

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED DISPOSAL OF UNITS IN NEW WORLD CENTRE - GRANT OF OPTIONS TO PURCHASE

Issuer & Securities

Issuer/ Manager

TA CORPORATION LTD.

Stapled Security

No

Announcement Details

Announcement Title

Asset Acquisitions and Disposals

Date & Time of Broadcast

31-Mar-2024 19:33:43

Status

New

Announcement Sub Title

Proposed Disposal of Units in New World Centre - Grant of Options to Purchase

Announcement Reference

SG240331OTHRC0B2

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 attachment.

Attachments

[20240331 TA Ann Disposal New World Grant OTP Att.pdf](#)

Total size =177K MB



TA CORPORATION LTD.

(Incorporated in the Republic of Singapore)

Company Registration No.: 201105512R

ANNOUNCEMENT

PROPOSED DISPOSAL OF UNITS IN NEW WORLD CENTRE – GRANT OF OPTIONS TO PURCHASE

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of TA Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 10 March 2024 (the “**LOI Announcement**”) in relation to the receipt of a letter of intent (the “**LOI**”) from SGUnited Capital Pte. Ltd., a third-party (the “**Purchaser**”) indicating its interest to purchase various units of New World Centre situated at 1 Jalan Berseh, Singapore 209037 as set out paragraph 3.1 of this announcement (collectively, the “**New World Properties**”), for a purchase consideration (the “**Purchase Consideration**”) of S\$43,000,000 (the “**Proposed Disposal**”).

Unless otherwise stated, all capitalised terms used herein shall have the meaning as ascribed to them in the LOI Announcement.

- 1.2. As set out in the LOI Announcement, the Company has submitted an application to the SGX RegCo to seek a waiver from compliance with Rule 1019(1) of the Mainboard Rules (the “**Waiver**”) for the grant of options to purchase the New World Properties (the “**OTPs**”) prior to obtaining approval from the Company’s shareholders (the “**Shareholders**”). The Board wishes to update that the Company has on 25 March 2024 received the outcome of the Waiver, further details of which are set out in paragraph 10 of this announcement.
- 1.3. The Board wishes to announce that the OTPs have been granted to the Purchaser on 28 March 2024.

2. INFORMATION ON THE PURCHASER

Shareholders should note that information relating to the Purchaser in this paragraph and elsewhere in this announcement was provided by the Introducer. The Company and the Board have not independently verified the accuracy and correctness of such information herein.

- 2.1. The Purchaser, SGUnited Capital Pte. Ltd., is a company registered in Singapore whose principal business activities are (a) investments, and (b) provision of management consultancy services. The Purchaser is introduced to the Company by Brilliance Capital Pte. Ltd. (the “**Introducer**”) which is a real estate agency registered with the Council for Estate Agencies. The commission payable to the Introducer is S\$860,000 (“**Commission Payable**”).
- 2.2. To the best of the Company’s knowledge, the Company confirms that the Purchaser and the Introducer are not related to the Group, the Company’s directors, controlling shareholders and their respective associates.

3. INFORMATION ON THE NEW WORLD PROPERTIES

- 3.1. The New World Properties comprising the following units at 1 Jalan Berseh Singapore

209037, are held by the respective wholly owned subsidiaries of the Company (the “Vendors”) as follows:

| Name of subsidiary | Units |
|--|--|
| Cornerstone Builders Pte. Ltd. (formerly known as TA Builders Pte. Ltd.) | #03-02 |
| Sino Holdings (S'pore) Pte Ltd | #01-03 / 15 / 16, #02-02 / 03 / 04 / 05 / 06 / 07 / 08 / 09 / 10 / 11 / 12 / 13 / 14 / 15 / 16 / 17 / 18 / 19 / 20 / 21 / 22 / 23 / 24 / 25 / 26 / 27 / 28, #03-01 / 04 / 05 / 07 / 08 / 09 / 10 / 11 / 12 / 13 / 14 / 15 / 16 |
| Tiong Aik Holding Pte Ltd | #03-03 |

3.2. The Proposed Disposal is sold subject to existing tenancy(ies), and subsidiaries of the Company which are presently tenants of the New World Properties will continue to conduct business activities and operations of the Group in such New World Properties after the Proposed Disposal.

4. SALIENT TERMS OF THE OTPs

4.1. Purchase Consideration

The Purchase Consideration of S\$43.00 million (excluding goods and services tax) was arrived at on a willing buyer and willing seller basis, after taking into account, *inter alia*, prevailing market conditions, the latest available valuation of the New World Properties as at 31 December 2023, the Purchaser's offer was the sole written offer received for the New World Properties since August 2023, and the collective disposal of the New World Properties on an as-is where-is basis. Further details of the valuation of the New World Properties are set out in paragraph 5 of this announcement.

4.2. Payment terms

Under the OTPs, the Purchase Consideration shall be payable by the Purchaser to the Vendors as follows:

- (a) 1% of the Purchase Consideration placed with the LOI as demonstration of the Purchaser's interest (“**Good Faith Deposit**”);
- (b) 5% of the Purchase Consideration (less Good Faith Deposit) upon exercise of the OTPs on or before 2 May 2024; and
- (c) 95% of the Purchase Consideration upon completion of the Proposed Disposal, i.e. within 12 weeks from date of exercise of the OTPs (“**Completion Date**”).

The Good Faith Deposit was received on 8 March 2024.

4.3. Collective disposal of the New World Properties

As the respective units of the New World Properties are held by the respective Vendors, each Vendor had issued an OTP to the Purchaser in respective of the unit(s) it holds, as set out in paragraph 3.1 of this announcement.

Under the terms of the OTPs,

- (a) in the event that the OTPs are not exercised simultaneously on the same date by the Purchaser, the Good Faith Deposit shall be forfeited by the Vendors;

- (b) each Vendor shall not be obliged to complete the sale of the unit(s) it holds unless and until the Purchaser shall complete the purchase of the other units held by the other Vendors simultaneously and at the same time; and
- (c) in the event that other Vendors are unable to complete the sale of the units they own on the Completion Date, a Vendor may at its absolute discretion choose to complete the sale of the unit(s) it owns (i) pending completion the sale of the other units held by other Vendors, or (ii) simultaneously with the completion of the sale of the other units held by the other Vendors.

4.4. **Conditions precedent**

The Proposed Disposal is subject to the Shareholders' approval to be obtained at a general meeting ("**General Meeting**") by the Completion Date.

If the Shareholders' approval is not obtained by the Completion Date, the Vendor may rescind the sale of its New World Properties which it owns, the OTPs shall lapse and be *void ab initio* and all sums paid by the Purchaser to the Vendors shall be refunded to the Purchaser.

4.5. **Sold "as-is, where-is" and subject to existing tenancy(ies)**

The New World Properties are sold on an "as-is, where-is" basis and subject to existing tenancy(ies) as may be subsisting as at Completion Date and on the terms and conditions of the respective tenancy agreements.

5. **VALUATION OF THE NEW WORLD PROPERTIES**

- 5.1. The latest available valuation reports for the New World Properties ("**Valuation Reports**") were issued by an independent valuer, Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. ("**Colliers Singapore**"). Based on the Valuation Report, the aggregate market value of the New World Properties as at 31 December 2023 was S\$51.06 million ("**Market Value**"). Colliers Singapore had considered the comparison method approach to assess and arrive at the market value of the new World Properties. The market value is defined in the International Valuation Standards and SISV Valuation Standards and Practice Guidelines as the "estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".
- 5.2. Based on the unaudited net book value of the New World Properties as at 31 December 2023 of S\$49.96 million ("**Unaudited Net Book Value**") and the Purchase Consideration of S\$43.00 million, the Proposed Disposal is expected to result in a loss of S\$6.96 million and a deficit of S\$6.96 million over the Unaudited Net Book Value before deducting professional fees and other related expenses.
- 5.3. The unaudited net profits attributable to the New World Properties for the financial year ended 31 December 2023 ("**FY2023**") was S\$1.39 million taking into consideration of the combined rentals of various units and its expenses.

6. **USE OF PROCEEDS**

The Company expects to receive net proceeds of approximately S\$13.00 million ("**Net Proceeds**") (after settlement of bank loans . New World Properties amounting to approximately S\$28.49 million and deducting the Commission Payable and estimated professional fees and other related expenses amounting to approximately S\$0.35 million) from the Proposed Disposal. The Company intends to utilise the Net Proceeds to reduce the Group's indebtedness and for general working capital purposes.

7. **RATIONALE FOR THE PROPOSED DISPOSAL**

- 7.1. The Board is of the view that the Proposed Disposal is in the best interest of the Group as the New World Properties do not generate adequate rental income and the Net Proceeds will improve the liquidity of the Group, allowing the Group to reduce its liabilities, reallocate its resources and optimise the utilisation of assets which is in line with the Group's restructuring process.
- 7.2. The Board is cognisant that the Purchase Consideration represents a 15.79% discount to the Market Value and 13.92% discount to the Unaudited Net Book Value. Notwithstanding, the Board is of the view that the Proposed Disposal at Purchase Consideration is in the best interest of the Company as the Purchase Consideration represents the sole offer received since private marketing efforts commenced in the third-quarter of 2023, benefits the Group by improving its liquidity, and has the support of key bank lenders with security over the respective New World Properties.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 8.1. The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and do not reflect the future financial performance and position of the Group after completion of the Proposed Disposal.

The financial effects of the Proposed Disposal are computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 and on the following bases and assumptions:

- (a) the financial effects on the net tangible asset ("**NTA**") per ordinary share issued in the capital of the Company ("**Share**") are computed based on the assumption that the Proposed Disposal was completed on 31 December 2022;
- (b) the financial effects on the earnings per Share ("**EPS**") are computed based on the assumption that the Proposed Disposal was completed on 1 January 2022.

8.2. NTA per Share

| As at 31 December 2022 | Before the Completion of the Proposed Disposal | After the Completion of the Disposal |
|---------------------------------|--|--------------------------------------|
| NTA (S\$ million) | 83.48 | 75.32 |
| Number of Shares | 518,068,220 | 518,068,220 |
| NTA per Share (Singapore cents) | 16.11 | 15.54 |

8.3. EPS

| FY2022 | Before the Completion of the Disposal | After the Completion of the Disposal |
|--|---------------------------------------|--------------------------------------|
| Profit attributable to owners of the Company (S\$ million) | 12.14 | 3.98 |
| Number of issued Shares | 518,068,220 | 518,068,220 |
| Profit / (Loss) per Share (Singapore cents) | 2.34 | 0.77 |

9. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE MAINBOARD RULES

- 9.1. The relative figures computed on the bases set out in Rule 1006 of the Mainboard Rules in respect of the Proposed Disposal and based on the Company's latest announced unaudited consolidated financial statements for FY2023 are as follows:

| Rule | Bases | Relative figure |
|-------------|--|--|
| 1006(a) | The net asset value of the assets to be disposed of, compared with the Group's net asset value. | 43.68% (Note 1) |
| 1006(b) | The net profits attributable to the assets disposed of, compared with the Group's net profits. | 3.82% (Note 2) |
| 1006(c) | The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. | 113.70% (Note 3) |
| 1006(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 as the Proposed Disposal is not an acquisition. |
| 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. | Not applicable as the Proposed Disposal is not a disposal of mineral, oil or gas assets. |

Notes:

- (1) Based on the unaudited net asset value of the New World Properties of S\$49,960,000 and the unaudited net asset value of the Group of S\$114,378,000 as at 31 December 2023.
- (2) Based on the unaudited net profits attributable to the New World Properties of S\$1,386,000 and the Group's unaudited net profits of S\$36,246,000 (including discontinued operations that have not been disposed (where applicable) and before income tax and non-controlling interests) for FY2023.
- (3) Based on the Purchase Consideration of S\$43,000,000 and the Company's market capitalisation of S\$37,818,980 which is determined by multiplying 518,068,220 Shares by the weighted average price of the Company's shares on Singapore Exchange Securities Trading Limited ("SGX-ST") of S\$0.073 (being last traded price on 16 July 2023, the last trading day before the Company requested for a trading halt on 17 July 2023).

9.2. As the relative figures for the Proposed Disposal computed on the bases set out in Rules 1006(a) and 1006 (c) of the Mainboard Rules exceed 20%, the Proposed Disposal constitutes a "major transaction" as defined under Rule 1014 of the Mainboard Rules and requires the approval of the Shareholders at a General Meeting to be convened.

10. WAIVER FROM RULE 1019 OF THE MAINBOARD RULES

10.1. Application to the SGX RegCo

Under Rule 1019(1) of the Mainboard Rules, if an option to acquire or dispose of assets is not exercisable at the discretion of the issuer, shareholders' approval must be obtained at the time of grant of the option. Accordingly, the Company is required to seek shareholders' approval prior to the grant of the OTPs to the Purchaser.

Following the Company's submission of the Waiver to SGX RegCo on 8 March 2024 and noting that the Company will be seeking its shareholders' approval prior to the completion of the Proposed Disposal, the SGX RegCo had on 25 March 2024, informed the Company that it had no objection to the Waiver, subject to the following conditions:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Rule 107 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the

announcement, the Company must make an update announcement when the conditions have all been met;

- (b) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and
- (c) the Proposed Disposal will be subject to the requirements of Listing Rule 1014 and shareholders' approval prior to the completion of the Proposed Disposal after the OTPs has been exercised by the Purchaser.

As at the date of this announcement, save for item (c) above, all of the conditions to the Waiver have been met.

10.2. Grounds for Waiver

The grounds for the application of the Waiver are as follows:

- (a) The Proposed Disposal benefits the Group by improving its liquidity

The Proposed Disposal will realise net cash proceeds of approximately S\$13 million (after settlement of bank loans taken on the New World Properties, deducting the estimated professional fees and other related expenses), thereby improving the liquidity of the Group. This would also allow the Group to substantially reduce its liabilities, reallocate its resources to improve and optimise the utilisation of assets which is in line with the Group's restructuring process.

- (b) The Proposed Disposal remains subject to approval from the Shareholders

The OTPs are customary documents in the context of commercial property sale and purchase transactions, which are provided to a prospective purchaser prior to consummation of the actual transaction. This is to ensure that the seller's interests in proceeding with the sale of the property will be safeguarded by way of receipt of an option fee or deposit from the purchaser.

In the event that the Purchaser exercises the OTPs, the Company will still be required to obtain its Shareholders' approval in respect of the Proposed Disposal pursuant to Rule 1014 of the Mainboard Rules. The OTPs provide that if the Shareholders' approval cannot be obtained by the Completion Date, the Vendors may at their absolute discretion rescind the Proposed Disposal by notice in writing to the Purchaser. Upon rescission, the contract for the Proposed Disposal shall be *void ab initio* and all sums paid by the Purchaser to the Vendors shall be refunded to the Purchaser without interest or compensation and neither party shall have any claim or demand against the other whatsoever.

On the above basis, the Waiver will not be prejudicial to the interests of the Shareholders. The Shareholders will still be provided with an opportunity to vote on the Proposed Disposal prior to completion of the Proposed Disposal.

- (c) Time is of the essence

Having to first convene a General Meeting to obtain the Shareholders' approval prior to or at the time of grant of the OTPs would likely result in considerable delay to the grant of the OTPs to the Purchaser, and likely to materially and adversely jeopardise the Proposed Disposal. This will in turn affect the Company's ongoing reorganisation efforts to streamline its operations and work towards a turn-around for the Group.

The offer made by the Purchaser is the sole offer which the Company has received to date since private marketing efforts commenced in the third-quarter of 2023, and has the support of key bank lenders with security over the subject-matter properties. It is in

the interests of the Company for the Vendors to grant the OTPs as expeditiously as possible to secure the price and the Purchaser's commitment to purchase the New World Properties and to safeguard the Company's interests in proceeding with the Proposed Disposal.

As both the Company and the Purchaser are keen to pursue the Proposed Disposal without delay, the Waiver sought will help to expedite both parties' commercial intentions.

(d) The Proposed Disposal does not result in a material change in the business activities and operations of the Group

The New World Properties are currently tenanted to certain subsidiaries of the Company and third-party tenants. The Proposed Disposal is sold subject to tenancy as may be subsisting as at completion and on the terms and conditions of the tenancy agreement. Therefore, the subsidiaries of the Company which are tenants of the New World Properties will continue to conduct the business activities and operations of the Group in the respective New World Properties after the Proposed Disposal. Further, the leasing of the New World Properties is not a core business of the Group.

Accordingly, while the Proposed Disposal is classified as a "major transaction" as defined in Rule 1014 of the Mainboard Rules, the Proposed Disposal will neither affect nor result in a material change in the business activities or operations of the Group.

11. SERVICE CONTRACT

No person will be appointed to the Board, and no service agreements will be entered into by the Group, in connection with the Proposed Disposal.

12. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

13. CIRCULAR AND DOCUMENT FOR INSPECTION

- 13.1. If the Purchaser exercises the OTPs by 2 May 2024, the Company will in due course despatch a circular to Shareholders containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of the General Meeting.
- 13.2. A copy of the OTPs and the Valuation Reports are available for inspection at the Company's registered office at No. 1 Jalan Berseh, #03-03 New World Centre, Singapore 209037, during normal business hours for a period of three months from the date of this announcement.

Trading of the Company's securities on the Singapore Exchange Trading Limited had been voluntarily suspended by the Company on 17 July 2023.

Shareholders and other stakeholders are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the shares or other securities of the Company. Shareholders and other stakeholders should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisors if they have any doubt about the actions they should take.

The Company shall make further announcements to update the Shareholders on any material developments in relation to the Proposed Disposal, including the exercise of the OTPs by the Purchaser.

BY ORDER OF THE BOARD

Foo Soon Soo/Tam Siew Kheong
Company Secretaries
31 March 2024