

NAM LEE PRESSED METAL INDUSTRIES LIMITED

Company Registration No. 197500362M

(Incorporated in Singapore)

ACQUISITION OF PROPERTY AT 4 GUL WAY, SINGAPORE 629192

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Nam Lee Pressed Metal Industries Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 22 June 2020 entered into a property sale agreement (the “**Agreement**”) with an unrelated party, National-Oilwell Pte. Ltd. (the “**Vendor**”) relating to the acquisition of the leasehold interests in the whole of 4 Gul Way, Singapore 629192 (the “**Property**”) (the “**Acquisition**”).

The Acquisition is regarded as an acquisition which is in, or in connection with, the ordinary course of business of the Group.

2. INFORMATION ON PROPERTY

The Property is a leasehold property made out of 3 plots of land. Subject to the terms and conditions of the JTC leases for the Property (the “**JTC Leases**”), the aggregate of the initial and further leasehold term of the Property is up to 2048. The Property has an aggregate land area of approximately 40,000 square meters and gross floor area of approximately 19,000 square meters.

3. RATIONALE FOR THE ACQUISITION

The Company intends to use the Property as its headquarters as the lease for the Company’s existing head office will expire in 2025. The Company also intends to use the Property to house production facilities that will support the current core business of the Group. The Board considers the Acquisition to be in the interests of the Group, primarily due to the more accessible location of the Property and the increased gross floor area of the Property in comparison to the Company’s existing head office. The Board believes the Acquisition will strengthen the Group’s operations and allow the Group to remain competitive in the market.

4. CONSIDERATION

- 4.1 The total purchase consideration for the Property is S\$18,000,000 (the “**Consideration**”). The Consideration was arrived at on a willing-buyer willing-seller basis after arm’s length negotiations between the Company and the Vendor, and after taking into account, amongst others, the indicative market value of the Property based on independent sources.
- 4.2 The Consideration is to be paid to the Vendor as follows:
- (i) a sum of S\$1,800,000, being 10% of the Consideration, to be paid as deposit upon the signing of the Agreement; and
 - (ii) the balance of the Consideration, to be paid on completion of the Acquisition in accordance with the terms of the Agreement (the “**Completion**”).
- 4.3 The Consideration will be funded by a combination of internal resources and bank borrowings.

5. CONDITIONS PRECEDENT

The Acquisition is subject to and conditional upon, inter alia, the fulfilment and satisfaction of the following conditions:

- (i) The Vendor obtaining (a) the in-principle written approval of JTC for the transfer and/or assignment of the lease of the Property from the Vendor to the Company, and (b) JTC's written confirmation that it has no objection to the execution of the transfer or assignment of the JTC Leases (as the case may be).
- (ii) The Company receiving satisfactory replies to the legal requisitions from the usual government departments as set out in the Agreement.

6. COMPLETION

Completion of the Acquisition shall take place on the later of (i) the date falling twelve (12) weeks from the date of the Agreement and (ii) the date falling four (4) weeks from the Company's receipt of the fulfilment notice stating that the Vendor has satisfied all the conditions precedent set out in the Agreement.

7. FINANCIAL EFFECTS OF THE ACQUISITION

For illustrative purposes only, the financial effects of the Acquisition on the net tangible assets ("NTA") per share, earnings per share ("EPS") and gearing, based on the audited consolidated financial statements of the Group for the financial year ended 30 September 2019 are set out below:-

(i) Net Tangible Assets

For illustration purposes only, based on the latest audited consolidated financial statements of the Group for the financial year ended 30 September 2019 and assuming the Acquisition had been effected on 30 September 2019, the financial effects on the NTA per share of the Group as at 30 September 2019 would be as follows:

	Before the Acquisition	After the Acquisition
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	144,005	144,005
Number of issued shares ('000)	242,544	242,544
NTA per share (cents)	59.4	59.4

(ii) Earnings

For illustration purposes only, based on the latest audited consolidated financial statements of the Group for the financial year ended 30 September 2019 and assuming the Acquisition had been effected on 1 October 2018, the financial effects on the EPS of the Group for the financial year ended 30 September 2019 would be as follows:

	Before the Acquisition	After the Acquisition
Net profit attributable to the shareholders after tax (S\$'000)	9,814	8,254
Weighted average number of issued shares ('000)	242,932	242,932
Diluted earnings per share (cents)	4.04	3.40

(iii) Net Gearing Ratio

Assuming the Acquisition had been effected on 30 September 2019 with borrowings for the acquisition at a debt to security ratio of 60%, the net gearing ratio of the Group for the financial year ended 30 September 2019 would be as follows:-

	Before the Acquisition	After the Acquisition
Total debt (S\$'000)	23,490	34,290
Equity attributable to owners of the Company (S\$'000)	144,005	144,005
Net gearing ratio	0.16	0.24

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, save for their respective shareholdings (if any) in the Company.

BY ORDER OF THE BOARD

Yong Koon Chin
Executive Chairman
Date: 22 June 2020