

T T J HOLDINGS LIMITED

(Company Registration No. 199204617M)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF ASSETS

All exchange rates used in this announcement are based on the illustrative exchange rate of S\$1.00 to RM3.1027 as at 2 May 2017, unless otherwise stated.

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of T T J Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that MTTJ Engineering Sdn. Bhd. (“**MTTJ**” or the “**Purchaser**”), a wholly-owned indirect subsidiary of the Company, has on 3 May 2017 entered into separate but inter-conditional sale and purchase agreements (collectively, the “**SPAs**” and each, an “**SPA**”) with Air Products Specialised Process Equipment Sdn. Bhd. (the “**Vendor**”), an unrelated and independent third party, pursuant to which the Vendor has agreed to sell, and MTTJ has agreed to purchase, property and equipment (collectively, the “**Assets**”) for an aggregate consideration of RM38,000,000.00 (the “**Proposed Acquisitions**”).

2. INFORMATION ON THE ASSETS

2.1 The Assets comprise

- (a) land 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 (or approximately 49,310 square meters) together with all buildings erected thereon (the “**Property**”). The SPA in respect of the Property shall be referred to as the “**Property SPA**”; and
- (b) equipment, which includes 22 overhead cranes and certain fixed plant, mechanical and electrical equipment located in or on the Property (the “**Equipment**”). The SPA in respect of the Equipment shall be referred to as the “**Equipment SPA**”.

Property

- 2.2 The Property is a leasehold property with a tenure of 60 years which will expire on 23 March 2071 (balance lease of approximately 54 years). The Property will be sold on an “as is where is” basis free from all caveats, charges, liens, mortgages, restraints or any encumbrances and with vacant possession but subject to all conditions of title (whether express or implied), restrictions in interest, and the existing category of land use affecting the Property and contained in the issue document of title to Property.
- 2.3 The buildings on the Property include, *inter alia*, two single-storey factories, a double storey office block and a single-storey canteen. The total built-up area is approximately 16,939 square meters. The Property is zoned for industrial usage and has been used for heavy industrial purposes. The Company intends to use the Property for *inter alia*, the Group’s existing business of fabrication of structural steel including but not limited to the prefabrication of Prefabricated Prefinished Volumetric Construction (“**PPVC**”) units.

Equipment

- 2.4 The Equipment will be used for structural steel fabrication and modular construction. As such, the Equipment will be used in the ordinary course of the Group’s business. The Equipment is also sold on an “as is where is” basis free from all caveats, charges, liens, mortgages, restraints or any encumbrances, save and except for the overhead cranes identified as Items No. 74 to No. 95 in the

Equipment SPA. The Purchaser is not entitled to rescind or terminate the Equipment Agreement for reasons of the state or condition of the Equipment, save and except for the overhead cranes.

3. RATIONALE OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions will enable the Group to enjoy savings in terms of labour costs. In addition, as disclosed in its FY2016 Annual Report, the Company had obtained in-principle acceptance (IPA) from the Building and Construction Authority of Singapore and various agencies for the supply of steel PPVC systems. PPVC is a construction method that the Singapore government is supporting to raise construction productivity. Prefabrication of PPVC units require large factory-controlled environment and the Proposed Acquisitions will allow the Group to expand its manufacturing capabilities and take on more large-scale projects.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

4.1 Consideration

4.1.1 The aggregate consideration for the sale and purchase of the Property and the Equipment is RM38,000,000.00 (equivalent to S\$12,247,397.43) (the “**Consideration**”), with the consideration for the Property amounting to RM32,000,000.00 (equivalent to S\$10,313,597.83) (the “**Property Consideration**”) and the consideration for the Equipment amounting to RM6,000,000.00 (equivalent to S\$1,933,799.59) (the “**Equipment Consideration**”). The Property Consideration and Equipment Consideration are exclusive of goods and services tax, which is at 6% for each.

Property Consideration

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

- (a) the first 2%, being RM640,000.00 (the “**Property Earnest Deposit**”), shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders (who shall place the same in an interest-bearing account) prior to the execution of the Property SPA. As at the date of this announcement, the Property Earnest Deposit has already been paid. The Property Earnest Deposit (with all interests earned thereon) shall be released to the Vendor at any time after the date of satisfaction of the last of the Property Conditions Precedent (as defined below) (the “**Property Effective Date**”);
- (b) the next 3%, being RM960,000.00 (the “**Property Retention Sum**”), shall be paid by the Purchaser to the Purchaser’s solicitors as stakeholders (who shall place the same in an interest-bearing account) on the date of the Property SPA. The Purchaser’s solicitors shall pay the Property Retention Sum to the relevant tax authority, in satisfaction of the Vendor’s property gains tax obligations arising from the Property SPA, within sixty (60) days from the Property Effective Date;
- (c) the subsequent 5%, being RM1,600,000.00 (the “**Property Balance Deposit**”), shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders (who shall place the same in an interest-bearing account) on the date of the Property SPA. The Property Balance Deposit (with all interests earned thereon) shall be released to the Vendor at any time after the Property Effective Date; and
- (d) the balance 90%, being RM28,800,000.00 (the “**Balance Property Consideration**”), shall be paid by the Purchaser to the Vendor’s solicitors as stakeholder within three (3) months from the Property Effective Date (the last date of the said period is the “**Property Due Date**”). In the event that the Purchaser is unable for whatever reason to pay the Balance Property Consideration by the Property Due Date, the Vendor may grant the Purchaser a one-month extension for the payment of the Balance Property Consideration (the “**Property Extended Due Date**”), subject to the payment of interest by the Purchaser to the Vendor on a daily basis at the rate of 8% per annum on the Balance Property Consideration from the Property Due Date to the actual date of payment of the Balance Property Consideration (the

“**Late Payment Interest**”). In the event that the Purchaser fails to pay the Balance Property Consideration and Late Payment Interest by the Property Extended Due Date, such failure shall be considered a breach by the Purchaser entitling the Vendor to either claim for specific performance or terminate the Property SPA.

- 4.1.3 The Property Earnest Deposit, Property Retention Sum and Property Balance Deposit constitute the total deposit (the “**Property Deposit**”) towards part payment of the Property Consideration.
- 4.1.4 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. Goods and services tax will be solely borne and paid by the Purchaser. All quit rent, assessment, sewerage charges and other outgoings (if any) payable in respect of the Property shall be apportioned as at the date of delivery of vacant possession of the Property by the Vendor to the Purchaser and any sum found due by one party to the other by virtue of such apportionment shall be paid or allowed as the case may be on such date.
- 4.1.5 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 Company had commissioned V. Sivadas (“**VS**”), an independent third party valuer, to undertake a valuation of the Property. VS had valued the open market value of the Property at RM36,500,000.00 in their valuation report dated 20 March 2017 (the “**Valuation Report**”). The methods of valuation used by VS were the cost approach and the comparison approach.

Equipment Consideration

- 4.1.6 The Equipment Consideration shall be satisfied in cash in the following manner:
- (a) the first 2%, being RM120,000.00 (the “**Equipment Earnest Deposit**”), shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders (who shall place the same in an interest-bearing account) prior to the execution of the Equipment SPA. As at the date of this announcement, the Equipment Earnest Deposit has already been paid. The Equipment Earnest Deposit (with all interests earned thereon) shall be released to the Vendor at any time after the date of satisfaction of the Equipment Condition Precedent (as defined below) (the “**Equipment Effective Date**”);
 - (b) the next 8%, being RM480,000.00 (the “**Equipment Balance Deposit**”), shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders (who shall place the same in an interest-bearing account) on the date of the Equipment SPA. The Equipment Balance Deposit (with all interests earned thereon) shall be released to the Vendor at any time after the Equipment Effective Date; and
 - (c) the balance 90%, being RM5,400,000.00 (the “**Balance Equipment Consideration**”), shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders within three (3) months from the Equipment Effective Date (the last date of the said period is the “**Equipment Due Date**”). In the event that the Purchaser is unable for whatever reason to pay the Balance Equipment Consideration by the Equipment Due Date, the Vendor may grant the Purchaser a one-month extension for the payment of the Balance Equipment Consideration (the “**Equipment Extended Due Date**”), subject to the payment of interest by the Purchaser to the Vendor on a daily basis at the rate of 8% per annum on the Balance Equipment Consideration from the Equipment Due Date to the actual date of payment of the Balance Equipment Consideration (the “**Late Payment Interest**”). In the event that the Purchaser fails to pay the Balance Equipment Consideration and Late Payment Interest by the Equipment Extended Due Date, such failure shall be considered a breach by the Purchaser entitling the Vendor to either claim for specific performance or terminate the Equipment SPA.
- 4.1.7 The Equipment Earnest Deposit and Equipment Balance Deposit constitute the total deposit (the “**Equipment Deposit**”) towards part payment of the Equipment Consideration.

- 4.1.8 The Equipment Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and on a willing-buyer and willing-seller basis.

Source of Funds

- 4.1.9 The Company intends to fund the Proposed Acquisitions by internal resources and bank borrowings. The Directors will determine the optimal mix of internal funding and external funding, taking into account the cash flow of the Group and prevailing funding costs.

4.2 Conditions Precedent

Conditions Precedents in the Property SPA

- 4.2.1 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 pursuant to the restriction-in-interest contained in the issue document of title to the Property where applicable, provided always that the application for the written approval must be submitted by the Vendor to the relevant state authority within 14 days from the date of the Property SPA and provided further that there shall be no delay by the Purchaser in providing any information and/or documentation required by the relevant state authority for the submission of the application;
 - (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 pursuant to Section 433B of the National Land Code 1965 (as amended by the National Land Code (Amendment) Act 2016), provided always that the application for the written approval must be submitted by the Purchaser to the relevant state authority within 14 days from the date of the Property SPA and provided further that there shall be no delay by the Vendor in providing any information and/or documentation required by the relevant state authority for the submission of the application ("**CP2**"),

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

Conditions Precedent in the Equipment SPA

- 4.2.2 The completion of the Equipment SPA is conditional upon the fulfilment of the Property Conditions Precedent (the "**Equipment Condition Precedent**"). As such, the completion of the Equipment SPA is conditional upon the completion of the Property SPA.

4.3 Completion

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

Completion of the Property SPA

- 4.3.1 Completion of the Property SPA shall take place upon the fulfilment of the Property Conditions Precedent. The Property Conditions Precedent shall be fulfilled within nine (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 shall by mutual agreement in writing agree on the extension of the Property Procurement Period (the "**Extended Property Procurement Period**"), provided that the agreement by the Vendor to grant the Extended Property Procurement Period in respect of the fulfilment of CP2 shall be subject to an interest rate of 8% per annum calculated on daily rest against the Property Consideration where the Purchaser has (i) failed, delayed, defaulted, neglected and/or omitted to apply for CP2 within fourteen (14) days from the date of the Property SPA and/or (ii) failed, delayed, neglected and/or omitted to revert to any queries raised by the relevant state authority within three (3) business days from the date of such query(ies).

- 4.3.2 In the event that completion does not take place (i.e. the Property Conditions Precedent are not fulfilled by the Property Procurement Period (or Extended Property Procurement Period, as the case may be)), the Property SPA shall be deemed to be mutually terminated, whereupon the Purchaser shall return all documents provided by the Vendor to it under the Property SPA and withdraw any caveat or encumbrance lodged by it against the Property. Where the non-fulfilment of the Property Conditions Precedent is due to no fault, negligence, default and/or omission of the Purchaser, the Property Deposit (together with all interests earned thereon) shall be refunded to the Purchaser within seven (7) days from the date of termination. Where the non-fulfilment of the Property Conditions Precedent is due to the Purchaser's fault, negligence, default and/or omission, the Property Deposit (together with all interests earned thereon) shall be forfeited by the Vendor as liquidated damages by the Vendor. The Property Earnest Deposit and Property Balance Deposit shall be released to the Vendor by the Vendor's solicitors at any time after the Property Procurement Period (or Extended Property Procurement Period, as the case may be), and the Property Retention Sum shall be released to the Vendor by the Purchaser's solicitors within three (3) days from the date of a written notice from the Vendor's solicitors.

Completion of the Equipment SPA

- 4.3.3 Completion of the Equipment SPA shall take place at the same time as the completion of the Property SPA. In the event that the Equipment Condition Precedent is not fulfilled or procured by the Property Procurement Period (or the Extended Property Procurement Period, as the case may be), the Equipment SPA shall be deemed terminated, whereupon the Purchaser shall return all documents provided by the Vendor to it under the Equipment SPA. Where the non-fulfilment of the Equipment Condition Precedent is due to no fault, negligence, default and/or omission of the Purchaser, the Equipment Deposit (together with all interests earned thereon) shall be refunded to the Purchaser within seven (7) days from the date of termination. Where the non-fulfilment of the Equipment Condition Precedent is due to the Purchaser's fault, negligence, default and/or omission, the Equipment Deposit (together with all interests earned thereon) shall be forfeited by the Vendor as liquidated damages by the Vendor.

4.4 Other Material Terms

Loan

- 4.4.1 In the event that the Purchaser shall require a loan (the "**Loan**") to assist it in the purchase of the Property, the Purchaser shall on or before the Property Due Date (or Property Extended Due Date, as the case may be) pay or cause to be paid to the Vendor's solicitors as stakeholder the difference between the Loan and the Balance Property Consideration, if any ("**Differential Sum**"), and ensure that the Vendor's solicitors shall have received from the Purchaser's financier (the "**Lender**") a written undertaking addressed to the Vendor undertaking to release the Loan to the Vendor's solicitors, provided that any failure to make such payment by the Property Due Date (or the Property Extended Due Date, as the case may be) shall be deemed to be a breach by the Purchaser (the "**Undertaking**").

Government Acquisition

- 4.4.2 In the event that the Property (or any part thereof) shall before the Property Due Date (or the Property Extended Due Date, as the case may be) be or become affected by any notice of acquisition under the Land Acquisition Act 1960 or other legislation in Malaysia, the Purchaser has the right to either terminate the Property SPA or proceed with the purchase. If the Purchaser elects to terminate the Property SPA, all sums of money paid by the Purchaser under the Property SPA shall be refunded to the Purchaser, free of interest, and the Purchaser shall return all documents provided by the Vendor to it under the Property SPA, withdraw any caveat or encumbrance lodged by it against the Property, and (if applicable) redeliver vacant possession of the Property (including the Equipment) to the Vendor. If the Purchaser elects to proceed with the purchase, all compensation payable in respect of the government acquisition shall be paid to the Purchaser immediately upon the Vendor's receipt of the same, and the government acquisition shall not vitiate or annul the Property SPA or in any way release the Purchaser from its obligations under the Property SPA nor shall the Purchaser be entitled to any reduction of the Property Consideration which shall nevertheless be payable in full.

Non-Registration of Transfer

- 4.4.3 In the event that the duly executed instrument of transfer cannot be registered (for any reason whatsoever not occasioned by any act, default, omission or blameworthy conduct of any of the parties) in favour of the Purchaser and the parties have, within a reasonable time, done all acts or things necessary to rectify the matter concerned, all sums of money paid by the Purchaser under the Property SPA shall be refunded to the Purchaser, free of interest, within 14 days of the date of rejection (save for the Property Retention Sum, which shall be refunded to the Purchaser upon receipt from the relevant tax authority to whom it had been paid to). The Purchaser shall return all documents provided by the Vendor to it under the Property SPA, withdraw any caveat or encumbrance lodged by it against the Property, and (if applicable) redeliver vacant possession of the Property (including the Equipment) to the Vendor.

Breach

- 4.4.4 In the event that the Purchaser fails to complete the purchase of the Property and/or commits a breach of the Property SPA and/or fails to complete the Equipment SPA, for any reason other than the default of the Vendor, the Vendor shall be entitled to claim specific performance or terminate the Property SPA, whereupon a sum equivalent to the Property Deposit shall be forfeited or paid to the Vendor as agreed liquidated damages and all other monies paid by the Purchaser under the Property SPA shall be refunded, free of interest, to the Purchaser. The Purchaser shall return all documents provided by the Vendor to it under the Property SPA, withdraw any caveat or encumbrance lodged by it against the Property, and (if applicable) redeliver vacant possession of the Property (including the Equipment) to the Vendor.
- 4.4.5 In the event that Vendor fails to complete the sale of the Property and/or commits a breach of the Property SPA and/or fails to complete the Equipment SPA, for any reason other than the default of the Purchaser, the Purchaser shall be entitled to claim specific performance or terminate the Property SPA, whereupon a sum equivalent to the Property Deposit shall be paid to the Purchaser as agreed liquidated damages and all monies paid by the Purchaser under the Property SPA shall be refunded, free of interest, to the Purchaser. The Purchaser shall return all documents provided by the Vendor to it under the Property SPA, withdraw any caveat or encumbrance lodged by it against the Property, and (if applicable) redeliver vacant possession of the Property (including the Equipment) to the Vendor.

4.5 Termination

In the event that the Property SPA is terminated, the Equipment SPA shall be deemed terminated.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1 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 Proposed Acquisitions are set out below.

Rule	Proposed Acquisitions
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable, as this is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group’s net profits	Not applicable ⁽¹⁾
Rule 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	9.47% ⁽²⁾

Rule 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 Consideration will be satisfied in cash.
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group’s proved and probable reserves	Not applicable, as the Company is not a mineral, oil and gas company.

Notes:

- (1) This base is not applicable, in view that (i) the Consideration was based on commercial negotiation among the parties, taking into account the opinion of a professional firm commissioned by the Company to appraise the value of the Property and (ii) no operating profits were attributed to the Property and Equipment in arriving at the Consideration.
- (2) The Consideration for the Assets is RM38,000,000.00. The Company’s market capitalisation of S\$129,315,000.00 is computed based on 349,500,000 shares in issue (excluding treasury shares) and the weighted average price of S\$0.37 per share transacted on 2 May 2017, being the market day preceding the signing of the SPAs.

5.2 Discloseable Transaction

As the relative figure computed on the basis set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the Proposed Acquisitions constitute a discloseable transaction as defined under Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Acquisitions are based on, *inter alia*, the audited consolidated financial statements of the Company and the Group for the financial year ended 31 July 2016.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Acquisitions.

6.2 NTA per share

Assuming that the Proposed Acquisitions were completed on 31 July 2016, the *pro forma* financial effects of the Proposed Acquisitions on the consolidated net tangible assets (“NTA”) of the Group are as follows:

	Before the Proposed Acquisitions	After completion of the Proposed Acquisitions
Consolidated NTA attributable to the shareholders (S\$)	125,792,000	125,792,000 ⁽¹⁾
Number of shares ⁽²⁾	349,500,000	349,500,000
Consolidated NTA per share attributable to the shareholders (Singapore cents)	35.99	35.99

Note:

- (1) There is no change in the NTA, as the non-current assets will be increased and the cash and cash equivalents will be decreased by the same amount at the same time due to the Proposed Acquisition.
- (2) Excluding 500,000 treasury shares.

6.3 Earnings per Share (“EPS”)

Assuming that the Proposed Acquisitions were completed on 1 August 2015, the financial effects of the Proposed Acquisitions on the EPS of the Group are as follows:

	Before the Proposed Acquisitions	After completion of the Proposed Acquisitions
Consolidated profit/(loss) after taxation and minority interests (S\$)	25,778,000	25,399,000 ⁽¹⁾
Weighted average number of shares ⁽²⁾	349,500,000	349,500,000
Consolidated earnings/(loss) per share (Singapore cents)	7.38	7.27

Note:

- (1) The decrease in consolidated profit after taxation and minority interests is due to depreciation of the Property by S\$185,232 and depreciation of the Equipment by S\$193,380, all other things being constant.
- (2) Excluding 500,000 treasury shares.

7. **SERVICE AGREEMENTS**

No person will be appointed to the Board in connection with the Proposed Acquisitions. 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.

8. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

9. **CAUTIONARY STATEMENT**

Shareholders are advised that the completion of the Proposed Acquisitions is subject to certain conditions precedent being fulfilled and there is no certainty or assurance that the Proposed Acquisitions will be completed or that no changes will be made to the terms of the SPAs. Accordingly, shareholders are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

10. **RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisitions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Property SPA, the Equipment SPA, and the Valuation Report will be available for inspection during normal business hours at the Company's registered office at 57 Pioneer Road, Singapore 628508 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Teo Hock Chwee
Chairman and Managing Director

3 May 2017