



## **SITRA HOLDINGS (INTERNATIONAL) LIMITED**

(Company Registration No.: 197901237E)

(Incorporated in the Republic of Singapore)

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### **UPDATE ON THE PROPOSED TRANSACTION IN RELATION TO THE PROPERTY AT 18 SUNGEI KADUT STREET 2, SUNGEI KADUT INDUSTRIAL ESTATE SINGAPORE 729236**

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*Unless otherwise defined, terms used in this announcement shall bear the same meaning ascribed to them in the announcements made by the Company on 11 December 2012, 6 February 2013, 29 April 2013, 3 July 2013, 22 July 2013, 14 October 2013 and 15 October 2013 (the “**Previous Announcements**”) in relation to the Proposed Transaction relating to the Property at 18 Sungei Kadut Street 2, Sungei Kadut Industrial Estate Singapore 729236.*

*Shareholders are advised to read the Previous Announcements for details of the background to this Announcement.*

#### **1. INTRODUCTION**

The Board of Directors of Sitra Holdings (International) Limited (“**Sitra**” or the “**Company**”) refers to the Previous Announcements and wishes to announce that the following agreements have been entered into on 2 December 2013:

- (1) A sale and purchase agreement between (a) the Company; (b) WFHPL; (c) the Promoters; and (d) Sitra Agencies Pte Ltd (“**SAPL**”), a wholly owned subsidiary of the Company (“**SPA**”).
- (2) A shareholders’ agreement between (a) the Promoters; (b) SAPL; and (c) WFHPL (“**SHA**”); and
- (3) A put and call option deed between (a) the Promoters; and (b) SAPL (“**Option Deed**”).

#### **2. SPA**

- 2.1 Under the SPA, the Company has agreed to sell to WFHPL, and WFHPL has agreed to purchase from the Company, the property located at 18 Sungei Kadut Street 2 Singapore 729236 at a consideration of Singapore Dollars Eight Million Six Hundred and Fifty Thousand only (S\$8,650,000.00) exclusive of goods and services tax thereon (the “**Consideration**”). The Property comprises a leasehold interest granted by JTC which will expire on 28 February 2025 (“**Leasehold Interest**”). The sale and purchase of the Property involves an assignment of the Leasehold Interest by the Company to WFHPL (the “**Assignment**”).

The Consideration was arrived at following arms’ length negotiation between the Company and the Promoters, on a willing-buyer-willing-seller basis and after taking into account various commercial factors including the current market prices of properties in the surrounding area at the time of execution of the MOU, the location of the Property and the terms and conditions set out in the MOU. Based on the valuation report dated 4 June 2012 commissioned by the Company and prepared by an independent valuer, GB Global Pte Ltd, the open market value of the Property as at 4 June 2012 was determined to be S\$8,000,000 (the “**Valuation Report**”). The comparable sales method has been adopted in the valuation report dated 4 June 2012. Under this method, a comparison is made with recent transaction of similar properties, preferably in the vicinity. Appropriate adjustments are made for differences in location, area, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market, among others.



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2.2 The salient terms of the SPA are as follows:-

- 2.2.1 Deposit. Upon the execution of the SPA, a sum of S\$665,000, being 10% of the Consideration less the Earnest Money of S\$200,000 was paid by WFHPL to the Company's solicitors, to be held by the Company's solicitors as stakeholders pending completion of the Assignment (the "**Completion**"). The said sum of S\$665,000 together with the amount of S\$200,000 paid to the Company upon the execution of the MOU, are to be credited towards partial payment of the Consideration on Completion.
- 2.2.2 JTC Consent to the Assignment. The sale and purchase is subject to the consent of JTC to the assignment of the Leasehold Interest and the proposed use of the Property by WFHPL for warehousing, storage, assembly, servicing and research and development of timber / wood furniture products, stone slabs / products and tiles, with ancillary regional HQ office and commercial retail activities.
- 2.2.3 Compliance with Terms and Conditions of JTC Consent. The Company and WFHPL shall each respectively at its own costs and expense promptly and within the time stipulated by JTC, fully accept, comply with, observe and perform all the terms and conditions in the JTC Consent Letter (as defined below) and all the requirements of JTC and/or any relevant authority as may be imposed by JTC and/or the relevant authority on the respective parties.

On 15 October 2013, the Company announced that it had obtained the JTC Approval in principle to *inter alia* (i) the assignment of the Leasehold Interest to WFHPL; and (ii) upon successful Completion, the grant to WFHPL of a further leasehold term in the Property commencing on 1 March 2025 and expiring on 4 September 2043 (the "**Further Term**").

On 7 November 2013, the Company received the formal written approval of JTC dated 6 November 2013 to the assignment of the Leasehold Interest ("**JTC Consent Letter**"). The conditions imposed in the JTC Consent Letter, which are applicable to the Company include *inter alia*, the following:-

- (a) The Company shall settle all property tax, outstanding charges, costs such as land rent and solicitors costs incurred in respect of the Property up to the date of Completion;
  - (b) SAPL shall occupy at least 50% of the gross floor area of the Property and shall hold at least 10% of the issued share capital of WFHPL at all times; and
  - (c) Any change or proposed change in the shareholder of WFHPL or any change or proposed change in any shareholder's shareholding in WFHPL, shall be prohibited for a period of three years from the date of Completion and shall be subject to JTC's consent thereafter. As announced by the Company on 3 July 2013, SAPL holds 10% of the issued share capital of WFHPL.
- 2.2.4 JTC Grant of Further Term. In relation to the JTC Approval in-principle to grant the Further Term as set out above in paragraph 2.2.3 ("**JTC Lease Extension In-Principle Approval**"), the Company, WFHPL and each of the Promoters (if applicable) shall upon receipt of the offer letter from JTC on the grant of the Further Term, fully accept, comply with, observe and perform all the terms and conditions set out in the said JTC offer letter and all the requirements of JTC and/or any relevant authority as may be imposed on them, insofar as such terms and conditions are reasonably acceptable to each of them.



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2.2.5 Other Approvals. The sale and purchase herein shall be conditional upon the following:-

- (a) the approval of the shareholders of the Company being obtained at an extraordinary general meeting to be convened for the Assignment and the transactions contemplated under the Option Deed (the "**Sitra Approvals**");
- (b) the approval of the shareholders of Hafary Holdings Limited ("**HHL**"), the holding company of one of the Promoters, Hafary Pte Ltd being obtained at an extraordinary general meeting to be convened for the incorporation of WFHPL with the other Promoters, namely Mr. Low See Ching and Mr. Ching Chiat Kwong as an interested person transaction (the "**Hafary Approval**"); and
- (c) the JTC Consent Letter and JTC Lease Extension In-Principle Approval remaining valid, and not having lapsed or been revoked or withdrawn by JTC, as at the date of Completion.

The controlling shareholders of Sitra, namely Mr George Chew , Madam Teresa Tan and Mr Steven Chew (holding in aggregate 30.10% of the existing issued shares of the Company as at the date of this announcement) and the controlling shareholders of HHL namely Mr Low See Ching and Mr Ching Chiat Kwong (holding in aggregate 47.97% of the issued shares of HHL as at the date of this announcement) shall undertake to respectively vote in favour of the Sitra Approvals and Hafary Approval in the extraordinary general meetings ("**EGMs**") to be convened for the purpose of procuring the said approvals, and not to sell or otherwise dispose of their respective interests in Sitra or HHL, as the case may be, pending the EGMs.

In the event that the conditions set out sub-paragraphs 2.2.5 (a) and (b) above are not fulfilled or complied with by the expiry of six (6) months from the date of the SPA, the SPA shall be terminated forthwith and the deposit paid shall be refunded to WFHPL without any interest or deduction. Further, in the event that the conditions set out in sub-paragraphs 2.2.5 (c) above is not met on the date of completion, the SPA shall be terminated forthwith and the Deposit shall be refunded to WFHPL without any interest or deduction.

2.2.6 Completion. Subject to the fulfilment of the conditions set out in sub-paragraphs 2.2.5, Completion shall take place on or before 5 February 2014, or such other extended date of up to two (2) months as may be mutually agreed by the parties and approved by JTC. The balance Consideration shall be paid on Completion.

2.2.7 Vacant Possession. The Assignment is subject to an existing tenancy to KMP Far East Pte Ltd in respect of part of the Property. The Company will deliver vacant possession of the remaining area of the Property to WFHPL as soon as practicable after completion of the Assignment but in any event no later than 31 May 2014. The Company will pay a monthly rent of \$10,000 to WFHPL for its occupation of the remaining area of the Property before delivery of vacant possession.

2.2.8 Legal Requisitions. The Assignment is subject to satisfactory legal requisitions on the Property being received by WFHPL.



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3. **SHA**

3.1 As announced by the Company on 3 July 2013, WFHPL was incorporated on 2 July 2013 as a special purpose vehicle with an issued and paid-up capital of S\$100, held by the Promoters and Sitra in the following proportion.

<u>Shareholders</u>	<u>Share Capital</u>
Hafary Pte Ltd	40 ordinary shares (40%)
Mr. Low See Ching	25 ordinary shares (25%)
Mr. Ching Chiat Kwong	25 ordinary shares (25%)
Sitra Agencies Pte Ltd	<u>10 ordinary shares (10%)</u>
Total	<u>100 ordinary shares (100%)</u>

The SHA is entered into by the Company and the Promoters to regulate their rights and obligations in the conduct of the business and affairs of WFHPL. The terms of the SHA will take effect from the date of incorporation of WFHPL.

3.2 The salient terms of the SHA are as follows:

3.2.1 **Objectives.** The objectives of WFHPL are to acquire the Leasehold Interest and to develop the Property, which is situated within the IFP, in accordance with the objectives, concept and development strategy envisioned for the IFP by the JTC, IE Singapore and SPRING Singapore (the "**Development**"). The Development shall be carried out by WFHPL and the Promoters, and shall have an estimated market value of approximately S\$55,000,000 on an as-built basis based on the redevelopment plans approved by the JTC and the URA.

The Development shall have a gross floor area of approximately 300,000 square feet, of which approximately 250,000 square feet will be used for industrial purpose and another 50,000 square feet for commercial purpose, subject to such conditions and requirements as may be imposed by JTC, URA and/or any other regulatory bodies.

3.2.2 **Capital Structure.** The shareholding of WFHPL shall be as set out in paragraph 3.1. Unless otherwise expressly agreed between the Promoters and SAPL, the percentage shareholding of SAPL shall at all times not be less than ten percent (10%) of the total issued share capital of WFHPL. The subscription monies or other consideration payable in respect SAPL's ten percent (10%) shareholding shall be borne by the Promoters on a joint and several basis.

3.2.3 **Board Constitution.** The board of directors of WFHPL shall at all times consist of a maximum of four (4) Directors, of which Hafary Pte Ltd ("**HPL**"), Mr Low, Mr Ching and Sitra shall be entitled to appoint one director each or, where applicable, be appointed as director. As at the date of this announcement, the directors of WFHPL are Mr Low Kok Ann (the nominee director of HHL), Mr Low See Ching and Mr Chew Ah Ba (the nominee director of SAPL).

3.2.4 **Board Decisions.** Board decisions shall be made by a majority of the directors on the board of WFHPL provided that all resolutions of the board shall require the affirmative vote of the director appointed by HPL, for so long as HPL has appointed a director.

3.2.5 **Reserved Matters.** Certain reserved matters relating to WFHPL or any of its subsidiaries, such as change of business, cessation or disposal of business, distribution of profits, change of share capital, amendments of memorandum and articles of association, amalgamation, merger or liquidation exercise, transactions with interested persons,



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change of auditors, creation of security over its assets and borrowings shall require the approval of SAPL, or a director nominated by SAPL, as the case may be.

- 3.2.6 Financing. The costs of the Development shall be funded by bank borrowings by WFHPL, loans and/or capital subscriptions by the Promoters for themselves and Sitra. The Promoters shall provide financial support in respect of any bank borrowing by WFHPL. The Company shall not be required to make any capital contributions or financial support, including loans or other monetary payment to the Company for the purpose of the Assignment and/or the Development.
- 3.2.7 Transfer of Shares. Except for any transfer of shares pursuant to an exercise of the Put Option or Call Option (both as defined below) or a transfer to a party's subsidiary or associated company, all transfers of shares in WFHPL shall otherwise be subject to the pre-emptive rights of the other shareholders of WFHPL.
- 3.2.8 Events of Default. In the event a party to the SHA suffers an event of default, it/he shall be deemed to have offered its/his shares to the other remaining shareholders of WFHPL for sale at the prevailing market of its/his shares in WFHPL to be determined by an independent valuer. Events of default include winding-up, bankruptcy, assignment of property in favour of creditors, acquisition of such party's interest in or right to the profits of WFHPL, or a material breach of the SHA.

#### 4. **OPTION DEED**

- 4.1 Under the Option Deed, the Promoters grant to SAPL the option ("**Put Option**") to require the Promoters to purchase from SAPL in the proportion of their relative shareholdings in WFHPL ("**Agreed Proportion**"), all of SAPL's shares in WFHPL ("**Option Shares**") free from encumbrances and with all rights attaching thereto. Concurrently, SAPL grants to the Promoters the option ("**Call Option**") to require SAPL to sell to the Promoters in the Agreed Proportion, all of the Option Shares free from encumbrances and with all rights attaching thereto.
- 4.2 The salient terms of the Option Deed are as follows:-
- 4.2.1 Option Shares Consideration. The aggregate consideration for the Option Shares pursuant to an exercise of the Put Option or Call Option, as the case may be, shall be the higher of (a) 10% of the market value of the Property prevailing as at the date of the applicable exercise of the Put Option or Call Option, as the case may be ("**Market Value**"); or (b) if the Property is sold or contracted to be sold at the time of the exercise of the Put Option or Call Option, as the case may be, respectively 10% of the sale price or contracted sale price of the Property, as the case may be.
- 4.2.2 Market Value. The Market Value shall be determined by an independent valuer appointed by the parties from an identified list of three valuers within five business days after the exercise of a Put Option or Call Option, as the case may be. In the event that the parties are unable to agree on the independent valuer to be appointed, SAPL and the Promoters (collectively) will each appoint one from the identified list of three valuers and the Market Value shall be average of the two valuations carried out by the two independent valuers appointed by the parties. The valuation of the independent valuer shall be conclusive and binding on the parties unless there are manifest clerical or typographical errors or evidence of wilful misconduct.



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- 4.2.3 Exercise of Options. The Put Option may be exercised by SAPL at any time after completion of the Assignment, and the Call Option may be exercised at any time after the completion of the Development and the issuance of the temporary occupation permit in respect of the Development. The Put Option and Call Option may be exercised in whole and not in part only and upon the service of the Put Option notice or the Call Option notice, as the case may be, the Promoters shall be jointly and severally liable to complete the purchase of the Option Shares.
- 4.2.4 Conditions. The sale and purchase of the Option Shares shall be subject to the compliance of any condition that may be imposed by JTC in relation to the transfer of the Option Shares (“**JTC Conditions**”). Where any of the JTC Conditions are imposed on any of the parties and insofar as such conditions are reasonably acceptable, such parties shall not unreasonably withhold their consent to the conditions and shall agree to accept and comply with the conditions. In addition, as stated in paragraph 2.2.5 above, the Assignment is conditional upon the approval of Shareholders to the transactions contemplated under the Option Deed.
- 4.2.5 Completion. Completion of the sale and purchase of the Option Shares shall take place on the date falling not later than one (1) month from the later of the date of receipt of the JTC Approval or the parties’ acceptance of the JTC Conditions, if any, or on such other date as the Parties may otherwise agree in writing.

## 5. INFORMATION ON THE PROMOTERS

Based on information that is publicly available, Hafary Pte Ltd (Company Registration No. 198001531R) is a wholly-owned subsidiary of HHL, a public limited company (Company Registration No. 200918637C) incorporated in Singapore on 6 October 2009 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited. HHL is a supplier of homogenous, ceramics and stone tiles, engineered wood flooring, sanitary ware and fittings and quartz kitchen counter top to customers in the Singapore market.

HHL is not related to the Company or any of its subsidiaries. Based on the Directors’ best knowledge, none of the Directors of the Company, controlling shareholders and/or their respective associates has any interest (direct or indirect) in HHL as at the date of this announcement.

Mr Low See Ching is a director and controlling shareholder of HHL whilst Mr Ching Chiat Kwong is a controlling shareholder of HHL.

## 6. RATIONALE AND USE OF PROCEEDS

The Assignment will provide a good opportunity for the Company to partially realise the value of the Property. The Company expects to receive gross proceeds of S\$8,650,000 from the Proposed Transaction (excluding estimated expenses of approximately S\$245,000). The Company intends to utilize a substantial portion of the net proceeds to reduce its bank borrowings and the remaining balance for general working capital purposes. This will enable the Company to improve its gearing and balance sheet. The exact percentage allocation of each intended use of proceeds will be disclosed in the circular to be despatched to the Shareholders in due course.



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In addition, the joint venture between the Parties through WFHPL will enable the Company to continue participating in the development of the Property as part of the development envisioned for the IFP in Sungei Kadut Singapore. The Company will be able to hold indirectly an interest in the Property through its 10% shareholding in WFHPL without further additional capital investment.

The joint venture between Sitra and the Promoters through WFHPL is a synergistic partnership. The parties may leverage on each other strengths to respectively expand and/or strengthen their local and overseas markets and presence in *inter alia*, the furniture industry and to add value to each other's business operations.

## 7. SERVICE CONTRACT

The Company does not intend to appoint any new Director to the Group in connection with the SPA, the SHA and the Option Deed.

## 8. PRO FORMA FINANCIAL EFFECTS OF THE ASSIGNMENT

The below pro forma financial effects of the Assignment on the net tangible assets (“NTA”) value and earnings per share (“EPS”) of Sitra and its subsidiaries (the “Group”) have been prepared based on the Group's unaudited consolidated financial statements for the six months period ended 30 June 2013 (“1H2013 Accounts”). These pro forma financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after the completion of the Assignment.

### 8.1 Net Gain on Disposal

Based on the 1H2013 Accounts and after providing for transactional expenses to be incurred by the Group in connection with the Assignment, the Group is expected to record a net gain on disposal of approximately S\$6,145,862 (estimated)] from the Assignment. The revalued carrying net book value and the revalued net tangible asset value of the Property as at the date of the SPA is S\$6,650,137.

### 8.2 Net Tangible Asset (“NTA”)

Assuming that the Assignment had been completed on 30 June 2013, the pro forma financial effects of the Proposed Transaction on the NTA per share of the Group as at 30 June 2013 would have been as follows:

	1H2013	
	Before the Assignment	After the Assignment
NTA	3,333,973	4,842,535
Number of issued Shares excluding treasury shares	313,000,000	313,000,000
NTA per Share (cents)	1.07	1.55



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### 8.3 Earnings per Share (“EPS”)

Assuming that the Proposed Transaction had been completed at the beginning of **1H2013**, the pro forma financial effects of the Assignment on the EPS per share of the Group would have been as follows:

	1H2013	
	Before the Assignment	After the Assignment
(Net loss)/ profit attributable to the equity holders of the Company	(2,232,341)	3,913,521
Weighted average number of issued Shares	313,000,000	313,000,000
(Loss)/ profit per Share (cents)	(0.71)	1.25

## 9. MAJOR TRANSACTION UNDER RULE 1006 OF THE CATALIST RULES

Rule 1006 of the Catalist Rules sets out the computation for relative figures used in determining whether a transaction falls into the respective categories defined in Rule 1004. Accordingly, for the Assignment, the relative bases computed on the bases set out in Rule 1006 are as follows:-

	<u>Bases</u>	
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value	199.5% <sup>(i)</sup>
(b)	The net profits attributable to the assets disposed of, compared with the Group’s net profits	(14.6%) <sup>(ii)</sup>
(c)	The aggregate value of the consideration received, compared with the Company’s market capitalisation	83.7% <sup>(iii)</sup>
(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
(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

Notes:-

- (i) Based on the last announced Group NTA of \$3,333,973 as at 30 June 2013.
- (ii) The Group had announced a net loss of approximately S\$2,249,402 for the 1H2003 ended 30 June 2013. As such, the computation of the net profit attributable to the Sale is negative when compared to the consolidated net loss of the Group.
- (iii) The Company’s market capitalisation as at 29 November 2013, being the last market day immediately preceding the date of the SPA is S\$10,329,000 based on 313,000,000 shares in issue as at and the weighted average price of the shares of \$0.033 per share traded on, 29 November 2013.



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As the relative figures computed under Rule 1006(a) and (c) of the Catalist Rules exceed 50%, the Assignment will constitute a major transaction under Rule 1014(2) of the Catalist Rules and will be subject to the approval of Shareholders.

#### **10. CIRCULAR**

The Company will despatch a Circular to Shareholders containing more details of the Assignment, the SHA and Option Deed to seek Shareholders' approval for the Assignment and the transactions contemplated under the Option Deed.

#### **11. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST**

None of the other Directors of the Company, controlling shareholders and/or their respective associates has any interest (direct or indirect) in the Assignment or the transactions contemplated under the SHA or the Option Deed.

#### **12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each of the SPA, SHA, Option Deed and Valuation Report for the will be made available for inspection during normal business hours from 9.00 a.m. to 5.30 p.m. at the Company's registered office at 18 Sungei Kadut Street 2, Singapore 729236 for a period of three (3) months from the date of this announcement.

By Order of the Board  
Chew Ah Ba, George  
Executive Chairman and CEO  
2 December 2013

*This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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