



TUAN SING HOLDINGS LIMITED
(Company Registration No. 196900130M)
(Incorporated in Singapore)

PROPOSED DIVESTMENT OF ASSET BY A WHOLLY-OWNED SUBSIDIARY TO AN INTERESTED PERSON

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Tuan Sing Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Sing-Hu International Pte Ltd (“**SHI**”), has through dilution of its shareholding in Shanghai Shenyu Interior Decoration Limited Liability Company (the “**Target Company**”), divested a majority of its indirect investment in the Fuzhou Land (as defined below) held by Fujian Ji’Xing Real Estate Development Co., Ltd. (“**FJX**”), which as at the date of this announcement is an indirect wholly-owned subsidiary of the Company and a wholly-owned subsidiary of the Target Company, to Seyen Machinery (Shanghai) Co., Ltd (the “**Subscriber**”).
- 1.2 To implement the divestment of the Company’s investment in the Fuzhou Land:
- (a) SHI, the Target Company, and the Subscriber, have on 19 July 2024 entered into a subscription agreement (the “**Subscription Agreement**”), wherein the Subscriber will subscribe for new equity shares in the Target Company amounting to approximately 96.93% of the fully-diluted issued share capital of the Target Company (the “**Subscription Shares**”) in consideration for the Subscription Consideration (as defined below) (the “**Proposed Subscription**”); and
 - (b) SHI, the Target Company, and Stonegate Group Investments Limited (“**Stonegate**”), have on 19 July 2024 entered into a Framework Agreement, wherein:
 - (i) SHI will waive its pre-emption rights in relation to the Subscription Shares and consent to the Proposed Subscription in consideration for the Pre-emption Waiver Consideration (as defined below) (the “**Pre-emption Waiver**”); and
 - (ii) upon completion of the Proposed Subscription, the Target Company and FJX will apply part of the Subscription Consideration to repay existing outstanding inter-company loans amounting to an aggregate of RMB69,410,089, which is approximately S\$12.8 million¹ (the “**Loan Repayment Amount**”), to Habitat Properties (Shanghai) Ltd. (“**Habitat**”), an indirect wholly-owned subsidiary of the Company (the “**Loan Repayment**”),
- (the Proposed Subscription, Pre-emption Waiver and Loan Repayment collectively, the “**Proposed Transaction**”).
- 1.3 Pursuant to the Proposed Transaction, the Company’s effective shareholding in the Target Company will be diluted by approximately 96.93% (the “**Disposal Stake**”) from 100% to

¹ Unless indicated otherwise, the exchange rate used in this announcement is RMB5.417: S\$1 and is purely for illustrative purposes.

approximately 3.07%. The Company will no longer have a controlling interest in the Target Company and FJX, thereby effectively divesting a majority of its indirect investment in the Fuzhou Land to the Subscriber. Consequently, the Target Company will cease to be an indirect wholly-owned subsidiary of the Company and the Company's authorised representatives will not hold any board seats in the Target Company and FJX.

- 1.4 The Proposed Transaction constitutes:
- (a) an interested person transaction under Chapter 9 of the Listing Manual Section A: Rules of Mainboard (the "**Listing Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and
 - (b) a disposal of shareholding interest in the Target Company by the Company's subsidiary and is a discloseable transaction under Chapter 10 of the Listing Rules.

2. INFORMATION ON THE TARGET COMPANY, THE SUBSCRIBER AND STONEGATE

- 2.1 As at the date of this announcement, the Company owns 100% of the shares in the issued and paid-up share capital of SHI, and SHI owns 100% of the shares in the issued and paid-up share capital of the Target Company.
- 2.2 The Target Company is an investment holding company incorporated in the People's Republic of China on 15 July 2008 and has an issued and paid-up share capital of US\$450,000.
- 2.3 The Target Company, through its wholly-owned subsidiary, FJX, holds a parcel of vacant greenfield land of approximately 163,740 square metres in the mountainous ridge of the Shoushan Countryside, Jin'an District in Fuzhou City, Fujian Province, China (the "**Fuzhou Land**").
- 2.4 FJX has encountered regulatory hurdles in its plans to develop the Fuzhou Land. The Fuzhou Land has an approved planning plot ratio of 0.32 for residential and ancillary uses. However, such uses now require a plot ratio of not less than 1.0 following a change in the government planning policy in 2010, thereby resulting in FJX's original plans for a low-density residential development no longer being viable. FJX has since 2010 submitted in excess of 10 applications to relevant government departments in an attempt to reach a resolution without success. Additionally, FJX managed to defend the government's attempt to compulsorily acquire the land on the basis of it being idle land in 2020.
- 2.5 The Subscriber is a company incorporated in the People's Republic of China on 5 March 1996 and has an issued and paid-up share capital of US\$200 million. The Subscriber is in the business of investment holding and manufacturing.
- 2.6 Stonegate is a company incorporated in the British Virgin Islands on 5 May 2015 and is in the business of investment holding.
- 2.7 Ms Michelle Liem Mei Fung ("**Michelle**"), Mr William Nursalim alias William Liem ("**William**") and Dr Tan Enk Ee ("**Dr Tan**") are each a controlling shareholder of the Company (Michelle, William and Dr Tan collectively, the "**Interested Persons**"), and are also the ultimate beneficial owners of the Subscriber and Stonegate respectively. Accordingly, the Subscriber and Stonegate are associates of the Interested Persons and are considered as interested persons of the Company for the purposes of Chapter 9 of the Listing Rules.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

3.1 Consideration

The aggregate value of the consideration for the Proposed Transaction for the purposes of Chapter 9 and Chapter 10 of the Listing Rules is approximately S\$28.6 million (the “**Aggregate Consideration**”), which comprises the Subscription Consideration and the Pre-emption Waiver Consideration.

Out of the Subscription Consideration, the Loan Repayment Amount will be used for the purposes of the Loan Repayment and applied in the following manner:

- (i) the repayment of an inter-company loan amounting to RMB40,046,641, which is approximately S\$7.4 million, by the Target Company to Habitat; and
- (ii) the repayment of an inter-company loan amounting to RMB29,363,448, which is approximately S\$5.4 million, by FJX to Habitat.

The balance of the Subscription Consideration (the “**Subscription Balance Amount**”) will be utilised by the Target Company for its ordinary course of business. Accordingly, the Group expects to receive proceeds of approximately S\$23.5 million comprising the Loan Repayment Amount and the Pre-emption Waiver Consideration.

(a) Subscription Consideration

The aggregate consideration payable by the Subscriber to the Target Company for the Proposed Subscription of the Subscription Shares is RMB96,926,725, which is approximately S\$17.9 million (the “**Subscription Consideration**”), to be settled by way of cash.

(b) Pre-emption Waiver Consideration

The aggregate consideration payable by Stonegate to SHI for the Pre-emption Waiver by SHI is S\$10,727,002 (the “**Pre-emption Waiver Consideration**”), to be settled by way of cash.

The Subscription Consideration, Pre-emption Waiver Consideration, and Loan Repayment Amount were arrived at on an arm’s length and a “willing buyer willing seller” basis, and after taking into account, amongst other factors, prevailing market conditions, the rationale for the Proposed Transaction as disclosed in paragraph 4 and the net asset value of the assets of the Target Company.

3.2 Principal Terms of the Subscription Agreement

The principal terms of the Subscription Agreement include amongst others, that the completion of the Proposed Subscription is subject to the satisfaction of certain conditions precedent which include there being no material breach of representations and warranties at the completion of the Proposed Subscription.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction concerns the Company’s divestment of a majority of its indirect investment in the Fuzhou Land by way of dilution of its shareholding in the relevant subsidiaries holding the Fuzhou Land. The Proposed Transaction is in line with the Group’s strategy to improve capital allocation and optimise returns and to manage the risks related to its investment in the Fuzhou Land development.

5. VALUE OF THE DISPOSAL STAKE IN THE TARGET COMPANY

5.1 Based on the latest audited financial statements of the Group for the financial year ended 31 December 2023 (“**FY2023**”):

- (a) the book value of the Disposal Stake in the Target Company, after adjusting for intercompany loans, is approximately RMB34.3 million (approximately S\$6.4 million²); and
- (b) the net tangible asset (“**NTA**”) value of the Disposal Stake in the Target Company, after adjusting for intercompany loans, is approximately RMB34.3 million (approximately S\$6.4 million²).

5.2 There is no open market value of the Target Company as it is not publicly traded.

5.3 In connection with the Proposed Transaction, the Company had appointed an independent valuer, Knight Frank Petty Limited (“**KFP**”), to assess the market value of the Fuzhou Land. In its valuation report dated 18 July 2024 (the “**KFP Valuation Report**”), KFP was of the opinion that the market value of the Fuzhou Land as at 31 May 2024 was as follows:

- (a) RMB125 million (approximately S\$23.1 million) in its existing state, based on the original permitted planning plot ratio of 0.32 for residential use, using the residual approach cross-checked by market approach; and
- (b) RMB116 million (approximately S\$21.4 million) as green land by referencing benchmark land prices.

5.4 The Company had also appointed an independent valuer, Knight Frank Asset Appraisal Limited (“**KFA**”), to assess the market value of the Target Company’s shares. In its valuation report dated 18 July 2024 (the “**KFA Valuation Report**”), KFA adopted the asset approach and based on the market value of the Fuzhou Land in the KFP Valuation Report, KFA was of the opinion that the market value of the Target Company’s shares as at 31 May 2024 was as follows:

- (a) RMB55.6 million (approximately S\$10.3 million), based on the assessed market value of RMB125 million for the Fuzhou Land in its existing state in the KFP Valuation Report. On this basis, the value of the Disposal Stake in the Target Company is estimated at RMB53.8 million (approximately S\$9.9 million); and
- (b) RMB46.6 million (approximately S\$8.6 million), based on the assessed market value of RMB116 million for the Fuzhou Land as green land in the KFP Valuation Report. On this basis, the value of the Disposal Stake in the Target Company is estimated at RMB45.1 million (approximately S\$8.3 million).

6. PROCEEDS AND USE OF PROCEEDS

The net proceeds from the Proposed Transaction after deductions for transactional expenses are estimated at S\$23.4 million. The excess of the net proceeds over the book value of the Disposal Stake in the Target Company is approximately S\$17.1 million.

The Group intends to deploy the net proceeds as general working capital for the requirements

² The exchange rate used in paragraph 5.1(b) of this announcement is RMB5.382: S\$1 as at 31 December 2023.

of the Group's businesses and operations.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

7.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Transaction have been prepared based on the audited financial statements of the Group for FY2023. The financial effects below are purely for illustrative purposes and are not necessarily indicative of the actual financial position of the Group after completion of the Proposed Transaction.

The financial effects are based on the following assumptions:

- (a) the financial effects of the Proposed Transaction on the NTA per share of the Group are computed based on the assumption that the Proposed Transaction had been effected on 31 December 2023 (being the end of the most recently completed financial year);
- (b) the financial effects of the Proposed Transaction on the earnings per share ("EPS") of the Group are computed based on the assumption that the Proposed Transaction has been effected on 1 January 2023 (being the beginning of the most recently completed financial year);
- (c) expenses to be incurred in relation to the Proposed Transaction are approximately S\$0.1 million; and
- (d) an exchange rate of RMB5.382: S\$1 as at 31 December 2023 is used for the purpose of illustrating the financial effects.

7.2 NTA Per Share

	Before Proposed Transaction	After Proposed Transaction
NTA (S\$'000)	1,222,323	1,239,691
Number of shares ('000)	1,237,842	1,237,842
NTA per ordinary share (cents)	98.7	100.1

7.3 EPS

	Before Proposed Transaction	After Proposed Transaction
Profit attributable to shareholders (S\$'000)	4,836	23,294
Weighted average number of shares ('000)	1,228,538	1,228,538
EPS (cents)	0.39	1.90

7.4 **Gain on Disposal**

Based on the audited financial statements of the Group for FY2023, the net loss attributable to the Disposal Stake in the Target Company is approximately RMB0.6 million (approximately S\$0.1 million³). The gain on disposal to be recognised by the Group upon completion of the Proposed Transaction is estimated to be S\$18.5 million⁴.

8. **THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION**

8.1 **Interested Person Transaction**

Both SHI and the Target Company, being a direct and indirect subsidiary of the Company respectively, are entities at risk under Chapter 9 of the Listing Rules.

As set out in paragraph 2.7, the Subscriber and Stonegate are interested persons of the Company for the purposes of Chapter 9 of the Listing Rules. Accordingly, the Proposed Transaction, being a transaction between SHI, the Target Company, the Subscriber and Stonegate, is an interested person transaction of the Company that falls within the ambit of Chapter 9 of the Listing Rules.

The Aggregate Consideration represents 2.3% of the audited NTA of the Group as at 31 December 2023.

8.2 **Total value of Interested Person Transactions for the current financial year**

In respect of the current financial year beginning 1 January 2024 and up to the date of this announcement:

- (a) the aggregate value of all interested person transactions (excluding transactions which are less than S\$100,000 and transactions conducted under the Company's shareholders' mandate pursuant to Rule 920 of the Listing Rules (the "**IPT Mandate**")) entered into between, on the one hand, the Group, and on the other hand, the Subscriber and Stonegate (including the Proposed Transaction), is approximately S\$28.6 million, representing approximately 2.3% of the latest audited NTA of the Group as at 31 December 2023; and
- (b) the aggregate value of all interested person transactions (excluding transactions which are less than S\$100,000 and transactions conducted under the IPT Mandate) entered into by the Group (including the transactions entered into with the Subscriber and Stonegate as set out in paragraph 5.2(a) above) is approximately S\$28.6 million, representing approximately 2.3% of the latest audited NTA of the Group as at 31 December 2023.

8.3 **Audit and Risk Committee Statement**

The Audit and Risk Committee of the Company, save for Michelle who is an Interested Person for the purposes of the Proposed Transaction and has abstained from the Audit and Risk Committee's decision in respect of the Proposed Transaction, has obtained an opinion from

³ The exchange rate used is RMB5.269: S\$1 for FY2023.

⁴ Including the transfer of foreign currency gain arising from the translation of the assets and liabilities of the Target Company and FJX from other comprehensive income to profit or loss.

an independent financial adviser, Soochow CSSD Capital Markets (Asia) Pte. Ltd., and is of the view that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

9. THE PROPOSED TRANSACTION UNDER CHAPTER 10 OF THE LISTING RULES

9.1 Relative figures under Rule 1006 of the Listing Rules

Based on the latest audited financial statements of the Group for FY2023, the relative figures of the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Rules are set out below:

Rule 1006	Bases	Relative Figures (%) ⁽ⁱ⁾
(a)	Net asset value of the assets to be disposed of ⁽ⁱⁱ⁾ , compared with the Group's net asset value	0.5
(b)	Net profits attributable to the assets disposed of ⁽ⁱⁱⁱ⁾ , compared with the Group's net profits	-4.0
(c)	Aggregate value of the consideration received ^(iv) compared with the Company's market capitalisation ^(v) based on the total number of issued shares, excluding treasury shares	10.5
(d)	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)	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

(i) Percentage figures are rounded to the nearest one (1) decimal place.

(ii) Based on the net asset value of the Disposal Stake in the Target Company as at 31 December 2023, after adjusting for intercompany loans of approximately RMB34.3 million (approximately S\$6.4 million based on RMB5.382: S\$1 as at 31 December 2023).

(iii) Based on the net loss attributable to the Disposal Stake in the Target Company for FY2023 of approximately RMB0.6 million (approximately S\$0.1 million based on RMB5.269: S\$1 for FY2023).

(iv) Based on the Aggregate Consideration.

(v) Market capitalisation of the Company as at 18 July 2024 (based on the volume weighted average price of S\$0.22 per share of the Company on such date), being the last market day on which shares of the Company were traded on the SGX-ST prior to the date of signing of the Subscription Agreement, is approximately S\$273.6 million.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than the shareholding interests of the Interested Persons, none of the directors or the controlling shareholders (as defined in the Listing Rules) of the Company has any interest, direct or indirect, in the Proposed Transaction, otherwise than through their interests in shares of the Company.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Transaction.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Framework Agreement, Subscription Agreement, KFP Valuation Report and KFA Valuation Report are available for inspection at the registered office of the Company at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697, during normal business hours for three (3) months from the date of this announcement.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should note that that the Proposed Transaction is subject to the fulfilment of, amongst others, the conditions set out above, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

Leow May Cin
Company Secretary
19 July 2024