



Second Chance Properties Ltd

(Company Registration No.198103193M)

PROPOSED DISPOSAL OF THE PROPERTY AT BLOCK 190 LORONG 6 TOA PAYOH #01-560, SINGAPORE 310190

The Board of Directors of Second Chance Properties Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company, Second Chance Properties Ltd ("**SCPL**") has granted an option ("**Option**") to Sen Wan Timber (S) Pte Ltd and/or Nominee (the "**Purchaser**") to purchase SCPL's property at Block 190 Lorong 6 Toa Payoh #01-560, Singapore 310190 (the "**Property**") for a total consideration of S\$15,288,000/- excluding GST (the "**Sale Price**") ("**Proposed Disposal**"). The Sale Price was arrived at on a willing-buyer and a willing-seller basis after taking into consideration the valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 August 2021 and was to be satisfied in cash.

An option fee of 1 per cent. of the Sale Price was paid to SCPL in accordance with the terms of the Option. The Option will expire on 25 May 2022 and if the Option is not exercised before it expires, the option fee will be forfeited by SCPL. If the Option is exercised, the parties agreed that the Option shall constitute a binding contract for the sale and purchase of the Property and no further contracts or agreements shall be entered.

RATIONALE

The property located at Block 190 Lorong 6 Toa Payoh #01-560 is a retail unit and rented out to retail tenants. In recent years, there has been an increasing trend of family shoppers and others, visiting shopping malls instead of shopping at individual retail units in the heartland (as these malls, apart from air conditioning and other creature comforts also offer other attractions). Furthermore the popularity of online shopping continue to have a dampening effect on retail property value. This has led to downward pressure on rentals and had a negative impact on our unit. In addition, the balance lease left on this property is 49 years and the property value is expected to decline as time passes.

Therefore, when the company received an unsolicited offer to sell the property, management was of the view that it was a good opportunity as well as a prudent business decision for the company to sell off its property and utilize the proceeds to reduce the debts of the Group.

The Sale Price of S\$15,288,000/- is S\$1,538,000/- above the valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd on 31 August 2021.

THE SALE PRICE

The sale price of S\$15,288,000/- of the Property was determined at arm's length and on a willing buyer-willing seller basis. Upon exercise of the Option on 25 May 2022, a deposit of S\$611,520 and the balance amount of S\$14,523,600/- will be paid on completion.

The completion of the Proposed Disposal is expected to be on 17 August 2022 (subject to HDB/SSSD final approval).

FINANCIAL EFFECTS

For illustrative purposes only, the financial effects of the Proposed Disposal on the net tangible assets (“NTA”) per share and earnings per share (“EPS”), based on the audited consolidated financial statements of the Group for the financial year ended 31 August 2021, are set out below:

NTA

Assuming that the Proposed Disposal had been completed on 1 September 2020, being the end of the most recently completed financial year, and based on the Group’s audited consolidated financial statements as at 31 August 2021, the effect on the NTA per share of the Group as at 31 August 2021 would be as follows:

	<u>Before Proposed Disposal</u>	<u>Adjusted for Proposed Disposal</u>
NTA	\$283,217,043	\$284,204,620
No. of Shares	751,906,638	751,906,638
NTA per share (cents)	37.67	37.80

EPS

Assuming that the Proposed Disposal had been completed on 1 September 2020, being the beginning of the most recently completed financial year, and based on the Group’s audited consolidated financial statements for the financial year ended 31 August 2021, the effect on the EPS of the Group for the financial year ended 31 August 2021 would be as follows:

	<u>Before Proposed Disposal</u>	<u>Adjusted for Proposed Disposal</u>
Earnings	\$9,823,510	\$10,811,087
Weighted No. of Shares	753,217,046	753,217,046
EPS (cents)	1.30	1.44

RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 (“Rule 1006”) of the Listing Manual, are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Disposal Properties compared with net asset value of the Group based on the latest announced consolidated accounts	4.85%
(b)	Net profits attributable to the Disposal Properties compared with the Group’s net profits based on the latest announced consolidated accounts	5.60%
(c)	Aggregate value of the total purchase consideration compared with market capitalisation of the Company	7.33%
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

As the relative figures under Rule 1006(b) and (c) exceed 5%, the Proposed Disposal is considered a Discloseable Transaction as defined under Chapter 10 of the Listing Manual and does not require shareholders’ approval.

INSPECTION OF DOCUMENTS

A copy of the Option to Purchase is available for inspection during normal business hours at the Company's registered office at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845.

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any direct or indirectly interest in the aforesaid transactions, other than through their respective shareholdings in the Company.

The Company will make a further announcement in relation to the Proposed Disposal in due course, upon the exercise or the expiry of the Option, as the case may be.

BY ORDER OF THE BOARD

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar
Executive Director & Chief Executive Officer

13 May 2022