

**DYNA-MAC HOLDINGS LTD.**

Co. Reg. No. 200305693E  
(Incorporated in Singapore)

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**THE PROPOSED DISPOSAL OF THE PROPERTIES LOCATED AT 37 TECH PARK CRESCENT SINGAPORE 637851 & 39 TECH PARK CRESCENT SINGAPORE 637852 - GRANT OF OPTION TO PURCHASE**

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## **1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Dyna-Mac Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly owned subsidiary, Dyna-Mac Marine and Heavy Engineering Pte. Ltd. (hereinafter referred to as the the “**Vendor**”) has, on 9 March 2020 granted SCW Investment Pte. Ltd. (UEN: 201706940H) And/ Or Nominees (the “**Purchaser**”) an option to purchase (the “**Option**”) the properties located at 37 Tech Park Crescent Singapore 637851 & 39 Tech Park Crescent Singapore 637852 (collectively, the “**Properties**”) at the sale price (the “**Consideration**”) of S\$9,500,000.00 (the “**Proposed Disposal**”).

As the relative figure computed under Rule 1006a of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) exceeds 5% (but does not exceed 20%), the Proposed Disposal constitutes a disclosable transaction under Chapter 10 of the Listing Manual.

## **2. THE PROPOSED DISPOSAL AND SALIENT TERMS OF THE OPTION**

### **2.1 Information on the Properties**

The Properties have a leasehold estate of 60 years commencing from 18 August 1993 comprised in the Certificates of Title Vol 567 Folio 164 and Vol 567 Folio 165. The Properties have a combined gross floor area of approximately 5,006 sqm and were previously used as dormitories by the Vendor. The Properties are mortgaged in favour of Standard Chartered Bank (Singapore) Limited.

Currently, the Properties are vacant, and the Company and the Vendor do not conduct any operations at the Properties. There is therefore no income from the Properties, and no profits being derived from the Properties.

### **2.2 Consideration and Payment Terms**

The Consideration shall be fully satisfied in cash and was arrived at after arms’ length negotiations and based on a willing-buyer willing-seller basis having taken into account a valuation report dated 11 March 2019 issued by Robert Khan & Co Pte Ltd and commissioned by the Company (the “**Valuation Report**”).

Under the Option, the Consideration shall be payable by the Purchaser to the Vendor as follows:

(a) the sum of S\$95,000.00 (the “**Option Fee**”) (plus GST) shall be payable upon the grant of the Option by the Vendor;

(b) the sum of S\$380,000.00 (the “**Balance Deposit**”) shall be payable upon exercise of the Option by the Purchaser; and

(c) the balance of the Consideration, which is equivalent to 95% of the Consideration, shall be payable upon completion of the Proposed Disposal (“**Completion**”).

Under the terms of the Option, in the event that the Option is not exercised by the Purchaser, the Option Fee shall be forfeited to the Vendor.

### **2.3 Conditional Disposal**

The Proposed Disposal is conditional upon, *inter alia*, the following conditions precedent (the “**Conditions Precedent**”):

(i) the Purchaser’s solicitors having received satisfactory replies to the usual legal requisitions and road and drainage interpretation plans sent to the various relevant government departments; and

(ii) the written consent from the Commissioner of Land of the Singapore Land Authority (“**SLA**”) for the Proposed Disposal or written confirmation that no such consent is required.

### **2.4 Completion**

Completion of the Proposed Disposal is expected to take place on the date falling 3 months from the date of the Purchaser’s exercise of the Option, or such other date as may be agreed with the Purchaser (the “**Completion Date**”).

Vacant possession of the Properties shall be delivered to the Purchaser on the Completion Date.

## **3. RATIONALE FOR THE PROPOSED DISPOSAL**

The Board believes that the Proposed Disposal is in the best interests of the Group and the Shareholders, as it will enable the Group to realize the value of the Properties thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimize the utilization of assets.

## **4. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

### **4.1 Financial Effects**

The *pro forma* financial effects of the Proposed Disposal as set out below are for illustrative purposes only and do not necessarily reflect the future actual financial position and results of the Group following Completion.

Purely for illustrative purposes only, based on the Group's latest announced unaudited consolidated financial statements for the financial year ended 31 December 2019 (being the most recently completed financial year), the *pro forma* financial effects of the Proposed Disposal are as follows:

(i) Net tangible assets ("NTA") per share

Assuming that the Proposed Disposal had been completed on 31 December 2019:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	81,198	81,008
Number of issued shares excluding treasury shares ('000)	1,023,211	1,023,211
NTA per share (cents)	7.94	7.92

(ii) Earnings per share

Assuming that the Proposed Disposal had been completed on 1 January 2019:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss) after tax attributable to equity holders of the Company (S\$'000)	(23,791)	(23,981)*
Weighted average number of shares ('000)	1,023,211	1,023,211
Earnings per share (cents)	(2.33)	(2.34)

\*Taking into account the estimated expenses and tax.

## 4.2 Value of the Properties

The Properties are valued at S\$13,400,000.00 based on the Valuation Reports, which took into consideration various commercial factors, including the location and building design of the Properties.

Based on the latest announced unaudited accounts of the Company for the financial year ended 31 December 2019:

(i) the NTA value (and book value) of the Properties is approximately S\$9,500,000.00;

(ii) no net profits are attributable to the Properties;

(iii) proceeds from the Proposed Disposal equates the book value of the Properties; and

(iv) the net loss on the Proposed Disposal is expected to be approximately S\$190,000.00.

#### **4.3 Use of Proceeds**

The Company expects to receive gross proceeds of S\$9,500,000.00 from the Proposed Disposal (excluding estimated transactional expenses to be incurred in connection with the Proposed Disposal).

All proceeds of the sale will be used to continue to secure the bank facilities that was previously secured by the mortgage.

#### **5. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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

As at the date of this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company (if any).

#### **7. DOCUMENTS FOR INSPECTION**

A copy of each of the Option and the Valuation Report is available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date of this announcement.

#### **8. FURTHER ANNOUNCEMENTS**

The Company will make further announcements in relation to the Proposed Disposal as and when there are material developments.

#### **BY ORDER OF THE BOARD**

Lim Ah Cheng  
Chief Executive Officer  
10 March 2020