

TAT SENG PACKAGING GROUP LTD
(Company Registration No. 197702806M)
(Incorporated in the Republic of Singapore)

THE PROPOSED ACQUISITION OF PROPERTY LOCATED AT 28 SENOKO DRIVE, SINGAPORE 758214

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Tat Seng Packaging Group Ltd (the “**Company**”) wishes to announce the Company has on 10 January 2022 signed and accepted an option (“**Option**”) granted by RBC Investor Services Trust Singapore Limited (the “**Vendor**”) to purchase an industrial premise (“**Property**”) situated at 28 Senoko Drive Singapore 758214 (“**Proposed Acquisition**”) for an aggregate consideration of Singapore Dollars Twelve Million Only (S\$12,000,000.00) (“**Consideration**”) subject to payment of Goods and Services Tax (“**GST**”).

Upon the due exercise of this Option a binding contract for the sale and purchase of the Property between the Vendor and the Company (“**this Agreement**”) at the Consideration and on the terms and conditions stated in the Option has *ipso facto* come into force

RBC Investor Services Trust Singapore Limited is the Trustee for ESR-REIT, listed on Singapore Stock Exchange. The Vendor is not related to the Group.

The Property is a JTC property comprising a 4-storey detached office building, three adjoining single-storey workshop / warehouse buildings (one of which has a mezzanine level constructed circa 2014), and a single-storey staff canteen block. The Property has a gross floor area of approximately 16,022.68 square meters, with a leasehold tenure of 30 years commencing 16 December 2009. Hence, the remaining leasehold is about 18 years from 1 Jan 2022 and expiring on 15 Dec 2039.

Prior to Completion, the Company is renting and in possession of the Property from the Vendor and will surrender the lease to the Vendor on Completion.

2. CONSIDERATION

The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration the valuation report commissioned by the Company and issued by Robert Khan & Co Pte Ltd (the “**Valuer**”) on 12 November 2021, relevant enquiries and references by the Group in relation to the current market prices of properties with similar condition and size in the vicinity.

The Consideration will be paid by the Company in cash to the Vendor as follows: (i) 10% upon exercise of the Option (“**Deposit**”), and (ii) 90% upon completion of the Proposed Acquisition. The Consideration will be funded entirely by internal funds.

The Company shall bear any stamp duty payable on the exercise of the Option.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in line with the Group’s business plan to own the Property that it is renting.

4. PRINCIPAL TERMS OF THE OPTION

The salient terms and conditions of the Option are as follows:

4.1 Conditions Precedent

4.1.1 The Proposed Acquisition is subject to the following conditions being satisfied:

- (a) the JTC Corporation (“**JTC**”) Approval and the JTC Final Approval being obtained by the Vendor and remaining in force as at Completion (the “**JTC Approval**”); and
- (b) the Vendor and the Company accepting the terms and conditions stipulated by JTC in connection with the JTC Approval.

In the event that the JTC Approval is not obtained by 31 January 2022 or such other date as may be agreed by the Parties in writing (the “Long-Stop Date”), then either Party shall have the right immediately at any time after the Long-Stop Date by notice in writing to the other Part to rescind the Agreement and upon such notice being delivered, the Agreement shall *ipso facto* cease and determine and neither Party shall have any further claim against the other for costs, damages, compensation or otherwise. The Company shall forthwith return to the Vendor all title deeds and documents of title and shall withdraw any caveats lodged by the Company or the Company’s chargee or mortgagee as the case may be and the Vendor shall in exchange for the title deeds and other documents of title and withdrawals of all caveats on the Property refund to the Company the Deposit without any interest or compensation whatsoever and thereupon neither party shall have any claim or demand against *the* other for costs, damages, compensation or otherwise.

4.1.2 The Proposed Acquisition is subject to the special conditions and conditions of sale known as to “The Law Society of Singapore’s Conditions of Sale 2020” insofar as they are applicable to a sale by private treaty and are not varied or inconsistent with the terms and conditions of this Agreement and insofar as the Conditions and the terms and conditions of this Agreement are not contrary to or in conflict with the following:

- (i) Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act (Chapter 61 of Singapore); and
- (ii) Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Chapter 294A of Singapore) (if applicable).

4.1.3 The Proposed Acquisition is subject to the Company’s solicitors’ receiving satisfactory replies to all the usual legal requisitions and road and drainage interpretation plans sent by them to the various relevant government departments.

4.2 Completion

The Scheduled Date of Completion shall be (i) the date falling one (1) week from the date of JTC Final Approval or 14 January 2022 (whichever is the later); or (ii) such other date as may be mutually agreed between the Parties

5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“MAINBOARD RULES”)

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (e) of the Mainboard Rules based on the latest results announcement as at 30 June 2021 are as follows:

Listing Rule	Content	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of compared with the Group's net asset value. The basis is not applicable to an acquisition of assets.	Not applicable
1006 (b)	The net profits attributable to the assets acquired, compared with the group's net profits.	1.53% ⁽¹⁾
1006 (c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares amounted to S\$118,686,000 as at 4 January 2022.	10.11%
1006 (d)	The number of equity securities issued by the issuer 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 and gas company, but not to an acquisition of such assets.	Not applicable

Note:

- (1) Assuming that the Property is being leased at the prevailing rental rates, taking into consideration other profit and loss items arising from the transaction, including depreciation, land rent, property tax and maintenance cost.

Having regard to the above, as the relative figure computed on the base set out in Rule 1006(c) of the Mainboard Rules exceeds 5% but is less than 20%, the Proposed Acquisition constitutes a "disclosable transaction" under the Mainboard Rules. Accordingly, the Proposed Acquisition is not subject to the approval of shareholders of the Company being obtained.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Acquisition. The financial effects set out below are based on the Group's audited financial statements for the most recently completed financial year ended 31 December 2020 ("FY2020").

Effect on net tangible assets ("NTA")

Assuming the Proposed Acquisition has been completed on 31 December 2020, the effect of the Proposed Acquisition on the NTA of the Group would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$'000)	159,852,840	160,708,677
Number of issued shares	157,200,000	157,200,000
NTA per share (cents)	101.69	102.23

Effect on earnings per share ("EPS")

Assuming the Proposed Acquisition has been completed on 1 January 2020, the effect of the Proposed Acquisition on the EPS of the Group would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition ⁽¹⁾
Net profit after tax attributable to owners of the Company (S\$'000)	23,133,674	23,668,577
Number of issued shares	157,200,000	157,200,000
EPS (cents)	14.72	15.06

Note:

- (1) the proforma financial effects on the EPS of the Group for FY2020 are determined based on the assumption that the Property is being leased at the prevailing rental rates, taking into consideration other profit and loss items arising from the transaction, including depreciation, land rent, property tax and maintenance cost.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

8. SERVICE CONTRACTS

No directors are proposed to be appointed to the Company in connection with the Proposed Acquisition.

9. DOCUMENT FOR INSPECTION

A copy of the Option in respect of the Proposed Acquisition is available for inspection during normal business hours at the Company's registered office at 28 Senoko Drive Singapore 758214.

10. OTHERS

The Company will make further announcements in relation to the Proposed Acquisition as and when there are material developments.

By Order of the Board

Siau Kuei Lian
Company Secretary

10 January 2022