

**ACQUISITION OF PROPERTIES BY A SUBSIDIARY IN MALAYSIA**

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## **1. INTRODUCTION**

The Board of Directors of Hosen Group Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Hosen Chocolate Sdn. Bhd. (“**Hosen Chocolate**”), has on 9 March 2015 entered into a Sale and Purchase Agreement (the “**Agreement**”) with Armstrong Technology Sdn. Bhd. for the acquisition (the “**Acquisition**”) of two properties located at No. 19 & 20, Jalan Murni 3, Taman Perindustrian Murni Senai, 81400 Senai, Johor, Malaysia (collectively the “**Properties**” and singly, the “**Property**”).

## **2. RATIONALE FOR THE ACQUISITION**

The Group has since established and expanded its distribution network for various house brands developed by the Group. It has also honed its skills in brand management and product development. In 2013, the Group developed chocolate products under its house brand, SINCERO, and would like to further expand its chocolate products business to cater for the increasing demand. The Properties can therefore be used to house Hosen Chocolate’s business operations in Malaysia, for the purposes to develop, process, trade and distribute house brand and new chocolate products.

## **3. THE PROPERTIES**

Each Property consists of a freehold land of approximately 2,294 square metres with a 1½ storey semi-detached factory erected thereon. The indicative value of the Properties appraised by a reputable local bank’s panel valuer is approximately between RM5.0 million to RM5.5 million.

## **4. THE CONSIDERATION**

The aggregate value of the purchase consideration for the Properties is RM5.1 million (the “**Consideration**”). The Consideration was arrived at arm’s length, on a willing-buyer, willing-seller basis after taking into consideration the valuation conducted.

Pursuant to the terms of the Agreement, the Consideration shall be payable in the following manner:

- a) 10% of the Consideration, amounting to RM510,000, is paid on the signing of the Agreement; and
- b) the balance 90% of the Consideration, amounting to RM4.59 million is to be paid on the date of completion.

The Consideration shall wholly be satisfied in cash, of which up to 22% will be funded by internal resources and the remaining balance will be financed through bank borrowings.

## **5. CONDITION PRECEDENT OF THE ACQUISITION**

The Acquisition is not subjected to any condition precedent as there is no prohibition in Malaysia against a foreign company acquiring an industrial land.

## 6. FINANCIAL EFFECTS OF THE ACQUISITION

The Acquisition is not expected to have a material impact on the earnings per share and net tangible assets per share of the Group for the current financial year ending 31 December 2015.

The financial effects were prepared based on the latest consolidated financial statement of the Group for the financial year ended 31 December 2014 (“FY2014”) are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the completion of the Acquisition.

### 6.1 Net Tangible Assets (“NTA”)

	Before the Acquisition	After the Acquisition
NTA (S\$'000)	28,308	28,308
Number of shares	327,311	327,311
NTA per share (cents)	8.65	8.65

### 6.2 Earnings per Share (“EPS”)

	Before the Acquisition	After the Acquisition
Earnings attributable to shareholders (S\$'000)	692	640
Weighted average number of shares	327,311	327,311
EPS( cents)	0.21	0.20

## 7. CHAPTER 10 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL SECTION B : RULES OF CATALIST (“CATALIST RULES”)

Based on the latest FY2014 consolidated audited financial statements of the Group, the relative figures in respect of the Acquisition, as computed on the applicable bases set out in Rule 1006 of the Catalist Rules are set out as follows:

Rule	Bases	Relative Figures (%)
1006(a)	Net asset value (“NAV”) of the assets to be disposed of, compared with the Group’s NAV. This basis is not applicable to an acquisition of assets.	Not Applicable
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits	Not Applicable <sup>(1)</sup>
1006(c)	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	9.73 <sup>(2)</sup>
1006(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
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	Not Applicable

(1) There is no profit attributable to the Acquisition.

(2) The Company’s market capitalisation is calculated based on the closing price on 6 March 2015.

As the relative figures computed on the bases set out in Rule 1006(c) of the Catalist Rules exceeds 5%, the Acquisition constitutes a “discloseable transaction” as defined in Chapter 10 of the Catalist Rules.

## 8. COMPLETION

The Acquisition is expected to complete before the end of June 2015.

## 9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

## 10. DIRECTORS' SERVICE CONTRACTS

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

## 11. DIRECTORS 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 Acquisition, 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 the 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 the announcement in its proper form and context.

## 12. DOCUMENTS FOR INSPECTION

A copy of the Agreement in respect of the Acquisition is available for inspection during normal business hours at the Company's registered office at 267 Pandan Loop, Singapore 128439 for a period of 3 months from the date of this announcement.

## BY ORDER OF THE BOARD

Lim Hai Cheok  
Chief Executive Officer

9 March 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

*The contact person for the Sponsor is Mr. Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*