

MTQ CORPORATION LIMITED
(Incorporated in Singapore)
(Company Registration No. 196900057Z)

**PROPOSED DISPOSAL OF PROPERTY LOCATED AT 182 PANDAN LOOP SINGAPORE 128373
– GRANT OF OPTION TO PURCHASE**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of MTQ Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform shareholders (“**Shareholders**”) that the Company has on 1 September 2022 granted a new option (“**Option**”) to an independent third party purchaser (“**Purchaser**”) for the sale of the Company’s property located at 182 Pandan Loop Singapore 128373 (“**Pandan Property**”) together with certain plant and equipment as particularised in the Option to the Purchaser for an aggregate consideration of S\$6.0 million (“**Sale Price**”) on the terms and subject to the conditions of the Option (“**Proposed Disposal**”).

The Option was exercised on the same day.

2. INFORMATION ON THE PANDAN PROPERTY

The Pandan Property is a leasehold property measuring approximately 14,271 square metres granted by the JTC Corporation (“**JTC**”) with a 27-years lease tenure commencing from 16 September 2009. It has a 2-storey office building and 2 factory buildings situated thereon and is presently the registered office and principal place of business of the Company.

Based on the Group’s audited consolidated financial statements for the financial year ended 31 March 2022 (“**FY2022**”), the net asset value attributable to the Pandan Property as at 31 March 2022 (excluding lease accounting) is S\$1,017,000. Including lease accounting, the net asset value attributable to the Pandan Property as at 31 March 2022 is negative S\$365,000 (“**Carrying Value**”).

A valuation performed by the Company solely for the preparation of the Group’s audited financial statements for the financial year ended 31 March 2022 suggests that the fair value of the Pandan Property is approximately S\$6.6 million (“**Estimated Fair Value**”). No formal valuation has been performed or relied on by the Company for the purpose of the Proposed Disposal.

The Sale Price of S\$6.0 million represents an excess of approximately S\$6.365 million to the Carrying Value. After setting aside agent’s commission and professional fees, the Group is expected to record a gain on the Proposed Disposal of approximately S\$6.245 million.

3. SALIENT TERMS OF THE OPTION

3.1 Sale Price

3.1.1 The Sale Price for the Pandan Property is S\$6.0 million. In addition, goods and services tax thereon at the prevailing rate shall be payable by the Purchaser.

3.1.2 The Sale Price was arrived at on a willing-buyer-willing-seller basis taking into account, among other things, other offers received by the Company to date, the net book value of the Pandan Property as at 31 March 2022, and the Estimated Fair Value.

3.1.3 Under the terms and conditions of the Option, the Sale Price shall be payable as follows:

- (a) a sum of S\$60,000 ("**Option Fee**") equivalent to 1.0% of the Sale Price, shall be payable upon the grant of the Option by the Company;
- (b) a sum of S\$240,000 equivalent to 5.0% of the Sale Price less the Option Fee ("**Deposit**"), shall be payable upon the exercise of the Option by the Purchaser; and
- (c) a sum of S\$5.7 million, being the balance of the Sale Price shall be payable upon completion of the Proposed Disposal.

3.1.4 As at the date of this announcement, the Option has been exercised, and the Option Fee and Deposit has been received by the Company.

3.2 Conditional Disposal

The sale and purchase of the Pandan Property is subject to, *inter alia*:

- (a) satisfactory replies being received by the Purchaser's solicitors to their legal requisitions and application for drainage plans and road line plans;
- (b) the Company and the Purchaser obtaining written approval from JTC for the sale of the Pandan Property by the Company to the Purchaser ("**JTC Approval**") by 17 March 2023 ("**Target Date**"). In the event the JTC Approval is not obtained by the Target Date, the timeframe for obtaining the JTC Approval shall be extended to 31 December 2023; and
- (c) the Company obtaining by the Completion Date, its shareholders' approval for the sale of the Pandan Property by the Company to the Purchaser at the Sale Price (if required under any laws and regulations, including the listing rules of the Singapore Exchange Securities Trading Limited).

3.3 Completion

The sale and purchase of the Pandan Property shall be completed on the latest of the following dates (each a "**Completion Date**"):

- (a) 17 April 2023 (“**First Completion Date**”);
- (b) where the Target Date is extended pursuant to paragraph 3.2(b), the date falling one (1) month from date of the JTC Approval (“**Extended Completion Date**”).

4. RATIONALE FOR THE PROPOSED DISPOSAL

On 21 February 2022, the Company announced that it had finalised and executed agreements in connection with a proposed strategic collaboration with Cameron Singapore (a unit of Schlumberger). The agreements included a sale and purchase agreement to acquire a property situated at 100 Tuas South Avenue 8, Singapore 637424 (“**Tuas Property**”). The Company recently completed the acquisition of the Tuas Property.

The Tuas Property is a leasehold property granted by JTC with a 30-years lease tenure commencing from 1 April 2012 (subject to satisfaction of certain criteria as set out by JTC). The Tuas Property measures 31,000 square metres and has a bigger area than the Group’s property located at 54 Loyang Way, Singapore 508747 (measuring approximately 6,912 square metres) and the Pandan Property combined. As the date of this announcement, the Group is currently in the midst of planning for relocating its main Pandan Loop’s operations and headquarter to the Tuas Property and upon completing the relocation, the Pandan Property will be surplus to the Group’s needs.

Based on the Group’s audited consolidated financial statements for FY2022, the total expenses incurred by the Group in relation to the Pandan Property amounted to approximately S\$1.097 million. The Board believes that it is in the Group’s interests to rationalise its properties in Singapore to save on lease and property expenses. Further, the Board is of the view that the Proposed Disposal will enable the Group to realise the value of the Pandan Property and allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

5. USE OF PROCEEDS

The Group intends to use the net proceeds from the Proposed Disposal for its general working capital purposes.

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

6.1 Based on the audited consolidated financial statements of the Group for FY2022, the relative figures in relation to the Proposed Disposal computed on the bases set out under Rule 1006 of the Listing Manual are as follows:

Rule	Basis	Relative Figure
1006(a)	Net asset value of the Pandan Property, compared with the Group’s net asset value	(0.6%) ⁽¹⁾
1006(b)	Net profits attributable to the Pandan Property, compared with the Group’s net profits	Not applicable ⁽²⁾

1006(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	12.2% ⁽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
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 or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) This figure is based on the net asset value of Pandan Property (including lease accounting) of S\$(365,000) and the net asset value of the Group of S\$57,177,000 as at 31 March 2022. The net asset value attributable to the Pandan Property as at 31 March 2022 (excluding lease accounting) is S\$1,017,000, and based on such figure, the relative figure under Rule 1006(a) would be 1.8%.
- (2) Not applicable as the Pandan Property has been occupied by the Group for its own use and does not generate any income or revenue for FY2022. Please refer to paragraph 6.3 below for further details.
- (3) This figure is based on the Sale Price of S\$6.0 million and the Company's market capitalisation of approximately S\$49.2 million. The Company's market capitalisation was computed based on the Company's existing number of issued shares (less treasury shares) of 216,160,000 ordinary shares ("**Shares**") and the volume weighted average price of S\$0.228 per Share on 31 August 2022, which is the last full market day on which the Shares were traded prior to the date of the grant of the Option.

6.2 As the relative figure computed for Rule 1006(c) is more than 5.0%, the Proposed Disposal is a "disclosable transaction" as defined in Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

6.3 Pursuant to Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction with the applicable circumstances in Practice Note 10.1 of the Listing Rules, or if not so provided, at the discretion of the SGX-ST, in which case, issuers should consult the SGX-ST. The Group has deemed Rule 1006(b) to be "not applicable" as the Pandan Property is occupied by the Group for its own use and is not an income or revenue generating asset. Nonetheless, based on the Group's audited consolidated financial statements for FY2022, the total expenses incurred by the Group in relation to the Pandan Property amounted to approximately S\$1.097 million. If such sum is deemed a net loss attributed to the Pandan Property, compared to the net profit of the Group for FY2022 of S\$1.434 million, the relative

figure for Rule 1006(b) would be (76.5%), a negative figure. The Group is currently in consultation with SGX-ST on the application of Rules 1006(a) and (b) and will update Shareholders on the SGX-ST's position/ruling in due course.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the completion. The financial effects of the Disposal were calculated based on the audited consolidated financial statements of the Group for FY2022, being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

7.2 Net tangible asset ("NTA")

The effect of the Proposed Disposal on the NTA per share of the Group for FY2022, assuming that the Proposed Disposal had been effected as at 31 March 2022 is as follows:

As at 31 March 2022	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ '000)	53,994	60,239
Number of Shares (excluding treasury shares) ('000)	216,160	216,160
NTA per Share (Singapore cents)	25.0	27.9

7.3 Earnings per Share ("EPS")

The effect of the Proposed Disposal on the EPS of the Group for FY2022, assuming that the Disposal had been effected on 1 April 2021 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to owners of the Company (S\$ '000)	1,318	8,660
Weighted average number of Shares (excluding treasury shares) ('000)	216,151	216,151
EPS (Singapore cents)	0.61	4.01

8. SERVICE CONTRACT

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

9. 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.

10. DOCUMENT FOR INSPECTION

A copy of the Option is available for inspection at the registered office of the Company at 182 Pandan Loop Singapore 128373 for a period of three (3) months from the date of this announcement.

By Order of the Board

Tan Lee Fang
Company Secretary
1 September 2022