstanding loans described in Section 2.2.4 of this announcement (save for the Property Loan), together with the UOB Second Mortgage and the ARIS Mortgage, will be discharged in full. Accordingly, upon Completion:
- (a) the Target will have no assets or business save for its holding of the Property;
 - (b) the Target will have no liabilities save for the Property Loan, of which approximately S\$21 million will remain outstanding at Completion; and
 - (c) there will be no encumbrances over the Property save for the UOB First Mortgage.

2.3. Information on the Property

2.3.1. Description of the Property

The Property comprises an office unit¹ located on the third storey of a 27-storey commercial and residential development (the “**Riverwalk Development**”), which comprises a four-storey (with basement) shopping podium known as The Riverwalk and a 21-storey apartment tower block known as Riverwalk Apartments. The Riverwalk Development is approximately 31 years old and is located along the south bank of the Singapore River, close to the heart of the Central Business District. Surrounding buildings comprise a mixture of shophouses

¹ With a private lift currently not in use.

which accommodate a variety of trades, as well as modern buildings such as High Street Centre, The Central, Chinatown Point, Havelock 2, High Street Plaza and The Treasury. Public transport and retail facilities are readily available in the area. In addition, the Clarke Quay MRT Station is located directly opposite the Riverwalk Development. Accessibility to other parts of Singapore is convenient via the Central Expressway.

The Property has a strata floor area of 1,765 square metres (approximately 18,998 square feet), including a total lift well area of 59 square metres. It has a lease tenure of 99 years commencing from 15 December 1980. As described in Section 2.2.4 of this announcement, the Property is mortgaged to United Overseas Bank Limited and Asia Richer Investment Services Limited. The Target is the registered proprietor of the Property.

For further details on the Property, please refer to the JLL Valuation Report which is available for inspection during normal office hours, on any weekday (public holidays excepted), at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 from the date of this announcement up to the date of the EGM.

2.3.2. Existing Tenancies

As at the date of this announcement, the Property is tenanted as follows:

Name of Tenant	Address of Leased Area ²	Lease Start Date	Lease Expiry Date	Option to Renew	Monthly Rental
TBPL	20 Upper Circular Road, #03-06, Singapore 058416	1 March 2017	30 September 2018	Option to renew for a further period of two years at the then prevailing market rate	S\$96,170.57 (excluding GST)
Thakral Corporation Ltd (i.e., the Company)	20 Upper Circular Road, #03-06, Singapore 058416	1 June 2010	30 September 2018	Option to renew for a further period of two years at a rental to be agreed	S\$5,500 (including GST) with effect from 1 January 2017 ³
UPS	20 Upper Circular Road, #03-06, Singapore 058416	1 July 2016	30 June 2019	Option to renew for a further period of two years at the then prevailing market rate	S\$5,000 (including GST)
Thakral One Pte. Ltd. ("TOPL")	20 Upper Circular Road, #03-06, Singapore 058416	1 July 2016	30 June 2019	Option to renew for a further period of two years at the then prevailing	S\$2,000 (excluding GST)

² There is no clear demarcation between the premises leased by TBPL, the Company, UPS and TOPL, the aggregate of which is approximately 18,348 square feet, as the premises are shared between the parties.

³ Pursuant to the lease agreement between the Company and the Target dated 29 April 2010, the monthly rental was S\$7,000 (including GST). However, pursuant to a memorandum of agreement between the Target and the Company dated 10 January 2017, the monthly rental was reduced to S\$5,500 (including GST) for the period from 1 January 2017 to 30 September 2018. The monthly rental includes building management fees and utilities fees as well as access to and use of board rooms and meeting rooms, the reception area and self-service pantry.

				market rate	
Rich Delta Marketing Pte. Ltd. (" Rich Delta ") ⁴	20 Upper Circular Road, #03-06A, Singapore 058416	1 March 2017	28 February 2019	Option to renew for a further period of 12 months at a rent to be agreed based on the prevailing market rate	S\$3,424 (including GST)

The Target does not occupy any specific part of the Property but instead, shares the premises with TBPL, the Company, UPS and TOPL.

As a condition precedent to Completion, all the tenancy arrangements described above will be terminated before expiry without penalty pursuant to mutual agreement between the relevant parties. Instead, TBPL will enter into the Leaseback Agreement with the Target as described in Section 2.3.3 of this announcement.

2.3.3. Property Leaseback pursuant to the Leaseback Agreement

On Completion, the Target and TBPL will enter into the Leaseback Agreement for the leaseback of the Property (less the area occupied by the Group) (the "**Leaseback Area**") to TBPL. The key terms of the Leaseback Agreement are as follows:

- (a) the Leaseback Area is approximately 18,498 square feet;
- (b) the term of the Leaseback Agreement is three years;
- (c) the monthly rental is S\$5.50 per square foot (inclusive of building management fees and contributions to the maintenance fund and the sinking fund to be paid to the management corporation of the Property) and S\$101,739 in aggregate, which is higher than the gross monthly market rental value of the Property determined by Jones Lang LaSalle Property Consultants Pte Ltd ("**JLL**") (i.e., S\$5.15 per square foot), as detailed in Section 2.3.4 of this announcement; and
- (d) TBPL is permitted to sublet, license, lend or otherwise share the Leaseback Area with:
 - (i) its subsidiaries and/or associated companies upon prior written notification to the Target; or
 - (ii) third parties upon prior written consent being obtained from the Target.

As the term of the Leaseback Agreement does not exceed three years and its terms are supported by independent valuation, pursuant to Rule 916(1) of the Listing Manual, approval from the Independent Shareholders for the Property Leaseback is not required.

2.3.4. Valuation of the Property

JLL, an independent valuer, was appointed by the Directors who are considered independent for the purpose of making recommendations to the Independent Shareholders in respect of the Proposed Acquisition as an Interested Person Transaction (namely, Mr. Natarajan Subramaniam, Mr. Lee Ying Cheun and Mr. Dileep Nair) (the "**Independent**

⁴ The premises leased by Rich Delta, an unrelated third party, are approximately 650 square feet.

Directors") to perform a valuation of the Property (the "**JLL Valuation Report**") whereby the Property was valued at S\$30,500,000 as at 2 May 2018, being the date of the valuation report. The gross monthly market rental value of the Property on standard lease terms and conditions is in the region of S\$97,850 (i.e., S\$5.15 per square foot), which is inclusive of building management fees and contributions to the maintenance fund and the sinking fund to be paid to the management corporation of the Property.

The JLL Valuation Report was prepared taking into consideration the following:

- (a) an inspection of the Property on 27 April 2018 which was assessed to be approximately 31 years old;
- (b) the location of the Riverwalk Development;
- (c) the existing improvements to the Riverwalk Development;
- (d) the facilities available at the Riverwalk Development which include a full sized tennis court, squash court, gymnasium, swimming pool and children's playground, which are located on the roof deck of the podium block;
- (e) the accommodation and finishes of the Property, which was noted to be generally improved with wall paper / decorative wall panels, light fittings, air-conditioning diffusers and water sprinklers;
- (f) the condition and repair of the Property as at 27 April 2018; and
- (g) direct comparisons with recent transactions in relation to comparable properties in the vicinity, having made due adjustments for differences between the Property and comparable properties in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting value.

The valuation of the Property by JLL was conducted on an existing-use basis, and any premium arising from the en-bloc sales of the Riverwalk Development was not taken into consideration.

2.4. Principal Terms of the Proposed Acquisition

The principal terms of the Proposed Acquisition are set out as follows:

2.4.1. Consideration

The consideration (the "**Consideration**") for the Proposed Acquisition is S\$9 million which was determined pursuant to commercial negotiations between the Independent Directors and the Seller in good faith and on an arm's length basis, taking into account the following factors:

- (a) the book value and net tangible asset value of the Sale Shares as at 30 April 2018, which is S\$9 million and S\$9 million respectively;
- (b) the Property Loan, of which approximately S\$21 million will remain outstanding at completion of the Proposed Acquisition, and the UOB First Mortgage in respect of the Property Loan; and

- (c) the location, size and value of the Property as compared with other properties in the vicinity.

The Consideration of S\$9 million for the Proposed Acquisition will be funded by the proceeds received by the Company from the sale of the Group's warehouse properties in Hong Kong.

2.4.2. Method of Payment

Upon the execution of the Put and Call Option Agreement, the Company shall pay 10% of the Consideration to the Seller within five business days. The balance of the Consideration will be paid upon Completion. In the event that the conditions precedent to Completion (or any of them) are not satisfied (or waived by the Company) on or before 31 July 2018 or such later date as the parties may mutually agree in writing, the Put and Call Option Agreement shall automatically terminate and any payment made by the Company in connection with the Proposed Acquisition shall be refunded (without interest, share of revenue or other benefits) within five business days immediately following termination.

2.4.3. Conditions Precedent

The conditions precedent to Completion include the following:

- (a) **Due Diligence:** completion of the business, environmental, financial, tax and legal due diligence by the Company on the Target, the results of which are satisfactory to the Company in its absolute discretion;
- (b) **Exercise of Option:** the due and valid exercise of the Call Option and/or the Put Option in accordance with the terms and conditions of the Put and Call Option Agreement;
- (c) **Board Approval:** the grant of specific approval from the board of directors of the Target for entering into, delivering and performing the Put and Call Option Agreement;
- (d) **Termination of Existing Lease Agreements:** the consent from each of UPS, TOPL, TBPL, the Company and Rich Delta for early termination of their respective lease agreements with the Target without penalty with effect from Completion;
- (e) **Loans and Encumbrances:** (i) the full and unconditional discharge of the UOB Second Mortgage and the ARIS Mortgage; and (ii) the total liabilities of the Company not exceeding S\$21 million as at the date on which the Proposed Acquisition is completed;
- (f) **Property:** The Property not having been disposed of or agreed to be disposed of as at the date on which the Proposed Acquisition is completed;
- (g) **Material Adverse Change:** the absence of: (i) any material adverse change between the date of the Put and Call Option Agreement and the date on which the Proposed Acquisition is completed and; (b) any event, condition or circumstance in existence as at the date on which the Proposed Acquisition is completed that is likely to result in a material adverse change after Completion; and

- (h) **Required Consents:** the grant of all required consents for the Proposed Acquisition (including such approvals from the Shareholders and United Overseas Bank Limited) without conditions, restrictions or limitations unacceptable to the Company, which shall be in full force and effect and not revoked, withdrawn or otherwise modified.

2.4.4. Completion

Subject to the fulfilment of the conditions precedent, unless duly waived in writing by the Company in its absolute discretion, completion shall take place at the registered office of the Company (or at such other place as may be agreed). On Completion, the Seller shall transfer to the Company the Sale Shares and record (as well as file the requisite notification of transfer with the Accounting and Corporate Regulatory Authority of Singapore) the transfer of the Sale Shares from the Seller to the Company.

2.4.5. Representations and Warranties

Pursuant to the Put and Call Option Agreement, the Seller represents, warrants and undertakes to and with the Company that:

- (a) the Seller has the full legal right and power and all authority and approvals required to execute and deliver the Put and Call Option Agreement and to perform fully its obligations hereunder. The Put and Call Option Agreement has been duly authorised, executed and delivered by the Seller and constitutes valid and binding obligations of the Seller enforceable in accordance with its terms;
- (b) as at the date on which the Proposed Acquisition is completed, no steps have been or will be taken by the Seller or the Target nor have any legal proceedings been started or threatened for the Seller's insolvency or for the appointment of a receiver, trustee or similar officer of any of the Target's assets or for the winding up or judicial management of the Target;
- (c) there is no outstanding agreement or arrangement to which the Target is a party which could have a material adverse change on the Target;
- (d) the Sale Shares are or will be on the date of the Put and Call Option Agreement and the date on which the Proposed Acquisition is completed free from all and any encumbrances or any arrangements or obligations to create any encumbrances whatsoever with all rights and benefits attaching thereto and no person has or shall have any right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any Shares or loan capital or any other security giving rise to a right over the Sale Shares under any option or other agreement (including conversion rights and rights of pre-emption);
- (e) all actions, conditions and things required to be taken, fulfilled and done by the Seller (including without limitation, the obtaining of any necessary consents or licences or the making of any filings or registrations): (i) in order to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under the Put and Call Option Agreement and to ensure that such obligations are legally binding; and (ii) for the transfer of the Sale Shares to the Company, have or will be done or obtained;
- (f) the Seller has fully disclosed in writing to the Company prior to the signing of the Put

and Call Option Agreement all facts relating to the Target which are relevant and material for disclosure in the context of the Put and Call Option Agreement;

- (g) the total liabilities of the Target as at the date on which the Proposed Acquisition is completed do not exceed S\$21 million in aggregate; and
- (h) save for the UOB First Mortgage, there is no encumbrance, and no security of any form has been created or agreed to be created, over the Property.

3. VALUE OF THE SALE SHARES

As at 30 April 2018, the book value and net tangible asset value of the Sale Shares is S\$9 million. The open market value of the Sale Shares is not available as the shares of the Target are not publicly traded.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

4.1. Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after Completion. The financial effects of the Proposed Acquisition on the Company as set out below are based on the Group's latest audited financial statements for FY2017 and the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per ordinary share in the capital of the Company ("**Share**") have been computed assuming that Completion took place on 31 December 2017; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the earnings per Share ("**EPS**") have been computed assuming that Completion took place on 1 January 2017.

4.2. Share Capital

As no new Shares will be issued by the Company in connection with the Proposed Acquisition, the Proposed Acquisition will have no impact on the Company's issued share capital.

4.3. NTA per Share

	Before the Proposed Acquisition	After Completion
NTA ⁽¹⁾ attributable to the Shareholders (S\$'000)	136,413	136,413
Number of Shares ('000)	130,861	130,861
NTA per Share (cents)	104.24	104.24

Note:-

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

4.4. EPS

	Before the Proposed Acquisition	After Completion
Profit after taxation and non-controlling interests (S\$'000)	37,748	38,008
Weighted average number of Shares ('000)	130,861	130,861
EPS (cents)	28.85	29.04

4.5. Gearing

	Before the Proposed Acquisition	After Completion
Net borrowings / (cash) ⁽¹⁾ as at 31 December 2017 (S\$'000)	11,859	41,554
Shareholders' equity (S\$'000)	131,913	131,913
Gearing (times)	0.09	0.32

Note:-

- (1) Net borrowings means total borrowings less cash and bank balances. Net cash means cash and bank balances are more than total borrowings.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual and based on the Group's latest announced financial statements for the financial period which commenced on 1 January 2018 and ended on 31 March 2018 ("1Q2018") are set out as follows:

	Bases Under Rule 1006	Relative Figure
(a)	The NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	N.A.
(b)	The net profits / (loss) ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	0.37% ⁽²⁾
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	15.28% ⁽³⁾
(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.	N.A.
(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil & gas company, but not to an acquisition of such assets.	N.A.

Notes:-

- (1) Net profits / loss means profit or loss before income tax, minority interest and extraordinary items.
- (2) Based on the net profits / (loss) attributable to the Sale Shares of S\$13,000 and the net profits / (loss) attributable to the Group for 1Q2018 of S\$3,522,000.
- (3) Based on the consideration of S\$9 million and the market capitalisation of the Company being S\$58,887,000, which is calculated based on the weighted average price of S\$0.45 per Share on 18 May 2018 (being the market day preceding the date of the Put and Call Option Agreement) and 130,860,616 Shares in issue as at 21 May 2018 (being the date of the Put and Call Option Agreement).

Accordingly, the Proposed Acquisition is a discloseable transaction pursuant to Chapter 10 of the Listing Manual

6. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The business of the Group is categorised into two divisions – the Lifestyle Division and the Investment Division. The Group's Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from services rendered from the originating, packaging and managing of such projects. The Proposed Acquisition is in line with the Investment Division's strategy to invest in real estate, and is intended to provide the Group with an opportunity to invest in the Singapore property market at a time when Singapore's economic prospects appear to be brightening and the property market sentiment is improving. The Group believes that Singapore's nascent economic recovery offers the Group an opportune entry point to ride on the expected upturn in capital values. It also allows the Group to deploy some of the proceeds garnered from the sale of its warehouse properties in Hong Kong to invest in its home city. The Group also considered other properties for the purposes of investment but ultimately decided on the Property due to its location, size and price as compared with comparable properties in the vicinity. The acquisition of the Property was structured as an acquisition of the Target on the basis of advice received from the Company's professional advisers.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed in Section 2.1 and Section 2.2 of this announcement, and save for their respective interests in the Shares, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the Proposed Acquisition.

8. SERVICE CONTRACTS

Upon Completion, the current board of directors of the Target will be replaced by Mr. Bikramjit Singh Thakral and Mr. Lee Ying Cheun. However, no service contracts will be entered into in connection with such appointments.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, on any weekday (public holidays excepted), at the registered office of the Company at 20 Upper Circular Road, #03-06 The Riverwalk, Singapore 058416 from the date of this announcement up to the date of the EGM:

- (a) the Constitution of the Company;

- (b) the annual report of the Company for the financial year ended 31 December 2017;
- (c) the Put and Call Option Agreement;
- (d) the JLL Valuation Report; and
- (e) the draft Leaseback Agreement.

On behalf of the Board

Natarajan Subramaniam
Independent Non-Executive Chairman

Singapore, 21 May 2018