
THE DISPOSAL OF LAND HELD UNDER THE ISSUE DOCUMENT OF TITLE KNOWN AS HS (D) NO. 493036, PTD 4373, LOCATED IN MUKIM OF SUNGAI TIRAM, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR, TOGETHER WITH CERTAIN EQUIPMENT CONTAINED IN THE FACTORY ERECTED THEREON

1. INTRODUCTION

On 28 March 2021, T T J Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) had announced (the “**28 March 2021 Announcement**”) that the Company had obtained a waiver from the SGX-ST with regard to compliance with Listing Rule 1014(2) for the requirement of obtaining Shareholders' approval for the Group's intended entry into separate but inter-conditional sale and purchase agreements (collectively, the “**SPAs**” and each, an “**SPA**”) through a wholly-owned indirect subsidiary of the Company, MTTJ Engineering Sdn. Bhd. (the “**Vendor**”) pursuant to which the Group will dispose of land held under the issue document of title known as HS (D) No. 493036, PTD 4373, located in Mukim of Sungai Tiram, District of Johor Bahru, State of Johor together with certain equipment contained in the factory erected thereon held by the Vendor to the Purchaser (the “**Disposal**”).

On 8 June 2021, the Group had, through the Vendor, entered into the SPAs with Air Products Specialised Process Equipment Sdn. Bhd. (the “**Purchaser**”) for the Disposal for an aggregate consideration of RM41,700,000.00 (equivalent to approximately S\$13,377,000.00). The 28 March 2021 Announcement had stated that the prospective buyer was Air Products Malaysia Sdn Bhd. The Purchaser and Air Products Malaysia Sdn Bhd are affiliated entities and the Vendor was subsequently informed that the Purchaser would be the entity entering into the SPAs.

2. EXCHANGE RATE

All exchange rates used in this announcement are based on the illustrative exchange rate of S\$1.00 to RM3.1172 as at 7 June 2021, unless otherwise stated.

3. INFORMATION ON THE VENDOR, THE PURCHASER AND THE ASSETS

The Vendor is a wholly-owned indirect subsidiary of the Company incorporated in Malaysia that is primarily engaged in activities in the manufacturing industry, including metal fabrication and general engineering works.

The Purchaser is an unrelated and independent third-party company incorporated in Malaysia that is primarily engaged in the manufacturing of cryogenic air separation equipment.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings (if any) in the Company. No director is proposed to be appointed to the board of directors of the Purchaser in connection with the Disposal.

The Assets comprise:

- (a) the property held under the issue document of title known as HS (D) No. 493036, PTD 4373, Mukim of Sungai Tiram, and District of Johor Bahru, State of Johor with a land area of approximately 4.931 hectares and all buildings erected on the property (the “**Property**”); and

- (b) certain equipment contained in the factory erected thereon (the "**Equipment**", together with the Property, the "**Assets**").

The Assets were purchased by the Vendor in 2017 for, *inter alia*, the Group's then existing business of fabrication of structural steel including but not limited to the prefabrication of Prefabricated Prefinished Volumetric Construction ("**PPVC**") units. However, as disclosed in the Company's 2019 Annual Report, the margins in the PPVC industry were deemed to be unviable due to intense competition, and the Group had discontinued its PPVC business. Due to the foregoing, the Property has been left vacant and the Equipment is currently not in use.

4. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

A summary of the material terms and conditions of the Disposal as set out in the SPAs include, *inter alia*, the following:

4.1 Consideration and Deposit

The aggregate consideration for the sale and purchase of the Assets is RM41,700,000.00 (equivalent to approximately S\$13,377,000.00) (the "**Consideration**"), with the consideration for the Property amounting to RM34,700,000.00 (equivalent to approximately S\$11,132,000.00) (the "**Property Consideration**") and the consideration for the Equipment amounting to RM7,000,000.00 (equivalent to approximately S\$2,245,000.00) (the "**Equipment Consideration**").

The Property Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, prevailing market conditions, the location, size and state of maintenance of the Property, and the valuation. The Group had commissioned PA International, an independent third-party valuer, to undertake a valuation of the Property. PA International had valued the open market value of the Property at RM33,900,000.00 (equivalent to approximately S\$10,875,000.00) in their valuation report dated 26 February 2021 (the "**Valuation Report**"). The methods of valuation used by PA International were the cost approach and the comparison approach. In addition, the Vendor had advertised the sale of the Property via newspaper advertisements, but no other concrete offers other than the Purchaser's offer were received.

The Equipment Consideration was negotiated on an arm's length basis and was arrived at on a willing-buyer willing-seller basis. The Group did not carry out a valuation on the Equipment as taking into account the current book value of the Equipment which is approximately RM4,542,000.00 (equivalent to approximately S\$1,457,000.00) based on the Group's latest announced unaudited consolidated financial statements for the half year ended 31 January 2021, the Group is of the view that the Equipment Consideration represents a fair and reasonable offer.

4.2 Terms of Payment

4.2.1 Property Consideration

The Property Consideration shall be satisfied in cash in the following manner:

- (a) A deposit of an amount equivalent to 7% of the Property Consideration, being RM2,429,000.00 (equivalent to approximately S\$779,000.00) (the "**Property Deposit**"), was paid by the Purchaser to the Vendor's solicitors (to be held on behalf of the Vendor pending fulfillment of the Property Conditions Precedent as defined below) pursuant to the Property SPA;
- (b) A retention sum of an amount equivalent to 3% of the Property Consideration, being RM1,041,000.00 (equivalent to approximately S\$334,000.00) (the "**Retention Sum**") was deposited with the Purchaser's solicitors as stakeholders to be released to the Director-General of the Inland Revenue in accordance with the Real Property Gains Tax Act 1976 or any statutory modification thereof; and

- (c) The balance of an amount equivalent to 90% of the Property Consideration, being RM31,230,000.00 (equivalent to approximately S\$10,019,000.00) ("**Property Balance Purchase Consideration**") shall be payable within three (3) months from date on which the last of the Property Conditions Precedent (as defined below) are fulfilled (the "**Property Due Date**"), unless extended for up to one (1) month extension subject to payment of interest at the rate of 8% per annum calculated on a daily basis.

The Property Consideration cannot be varied by any changes made by the Land Office to the issue document of title to the Property in respect of the land size. All quit rent, assessment, sewerage charges and other outgoings (if any) payable in respect of the Property shall have been fully paid and kept up to date or will be fully settled by the Vendor by the date of payment of the Property Balance Purchase Consideration by the Purchaser to the Vendor.

4.2.2 Equipment Consideration

The Equipment Consideration shall be satisfied in cash in the following manner:

- (a) A deposit of an amount equivalent to 10% of the Equipment Consideration, being RM700,000.00 (equivalent to approximately S\$224,000.00) (the "**Equipment Deposit**"), was paid by the Purchaser to the Vendor's solicitors (to be held on behalf of the Vendor pending fulfillment of the Equipment Conditions Precedent as defined below) pursuant to the Equipment SPA.
- (b) The balance of an amount equivalent to 90% of the Equipment Consideration, being RM6,300,000.00 (equivalent to approximately S\$2,021,000.00) (the "**Balance Equipment Consideration**") shall be payable within three (3) months from date on which the last of the Equipment Conditions Precedent (as defined below) are fulfilled (the "**Equipment Due Date**"), unless extended for up to one (1) month extension subject to payment of interest at the rate of 8% per annum calculated on a daily basis.

4.3 **Conditions Precedent**

4.3.1 Conditions Precedents in the SPA for the disposal of the Property (the "**Property SPA**")

The completion of the Property SPA is conditional upon, *inter alia*:

- (a) the Vendor securing the necessary written approval from the relevant state authority permitting the transfer of the Property from the Vendor to the Purchaser; and
- (b) the Purchaser securing the necessary written approval from the relevant state authority permitting the purchase of the Property by the Purchaser from the Vendor.

(collectively, the "**Property Conditions Precedent**")

4.3.2 Conditions Precedent in the SPA for the disposal of the Equipment (the "**Equipment SPA**")

The completion of the Equipment SPA is conditional upon, *inter alia*, the fulfillment of the Property Conditions Precedent. As such, the completion of the Equipment SPA is conditional upon the completion of the Property SPA (the "**Equipment Conditions Precedent**", and together with the Property Conditions Precedent, the "**Conditions Precedent**").

In the event that the Conditions Precedent are not fulfilled within nine (9) months from the date of the SPAs, the Vendor and Purchaser shall have the option to either (a) grant an extension for such period as the Vendor and Purchaser shall deem fit and proper for purposes of fulfilling the Conditions Precedent or (b) to appeal against the rejection or the conditions imposed by the relevant state authority; or to terminate the respective SPAs and the Property Deposit, Retention Sum and Equipment Deposit shall be refunded to the Purchaser.

4.4 **Completion**

Completion of the Property SPA is inter-conditional upon the completion of the Equipment SPA and *vice versa*.

4.4.1 Completion of the Property SPA

Completion of the Property SPA shall take place upon the fulfilment of the Property Conditions Precedent. The Property Conditions Precedent shall be fulfilled within 9 months (the “**Property Procurement Period**”) from the date of the Property SPA. In the event that the Property Conditions are not secured or fulfilled by the expiry of the Property Procurement Period, the parties may by mutual agreement agree on the extension of the Property Procurement Period (the “**Extended Property Procurement Period**”) or to terminate the Property SPA and the Property Deposit and Retention Sum shall be refunded to the Purchaser.

4.4.2 Completion of the Equipment SPA

Completion of the Equipment SPA shall take place at the same time as the completion of the Property SPA. The Equipment Conditions Precedent shall be fulfilled within 9 months (the “**Equipment Procurement Period**”) from the date of the Equipment SPA. In the event that the Equipment Conditions are not secured or fulfilled by the expiry of the Equipment Procurement Period, the parties may by mutual agreement agree on the extension of the Equipment Procurement Period (the “**Extended Equipment Procurement Period**”) or to terminate the Equipment SPA and the Equipment Deposit shall be refunded to the Purchaser.

4.5 **Other Material Terms**

4.5.1 Vendor Warranties for the Equipment SPA

The Vendor represents and warrants to the Purchaser that each of the certificate(s) of fitness issued by the Department of Occupational Safety and Health in respect of the key equipment (the “**Certificates of Fitness**”) shall be valid and effective for a period of no less than three (3) months following the three (3) business days from the Completion Date (the “**Handover Date**”) (“**Expiry Period**”). In the event any of the Certificates of Fitness shall expire on or before the Expiry Period, the Vendor undertakes to renew the expiring Certificates of Fitness such that the Certificates of Fitness shall be valid for the Expiry Period, failing which the Vendor shall indemnify the Purchaser against any loss, damage, cost and expenses suffered or incurred by the Purchaser as a result of such non-renewal by the Vendor.

5. **RATIONALE FOR THE DISPOSAL**

The Board is of the view that the Disposal would allow the Group to convert the unused and non-revenue generating assets into liquidity. As the Disposal would enable the Group to convert these assets into a substantial amount of cash (being the consideration received from the Disposal, less transaction costs), the Board is of the view that the Disposal is in the best interest of the Group.

6. **USE OF PROCEEDS FROM THE DISPOSAL**

The net proceeds arising from the Disposal will amount to approximately RM41,268,000.00 (equivalent to approximately S\$13,239,000.00), after deducting estimated costs and expenses (excluding tax expenses) of approximately RM432,000.00 (equivalent to approximately S\$138,000.00) to be incurred in connection with the Disposal. The net proceeds from the Disposal are intended to be used for working capital purposes and to undertake new investment opportunities that may arise in future.

7. FINANCIAL INFORMATION

7.1 Book Value or Net Tangible Assets Value of the Assets

Based on the Group's latest announced unaudited consolidated financial statements for the half year ended 31 January 2021 ("1HFY2021"), the book value or net tangible assets value of the Assets is RM36,198,000.00 (equivalent to approximately S\$11,612,000.00).

7.2 Latest Available Open Market Value of the Assets

The Group had commissioned PA International, an independent third-party valuer, to undertake a valuation of the Property. Pursuant to the Valuation Report, the Property was valued at RM33,900,000.00 (equivalent to approximately S\$10,875,000.00), by PA International, a full service Chartered Surveyors and Registered Valuers firm which provides property valuation & advisory services, real estate brokerage services, research & consultancy services, property management and other related real estate corporate services. The said valuation was arrived at by PA International by the cost approach and the comparison approach.

As set out in section 4.1 above, the Group did not carry out a valuation on the Equipment as taking into account the current book value of the Equipment which is approximately RM4,542,000.00 (equivalent to approximately S\$1,457,000.00 based on the Group's latest announced unaudited consolidated financial statements for 1HFY2021, the Group is of the view that the Equipment Consideration represents a fair and reasonable offer.

7.3 Net Loss Attributable to the Assets

Based on the Group's latest announced unaudited consolidated financial statements for 1HFY2021, net loss attributable to the Assets is RM965,000.00 (equivalent to approximately S\$309,000.00) pertaining to the administrative costs and depreciation expense.

7.4 Excess of Consideration over Book Value

Based on the Group's latest announced unaudited consolidated financial statements for 1HFY2021, there is an excess of RM5,502,000.00 (equivalent to approximately S\$1,765,000.00) of the Consideration over the book value of the Assets as set out in Section 7.1 above.

7.5 Gain on Disposal

The Disposal is expected to generate a net gain on disposal (being excess of the Consideration over the book value and costs of disposal of the Assets, excluding tax expenses) of approximately RM5,070,000.00 (equivalent to approximately S\$1,627,000.00) upon Completion for the Group.

8. FINANCIAL EFFECTS

8.1 Illustrative Nature of Financial Effects

The *pro forma* financial effects of the Disposal for the most recently completed financial year, based on the audited consolidated financial statements of the Group for the financial year ended 31 July 2020 ("FY2020") are set out below. These financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group following the completion of the Disposal:

8.2 Net tangible assets (“NTA”)

Assuming the Disposal was completed on 31 July 2020, the *pro forma* financial effects of the Disposal on the consolidated NTA of the Group are as follows:

	Before the Disposal	After the Disposal
Consolidated NTA attributable to the shareholders (\$)	125,860,000	127,277,000
Number of issued shares⁽¹⁾	349,500,000	349,500,000
Consolidated NTA per share attributable to the shareholders (Singapore cents)	36.01	36.42

(1) Excluding 500,000 treasury shares.

8.3 Earnings per Share (“EPS”) or Loss per Share (“LPS”)

Assuming the Disposal was completed on 1 August 2019, being the beginning of the most recently completed financial year of the Group, the *pro forma* financial effects of the Disposal on the EPS or LPS of the Group are as follows:

	Before the Disposal	After the Disposal
Loss after tax attributable to Shareholders (\$)	(11,259,000)	(9,632,000)
Number of issued shares⁽¹⁾	349,500,000	349,500,000
EPS/(LPS) (Singapore cents)	(3.22)	(2.76)

(1) Excluding 500,000 treasury shares.

8.4 Share Capital

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

9. CHAPTER 10 OF THE LISTING MANUAL OF THE SGX-ST (THE “LISTING MANUAL”)

9.1 Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Disposal are set out below:

Rule	Basis of Computation	Relative figures
1006(a)	Net asset value of the Assets compared with the Group’s net asset value. ⁽¹⁾	9.15%
1006(b)	Net profits attributable to the Assets, compared with the Group’s net profits. ⁽²⁾	(12.38%)
1006(c)	Aggregate value of the Consideration received for the Disposal compared with the Company’s market capitalisation. ⁽³⁾	25.52%
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁴⁾
1006(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 and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable ⁽⁵⁾

Notes:

- (1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities. The net asset value of the Assets is approximately S\$11,612,000.00 (equivalent to approximately RM36,198,000.00), and the Group’s net asset value is S\$126,925,000.00 are based on the latest announced unaudited consolidated financial statements of the Group for 1HFY2021.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss before income tax, minority interests and extraordinary items. The net loss attributable to the Assets is approximately S\$309,000.00 (equivalent to approximately RM965,000.00) pertaining to the administrative costs and depreciation expense and the net profits of the Group of S\$2,495,000.00 are based on the latest announced unaudited consolidated financial statements of the Group for 1HFY2021.
- (3) The Consideration for the Assets is approximately S\$13,377,000.00 (equivalent to RM41,700,000.00). The Company’s market capitalisation of S\$52,425,000.00 is computed based on 349,500,000 shares in issue (excluding treasury shares) and the weighted average price of S\$0.15 per share transacted on 7 June 2021.
- (4) This basis is not applicable as it is not an acquisition.
- (5) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

9.2 Major Transaction

As the relative figures computed under Rule 1006(c) of the Listing Manual exceed 20% (but do not exceed 100%), the Disposal constitutes a Major Transaction under Chapter 10 of the Listing Manual.

As disclosed in the Company’s announcement on 28 March 2021 the Company had obtained a waiver from the SGX-ST with regard to compliance with Listing Rule 1014(2) and Shareholders’ approval is not required.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Company's Directors or substantial shareholders or their associates has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings (if any) in the Company.

11. DETAILS OF ANY SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Disposal. Accordingly, there is no service contract proposed to be entered into between the Company with any person proposed to be appointed as a director to the Board.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 57 Pioneer Road Singapore 628508 for a period of three (3) months from the date of this announcement:

- (a) the constitution of the Company; and
- (b) the FY2020 Annual Report;
- (c) the SPAs; and
- (d) the Valuation Report.

The FY2020 Annual Report may be accessed on the Company’s website at the URL www.ttj.com.sg, and has also been made available on SGXNet.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, such physical inspection may be restricted. Please contact the Company at ttjde@ttj.com.sg for more information.

BY ORDER OF THE BOARD

Teo Hock Chwee
Chairman and Managing Director

8 June 2021