

PROPOSED DISPOSAL OF INVESTMENT PROPERTY

1. INTRODUCTION

1.1 The Proposed Disposal

The board of directors (the “**Directors**” or the “**Board**”) of MYP Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Grace Shine Pte. Ltd. (“**GSPL**”), a wholly-owned subsidiary of the Company, has on 24 September 2020 entered into a conditional sale and purchase agreement (the “**SPA**”) with Artemis Ventures Pte. Ltd. (the “**Purchaser**”) to divest the whole of Lot Nos. 1034T, 1035A and 1036K, and Strata Lot Nos. U3771W, U3772V, U3773P, U3774T, U3775A, U3776K, U3777N, U3778X, U3779L and U3780N, all of Town Subdivision 23 comprising the premises known as “ABI Plaza” at 11 Keppel Road, Singapore 089057 (the “**Property**”), together with the plant, machinery and equipment located thereon, upon the terms and conditions set out in the SPA (the “**Proposed Disposal**”).

1.2 Information on the Property

The Property is a freehold commercial building located at 11 Keppel Road, Singapore 089057. The 12-storey office tower has a total net lettable area of approximately 92,498 square feet, 4 car park levels and the average floor plate is around 12,500 square feet per floor. The Property was acquired by GSPL in 2011 for S\$175 million. The Company subsequently acquired GSPL in two tranches in 2013 and 2015, and the total cost of acquisition attributable to the Property is S\$165.8 million (the “**Cost of Acquisition**”).

2. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the Group’s efforts to maintain a strong balance sheet with sufficient resources for future investment needs for long term and sustainable growth. In light of the uncertainty in the global economy and property market caused by the COVID-19 pandemic, the Proposed Disposal presents an opportunity for the Group to unlock the underlying value of the Property and re-deploy the proceeds to potentially higher yielding assets to optimise returns to shareholders of the Company (the “**Shareholders**”).

In light of the above, the Board believes that the Proposed Disposal is in the best interests of the Group and the Shareholders.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

A summary of the principal terms of the Proposed Disposal is set out below.

3.1 Consideration and Valuation

The consideration for the Proposed Disposal is S\$200.0 million (the “**Consideration**”). The Property was put up for sale through a marketing process conducted by an independent property consultant, Jones Lang LaSalle (JLL), and the Consideration was arrived at on a willing-buyer, willing-seller basis, taking into account *inter alia* the market value of the Property, prevailing economic conditions affecting the property market and the offers which the Company had received. The Consideration amounts to approximately S\$34.2 million more than the Cost of Acquisition of S\$165.8 million.

The Consideration shall be paid by the Purchaser to GSPL in the following manner:

- (a) a deposit of S\$1,000,000 shall be paid by the Purchaser within two weeks from the date of the SPA; and
- (b) the balance of the Consideration shall be paid upon completion of the Proposed Disposal under the SPA ("**Completion**").

The latest independent valuation of the Property was commissioned by the Company as part of the Group's yearly valuation of its portfolio of investment properties, and was carried out by Teho Property Consultants Pte Ltd using the market comparison and capitalisation of income methods. Based on the valuation report dated 4 May 2020 (the "**Valuation Report**"), the market value of the Property as at 31 March 2020 is S\$260.1 million.

3.2 Conditions Precedent

Completion of the Proposed Disposal is conditional upon, *inter alia*, the following salient conditions being satisfied, fulfilled or waived, as the case may be:

- (a) the Company having obtained approval from Shareholders at an extraordinary general meeting ("**EGM**") to be duly convened for the Proposed Disposal, or waiver ("**Waiver**") from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") from the requirement to do so, within 16 weeks from the date of the SPA or such other date as may be mutually agreed by GSPL and the Purchaser;
- (b) GSPL or the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the Proposed Disposal;
- (c) GSPL being the registered proprietor of the Property and the title to the Property being properly deduced and in order and free from encumbrances on Completion;
- (d) there being no acquisition or notice of intended acquisition which affects more than five percent (5%) of the land area of the Property (or any part thereof) by the government or other statutory or competent authority; and
- (e) the Property not being materially damaged or destroyed.

3.3 Completion

Subject to the fulfilment of the pre-completion conditions set out in the SPA (including those set out in paragraph 3.2 above), Completion is expected to take place on the later of (a) 4 weeks from the date of the SPA; (b) 4 weeks from the date of the Waiver; and (c) 2 weeks from the date of the EGM, or such other date mutually agreed by both parties in writing.

3.4 Stamp Duty

The Purchaser shall bear any stamp duty payable in connection with the Proposed Disposal.

3.5 State and Condition

The Property will be sold on an "as is, where is" basis as at the date of the SPA, and subject to and with the benefit of tenancies, leases, licences and/or occupation agreements which are subsisting as at Completion.

4. INFORMATION ON PURCHASER

The Purchaser is an investment holding company incorporated in Singapore and linked to a private fund managed by CapitaLand Fund Management Pte. Ltd. The Purchaser is unrelated to GSPL or the Company.

5. FINANCIAL INFORMATION

5.1 Use of Proceeds

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses pertaining to the Proposed Disposal (which includes legal and professional fees), would be approximately S\$197.5 million (the “**Net Proceeds**”). The Net Proceeds shall be applied towards repayment of bank loan (including prepayment fee) and the general working capital of the Group.

	S\$ million
Consideration	200.0
Transaction related expenses (estimate)	(2.5)
Net proceeds	<u>197.5</u>
Repayment of bank loan (including prepayment fee)	<u>(93.5)</u>
Net cash inflow on Completion	<u>104.0</u>

5.2 Financial Effects

(a) Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the net tangible asset (“**NTA**”) per share and losses per share (“**LPS**”) of the Group, prepared on a proforma basis on the audited consolidated financial statements of the Group for the financial year ended 31 March 2020 (“**FY2020**”) and on the assumption that the Proposed Disposal will result in net proceeds of approximately S\$197.5 million, are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

(b) NTA

Assuming that the Proposed Disposal had been completed on 31 March 2020, being the end of the most recently completed financial year of the Group, the financial effects on the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	347,622	287,522
No. of issued ordinary shares, excluding treasury shares ('000)	1,592,469	1,592,469
NTA per share, excluding treasury shares (S\$ cents)	21.8	18.1

(c) LPS

Assuming that the Proposed Disposal had been completed on 1 April 2019, being the beginning of the most recently completed financial year of the Group, the profit attributable to Shareholders and the financial effects on the LPS of the Group for FY2020 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to Shareholders (S\$ '000)	(2,084)	(61,643)
Weighted average no. of ordinary shares, excluding treasury shares ('000)	1,592,469	1,592,469
LPS (S\$ cents) (excluding treasury shares)	(0.13)	(3.87)

5.3 Share Capital

The Proposed Disposal will not have any impact on the issued and paid-up share capital of the Company.

5.4 Book Value of the Property

Based on the Company's latest audited consolidated financial statements for FY2020 ("FY2020 FS"), the book value of the Property is approximately S\$260.1 million.

5.5 NTA of the Property

The NTA value of the Property is S\$260.1 million.

5.6 Net Loss Attributable to the Property

Based on the FY2020 FS, the net loss (before tax) attributable to the Property for FY2020 is approximately S\$429,000.

5.7 Deficit of Consideration over Book Value

Based on the book value of the Property as set out in section 5.4 above, there is a deficit of approximately S\$60.1 million of the Consideration over the said book value.

5.8 Gain or Loss on Disposal

The Proposed Disposal would amount to a "book" loss on disposal of approximately S\$60.1 million. This loss, which represents the difference between the Consideration of S\$200.0 million and the latest book value of the Property as at 31 March 2020 of S\$260.1 million, will be reflected in the Group's financial statements on Completion.

However, taking into consideration the historical Cost of Acquisition of S\$165.8 million, the actual "cash" profit to the Group arising from the Proposed Disposal is S\$34.2 million.

6. RULE 1006 RELEVANT FIGURES

6.1 The relative figures in relation to the Proposed Disposal computed on the applicable basis set out in Rule 1006 of the Listing Manual of the SGX-ST (the "Listing Manual") and based on the figures reported in the FY2020 FS, are as follows:

Rule 1006	Listing Rule	Relative Figures (%)
(a)	The net asset / liabilities value of the assets to be disposed of, compared with the group's net asset / liabilities value.	75 ⁽¹⁾
(b)	The net profits / losses ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits / losses.	21 ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares.	114 ⁽⁵⁾
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁶⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	N.A. ⁽⁷⁾

Notes:

- (1) Computed based on the net asset value of the Property of S\$260,000,000 and net asset value of the Group of S\$347,600,000 as at 31 March 2020.
- (2) "Net profits / losses" means profits or losses before income tax, minority interests and extraordinary items.
- (3) Computed based on the net losses generated by the Property of S\$429,000 for FY2020 and net losses of the Group of S\$2,014,000 for FY2020.
- (4) The Company's market capitalisation is determined by multiplying the 1,592,469,212 Shares by the volume weighted average price of S\$0.11 per Share on 23 September 2020, being the last traded market day immediately preceding the date of the SPA.
- (5) Computed based on the Consideration of S\$200,000,000, and the Company's market capitalisation of S\$175,171,613.
- (6) This basis is not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Disposal.
- (7) This basis is not applicable as the Proposed Disposal is not of mineral, oil or gas assets.

6.2 Pursuant to Rule 1014 of the Listing Manual, where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the transaction is classified as a major transaction which must be made conditional upon approval by shareholders in general meeting. Accordingly, the Company will be convening an EGM to obtain the approval of Shareholders for the Proposed Disposal unless such requirement is waived by the SGX-ST.

7. EXTRAORDINARY GENERAL MEETING AND SHAREHOLDERS' CIRCULAR

As stated in section 6.2, the Company intends to convene an EGM to seek Shareholders' approval for the Proposed Disposal unless such requirement is waived by the SGX-ST. The circular containing further details of the Proposed Disposal, as well as a notice of the EGM in connection therewith, will be despatched to Shareholders in due course, if required.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Announcement and save for their respective interests arising by way of their shareholdings and/or directorships in the Company, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, 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.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts on the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the Valuation Report are available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 9 Battery Road, #09-03 MYP Centre, Singapore 049910.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the management office email at admin@myp.com.sg prior to making any visits to arrange for a suitable time slot for the inspection.

12. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
MYP LTD.

Jonathan Tahir
Executive Chairman and Chief Executive Officer
28 September 2020