



**APAC Realty Limited**  
(Company Registration No. 201319080C)  
(Incorporated in Singapore on 15 July 2013)

---

## **Proposed Acquisition of HC Home Pte. Ltd.**

---

### **1. INTRODUCTION**

- 1.1 Proposed Transaction.** The Board of Directors (the “**Board**”) of APAC Realty Limited (“**APAC**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce the proposed acquisition of 2,000,000 ordinary shares in the issued share capital of HC Home Pte. Ltd. (“**HC Home**”) (the “**Target Shares**”) (the “**Proposed Transaction**”), representing 100 per cent. of the issued ordinary shares of HC Home immediately following completion of the Proposed Transaction (“**Completion**”). Accordingly, upon Completion, HC Home will become a wholly-owned subsidiary of the Company.
- 1.2 Acquisition.** In respect of the Proposed Transaction, the Company has today entered into a sale and purchase of shares agreement (the “**SPA**”) with Hering Corporation Pte. Ltd. (the “**Vendor**”) pursuant to which the Vendor has agreed to sell, and the Company has agreed to purchase, the Target Shares.
- 1.3 Shareholder Approval.** The Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) (details of which are set out in paragraph 7 of this Announcement). Accordingly, the Proposed Transaction is subject to the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of the Shareholders to be convened.

### **2. INFORMATION ON HC HOME AND THE VENDOR**

- 2.1 HC Home.** HC Home is a company incorporated in Singapore. HC Home owns the property at 450 Lorong 6 Toa Payoh Singapore 319394 (the “**Property**”). The Property is a leasehold commercial property with a site area of approximately 1,392.4 square metres and a gross floor area of 4,121.4 square metres. Its 99-year lease from the Housing and Development Board (“**HDB**”) commenced on 1 August 1970. The Property has three levels: the first and second levels are currently leased to retail businesses, while the third level and the mezzanine are currently leased out as office space. There are also two auditoriums on the third level which are leased out. Total lettable floor area is approximately 2,155.3 square metres, excluding auditorium space of 441.34 square metres.



As at the date of this Announcement, HC Home has a total issued and fully paid-up share capital of S\$2,000,000 comprising 2,000,000 ordinary shares and is wholly owned by the Vendor.

- 2.2 Vendor.** The Vendor is a company incorporated in Singapore and is the registered and beneficial owner of 100 per cent. of the issued and paid-up capital of HC Home.

The Vendor is a brand manager and service provider of some of the region's most celebrated brands.

### **3. PRINCIPAL TERMS OF THE SPA**

- 3.1 The Target Shares.** Pursuant to the terms of the SPA, the Vendor shall sell, and the Company shall purchase, the Target Shares free from any encumbrance together with all benefits, rights and entitlements accrued or attaching thereto on a cash free debt free basis.

- 3.2 Purchase Price.** The aggregate purchase price payable by the Company to the Vendor in respect of the Target Shares is S\$72,800,000.00 ("**Purchase Price**"), payable as follows:

**3.2.1** S\$728,000.00 upon the signing of the SPA (the "**Deposit**"); and

**3.2.2** S\$72,072,000.00 on the Completion Date (as defined below).

- 3.3 Pricing Factors.** The Purchase Price was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis, and determined on the basis of and taking into account, *inter alia*, the valuation of the Property.

A valuation of the Property, commissioned by the Company, was performed by an independent valuer Savills Valuation And Professional Services Pte Ltd (the "**Valuation**"). Based on the highest and best-use basis, the valuation of the Property is S\$72.8 million as at 30 May 2018.

- 3.4 Source of Funds.** It is expected that the Purchase Price will be funded by way of a combination of internal funds and bank financing.

- 3.5 Conditions Precedent.** Completion is conditional upon, *inter alia*:

**3.5.1** a due diligence exercise on HC Home being conducted to the satisfaction of the Company; and

**3.5.2** approval of the Shareholders of the Proposed Transaction at an extraordinary general meeting ("**EGM**") to be convened.

(the "**Conditions**").



- 3.6 Completion.** Completion will take place 12 weeks from the date of the signing of the SPA or such other earlier date as the Company may decide ("**Completion Date**"). On Completion, the Company will acquire the Target Shares from the Vendor in accordance with the terms of the SPA.
- 3.7 Other Material Terms.** A summary of other material terms of the SPA is set out in **Appendix 1** to this Announcement.

#### **4. RATIONALE OF THE PROPOSED TRANSACTION AND BENEFITS TO THE GROUP**

The Proposed Transaction will secure a permanent place of business for the Group and will cater for the expansion of the Group's real estate agency business, as well as generate rental income from leasing excess space not occupied by the Group to third parties.

The income generated from leasing to third party retailers and ERA Realty Network Pte Ltd agents is expected to offset the operating costs (including finance costs) of the Property.

#### **5. FINANCIAL INFORMATION**

- 5.1 Values.** Based on the unaudited financial statements of HC Home for the quarter ended 31 March 2018, the book value and net tangible asset value attributable to the Target Shares is approximately negative S\$2.56 million. The Proposed Transaction will be on a debt free cash free basis.
- 5.2 Net Profit.** Based on the unaudited financial statements of HC Home for the quarter ended 31 March 2018, the net loss (excluding extraordinary items) attributable to the Target Shares is approximately S\$0.14 million.

#### **6. FINANCIAL EFFECTS**

- 6.1 Bases and Assumptions.** The financial effects of the Proposed Transaction on the net tangible assets ("**NTA**") per share of the Company ("**Share**"), the earnings per Share ("**EPS**"), and the share capital of the Company are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after Completion. The pro-forma financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 ("**FY 2017**") and the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2018 ("**1Q 2018**").
- 6.2 NTA – FY 2017.** Assuming the Proposed Transaction had been completed on 31 December 2017, being the end of the most recently completed financial year of the Group, the financial effects on the consolidated NTA of the Group as at 31 December 2017 are as follows:



	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000)	32,639	32,639
No. of issued Shares ('000)	355,198	355,198
NTA per Share (cents)	9.19	9.19

**6.3 NTA – 1Q 2018.** Assuming the Proposed Transaction had been completed on 31 March 2018, being the end of the most recently completed financial quarter of the Group ended 31 March 2018, the financial effects on the consolidated NTA of the Group as at 31 March 2018 are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000)	38,788	38,788
No. of issued Shares ('000)	355,198	355,198
NTA per Share (cents)	10.92	10.92

**6.4 EPS – FY 2017.** Assuming the Proposed Transaction had been completed on 1 January 2017, being the beginning of the most recently completed financial year of the Group, the financial effects on the consolidated earnings of the Group for FY 2017, calculated based on profit after tax, minority interests and extraordinary items of the Group, are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Profit after tax and minority interests (S\$'000)	25,903	26,141
Weighted average number of Shares ('000)	322,563	322,563
Earnings per Share – Basic (cents)	8.03	8.10
Earnings per Share – Diluted (cents)	8.03	8.10

Note: The Group will be adopting fair value accounting for the Property.



**6.5 EPS – 1Q 2018.** Assuming the Proposed Transaction had been completed on 1 January 2018, being the beginning of the most recent financial year of the Group, the financial effects on the consolidated earnings of the Group for 1Q 2018, calculated based on profit after tax, minority interests and extraordinary items of the Group, are as follows:

	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
Profit after tax and minority interests (S\$'000)	5,917	5,972
Weighted average number of Shares ('000)	355,198	355,198
Earnings per Share – Basic (cents)	1.67	1.68
Earnings per Share – Diluted (cents)	1.67	1.68

Note: The Group will be adopting fair value accounting for the Property.

**6.6 Share Capital.** The Proposed Transaction will not have any impact on the issued and paid-up share capital of the Company.

## 7. MAJOR TRANSACTION

**7.1 Rule 1006.** The relative figures in relation to the Proposed Transaction computed on the applicable bases set out in Rule 1006 of the Listing Manual (“**Rule 1006**”) are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
(b)	The net profits attributable to the Target Shares compared with the Group’s net profits <sup>(1)</sup>	-2.3 <sup>(2)</sup>
(c)	The aggregate value of the consideration given, compared with the Company’s market capitalisation based on the total number of issued Shares excluding treasury shares	22.7 <sup>(3)</sup>

**Notes:**

- (1) Pursuant to Rule 1002 of the Listing Manual, “net profits” is defined as profit or loss before income tax, minority interests and extraordinary items
- (2) Based on the unaudited consolidated financial statements of the Group for 1Q 2018, the Group’s net profit was S\$5,917,000, and based on the unaudited consolidated financial statements of HC Home for the financial period ended 31 March 2018, HC Home’s net loss was S\$139,000.
- (3) The market capitalisation of the Company is based upon 355,197,700 Shares in issue as at the date of this Announcement at a volume weighted average price of S\$0.9044 for each Share on 4 June 2018, being the last full market day preceding the date of this Announcement.



**7.2 Classification.** As the relative figures under Rule 1006(c) exceed 20 per cent., the Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction is subject to the approval of the Shareholders.

**7.3 Circular.** The circular setting out information on the Proposed Transaction (“**Circular**”), together with a notice of the EGM to be convened, will be despatched to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

## **8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors and to the best of the Directors’ knowledge, none of the controlling Shareholders or their respective associates has any interest, direct or indirect, in the Proposed Transaction, other than that arising from their respective shareholdings and / or directorships, as the case may be, in the Company.

## **9. FURTHER INFORMATION**

**9.1 Directors’ Service Contracts.** No person is proposed to be appointed as a Director in connection with the Proposed Transaction. Accordingly no service contract is proposed to be entered into between the Company and any such person.

**9.2 Documents for Inspection.** A copy of the SPA and the report in relation to the Valuation is available for inspection during normal business hours at the registered office of the Company at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007, for a period of three months commencing from the date of this Announcement.

## **BY ORDER OF THE BOARD**

Chua Khee Hak  
CEO and Executive Director  
5 June 2018

DBS Bank Ltd. is the sole issue manager of the initial public offering and listing of APAC Realty Limited. DBS Bank Ltd. assumes no responsibility for the contents of this Announcement.



## APPENDIX 1

### OTHER MATERIAL TERMS OF THE SPA

1. **Warranties.** Pursuant to the terms of the SPA, the Vendor has provided warranties. The Vendor also agreed to indemnify, defend and hold harmless the Company from and against all losses, liabilities, damages, claims, actions, judgments or causes of action, based upon, arising out of or otherwise in respect of any inaccuracy in or any breach of any representation, warranty, covenant or agreement of the Vendor contained in the SPA or in any documents delivered pursuant to the SPA. The Vendor also undertakes to indemnify the Company against, and shall pay the Company the amount of, any claim, cost or expense payable by the Company that is incurred in relation to any claim, litigation or arbitration subsisting as at Completion with respect to the Company.
2. **Termination.** Pursuant to the terms of the SPA:
  - (a) in relation to the Shareholders' approval at the EGM, the Vendor shall be entitled to forfeit the Deposit and the SPA shall be deemed null and void if the Company does not commence the process to call the EGM by giving the requisite notice(s) to the Shareholders no later than 60 days from the date of the SPA;
  - (b) subject to the conditions of the due diligence exercise as provided in the SPA and the Company commencing the process to call the EGM within the 60 days mentioned in paragraph 2(a) of this Appendix 1 above, the Company shall be entitled to rescind the SPA and obtain a refund of the Deposit if the due diligence exercise on HC Home is deemed unsatisfactory, if the Company is unable to obtain the Shareholders' approval at the EGM or if the Company is unable to obtain the approval of HDB rendering the Company unable to complete the Proposed Transaction;
  - (c) in relation to the payment of the Purchase Price, the Vendor shall be entitled to forfeit the Deposit and treat the SPA as null and void and save for the Deposit being forfeited, neither the Vendor nor the Company shall have any claims against each other, in the event of delay or default in the payment of any of the sums comprising the Purchase Price; and
  - (d) in relation to the Completion obligations of the Company and the Vendor under the SPA, the Company shall be entitled to rescind the SPA and obtain a refund of the Deposit if Completion does not occur on the Completion Date and following such non-occurrence, Completion does not occur on the new date for Completion.