

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED DISPOSAL OF 150 ORCHARD ROAD #02-19 AND #02-20 SINGAPORE 238841

Issuer & Securities

Issuer/ Manager

TA CORPORATION LTD.

Securities

TACORP S\$27M6%N260726 - SGXF74214317 - MCLB
TA CORPORATION LTD - SG2D87975520 - PA3

Stapled Security

No

Announcement Details

Announcement Title

Asset Acquisitions and Disposals

Date & Time of Broadcast

26-Oct-2023 21:58:09

Status

New

Announcement Sub Title

Proposed Disposal of 150 Orchard Road #02-19 and #02-20 Singapore 238841

Announcement Reference

SG231026OTHR5ILL

Submitted By (Co./ Ind. Name)

Tam Siew Kheong / Foo Soon Soo

Designation

Chief Financial Officer / Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attached.

Attachments

[TA Proposed Disposal of Orchard Plaza.pdf](#)

Total size = 125K MB



TA CORPORATION LTD

(Incorporation in the Republic of Singapore)

Co. Registration No. 201105512R

ANNOUNCEMENT

PROPOSED DISPOSAL OF 150 ORCHARD ROAD #02-19 & #02-20 SINGAPORE 238841

1. INTRODUCTION

The Board of Directors of TA Corporation Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that The Investment Firm Pte. Ltd. (“**TIF**”), an indirect wholly-owned subsidiary of the Company, had on 26 September 2023 issued to SGUnited Capital Pte. Ltd. and/or its nominee (the “**Purchaser**”):

- (i) an option to purchase dated 26 September 2023 in respect of the property located at 150 Orchard Road, #02-19, Singapore 238841; and
- (ii) an option to purchase dated 26 September 2023 in respect of the property located at 150 Orchard Road, #02-20, Singapore 238841

(collectively, the “**Properties**”, and each a “**Property**”, and the options to purchase collectively, the “**Options**”, and each an “**Option**”) on the terms and subject to the conditions of the Options. The Options were exercised by the Purchaser on 26 October 2023 (the “**Exercise Date**”), thereby constituting contracts with the Purchaser for the sale of both Properties (the “**Proposed Disposal**”).

As the relative figures computed under Rule 1006(a) 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 Rule 1010 of the Listing Manual.

2. INFORMATION ON THE PROPERTIES AND THE PURCHASER

2.1 Background of the Properties

The Properties are leasehold commercial properties with a tenure of 99 years which commenced on 2 June 1977. The Properties have a combined gross area of approximately 325 square meters.

The Properties have been leased by to an unrelated third party since 25 February 2022, and will be sold subject to the existing tenancy and on an “as is, where is” basis. If the existing tenancy is terminated due to any reason whatsoever on or before the Completion Date (as defined below), the Purchaser shall accept vacant possession of such part of the Properties in the vacant state and condition so delivered on completion.

2.2 Value of the Properties

Based on the latest announced unaudited condensed interim financial statements of the Group for the half year ended 30 June 2023 (“1H2023”):

- (i) the carrying value of the Properties is approximately S\$7.65 million;
- (ii) the net loss attributable to the Properties is approximately S\$0.002 million;⁽¹⁾
- (iii) the net deficit from the Proposed Disposal over the carrying value of the Properties is approximately S\$0.3 million; and
- (iv) the net loss on the Proposed Disposal is expected to be approximately S\$0.15 million.⁽²⁾

Notes:

- (1) The net loss attributable to the Properties was computed based on the aggregate annual rental income of the Properties after deducting for direct operating expenses and loss in fair value of the Properties for 1H2023.
- (2) The net loss of the Properties was computed on the difference between the net sale proceeds and the carrying value as at 1H2023.

2.3 Information on the Purchaser

The Purchaser is a company incorporated in Singapore and is an independent and unrelated third party.

To the best of the Company’s directors’ knowledge and as confirmed by the Purchaser to the Company, the Purchaser (and its beneficial owners) are not related to any of the Company’s Directors, controlling shareholders, chief executive officer or their respective associates. As at the date of this Announcement, the Purchaser does not hold shares in the Company.

3. RATIONALE

The Board believes that the Proposed Disposal will be beneficial to, and is in the best interests of, the Company and the Group for the following reasons:

- (i) The Properties are non-core assets of the Group and the Proposed Disposal would allow the Group to realise the value of the Properties, which will allow the Group to reallocate its resources to improve and optimize the utilisation of assets.
- (ii) Notwithstanding that the Proposed Disposal will result in a loss on disposal of approximately S\$0.15 million, the Board has considered and resolved that the Proposed Disposal will be in the commercial interests and benefit to the Group as the Proposed Disposal will improve the liquidity of the Group. The proceeds from the Proposed Disposal will also be applied by the Group towards reducing its bank borrowings which enable the Group to achieve substantial interest savings.

4. USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S\$7.3 million (after deducting estimated expenses of approximately S\$0.2 million) from the Proposed Disposal. The Company intends to utilise the net proceeds towards reducing its bank borrowings as well as the general working capital requirements of the Group.

5. SALIENT TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

The aggregate consideration payable for the Proposed Disposal of S\$7.5 million (the “**Consideration**”) was arrived at on a willing-buyer and willing-seller basis, following negotiations conducted on an arm’s length basis between the Purchaser and the Company and taking into account, *inter alia*, the prevailing market conditions and references to the sale transaction records of similar commercial units and/or developments in the vicinity of the location of the Properties. The Company had not commissioned for an independent external valuation of the Properties for the purposes of the Proposed Disposal.

Under the Options, the Consideration shall be paid as follows:

- (i) 1% of the Consideration amounting to S\$75,000 (the “**Deposit**”) which has been paid by the Purchaser to TIF upon the issuance by the Options by TIF to the Purchaser;
- (ii) 4% of the Consideration amounting to S\$300,000 which has been paid by the Purchaser to TIF upon the exercise of the Options by the Purchaser; and
- (iii) the balance 95% of the Consideration amounting to S\$7,125,000 with GST therein to be paid by the Purchaser to TIF upon the completion of the sale of the Properties on the Completion Date.

5.2 Completion

The simultaneous completion of the sale and purchase of the Properties will take place on 26 November 2023 (“**Completion Date**”), being twelve (12) weeks from the Exercise Date.

In the event the Purchaser fails to complete the sale and purchase of both Properties on the Completion Date, the Purchaser will be in default under the Options and TIF may refuse to complete the sale and purchase of the relevant Property until the Purchaser completes the sale and purchase of the other Property simultaneously together with the completion of the sale and purchase of the first mentioned Property. TIF shall (without prejudice to any other rights) also be entitled to charge the Purchaser interest until such completion take place.

6. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006

The relative figures of the Proposed Disposal as computed on the bases set out in Rule 1006 of the Listing Manual have been computed based on the latest announced unaudited condensed interim financial statements of the Group for 1H2023:

Rule 1006	Bases	Relative Figures (%) ⁽¹⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	10.8 ⁽³⁾
(b)	The net profit ⁽²⁾ attributable to the assets to be acquired or disposed of, compared with the Group's net losses.	-0.02 ⁽⁴⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	-19.83 ⁽⁵⁾
(d)	The 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 ⁽⁶⁾
(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.	Not applicable ⁽⁷⁾

Notes:

- (1) The relative figures are rounded to the nearest one (1) decimal place.
- (2) "Net profit" means profit including discontinued operations that have not been disposed (where applicable) and before income tax and non-controlling interests.
- (3) Rule 1006(a) is calculated based on the net asset value of the Group of S\$70.9 million and the net asset value of the Properties of S\$7.65 million as at 30 June 2023.
- (4) Rule 1006(b) is calculated based on the net loss attributable to the Properties of S\$0.002 million and the net loss before tax of the Group of S\$12.0 million for 1H2023.
- (5) Rule 1006(c) is calculated based on the consideration of S\$7.5 million and the market capitalisation of the Company of S\$37.82 million based on the weighted average price of the Company's shares on the SGX-ST of S\$0.073 (being the last traded price on 16 July 2023, the last trading day before the Company requested for a trading halt on 17 July 2023).
- (6) Not applicable as the Proposed Disposal is a disposal of assets.
- (7) Not applicable as the Proposed Disposal is not a disposal of mineral, oil and gas assets.

As the relative figures computed under Rule 1006(a) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal is a "disclosable transaction" as defined in Rule 1010 of the Listing Manual.

7. FINANCIAL IMPACT OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal on the Group as set out below are strictly

for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Disposal.

The following financial effects of the Proposed Disposal are computed based on the Group's audited consolidated financial statements for the financial year ended 31 December 2022 ("FY2022") and the following bases and assumptions:

- (a) the financial effects of the Proposed Disposal on the earning per share ("EPS") of the Company are computed based on the assumption that the Proposed Disposal is completed on 1 January 2022; and
- (b) the financial effects of the Proposed Disposal on the NTA of the Company are computed based on the assumption that the Proposed Disposal is completed on 31 December 2022.

NTA Per Share

As at 31 December 2022	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
NTA (S\$ million)	83.48	83.14
Number of shares	518,068,220	518,068,220
NTA per share (Singapore cents)	16.1	16.0

EPS

FY2022	Before the Completion of the Proposed Disposal	After the Completion of the Proposed Disposal
Profit attributable to owners of the Company (S\$ million)	12.1	11.8
Number of shares	518,068,220	518,068,220
Profit per share (Singapore cents)	2.34	2.28

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (so far as they are aware), the controlling shareholders of the Company or their respective associates, has any interest, direct or indirect (other than through their respective directorships and shareholdings in the Company), 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 in connection with the Proposed Disposal.

10. DOCUMENTS FOR INSPECTION

Copies of the Options will be made available for inspection during normal business hours at the Company's registered office at 1 Jalan Berseh #03-03 New World Centre Singapore 209037, for a period of three (3) months from the date of this Announcement.

By the Order of the Board
TA Corporation Ltd

Foo Soon Soo / Tam Siew Kheong
Company Secretaries

Date: 26 October 2023