

HOSEN GROUP LTD.

(Incorporated in the Republic of Singapore)
Company Registration Number: 200403029E

THE PROPOSED DIVERSIFICATION OF THE GROUP'S EXISTING BUSINESS TO INCLUDE THE PROPERTY BUSINESS

1. INTRODUCTION

The Board of Directors (the "**Board**") of Hosen Group Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Group proposes to diversify its existing business to include the property business (the "**Proposed Diversification**").

2. INFORMATION ON THE PROPOSED DIVERSIFICATION

2.1 Background

Currently, the Group is principally engaged in the core business of importing, exporting, manufacturing and distributing fast moving consumer goods, specialising in packaged foods, with an extensive and robust distribution network that spans Asia, Europe, Middle East, Africa and the Oceanic countries (generally, the "**Existing Business**"), which is the sole revenue contributor to the Group. The Group remains committed to the Existing Business so long as its continuity is in the best interest of the Group and the shareholders of the Company ("**Shareholders**").

The Group intends to diversify the Group's Existing Business to include the property business as set out below ("**Property Business**"), as and when the appropriate opportunities arise.

The Property Business is intended to consist of:

- (a) Property investment. It is intended for the Group to acquire and hold investments in residential, hospitality, commercial, industrial and other suitable types of properties. The intention is to hold such investments as long-term investments for capital growth;
- (b) Property development. It is intended for the Group to engage in property development activities such as the acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties); and
- (c) Management of property-related assets. It is intended for the Group to manage property-related assets, including without limitation leasing out such assets for the collection of rent, as well as the provision of property management services such as facilities management, serviced apartments, student accommodation, dormitories, landscape management and car park management.

The Group intends to focus the efforts for the Property Business in countries in which the Group has business operations, which currently comprise Singapore, Malaysia and China. The Group may subsequently venture into other countries if the Group's business operations expand into such other countries.

Based on generally available property market information, the Board is of the view that the property market is currently relatively stable.

To the extent that funds generated from operations and internal funds have been exhausted and subject to the then market conditions and financial consideration, the Group may tap into the capital markets and explore secondary fund-raising exercises such as rights issues, share placements and/or issuance of debt instruments to fund the Property Business.

In addition, as and when necessary and deemed appropriate, the Group may also raise funds through borrowings from external parties (including banks and other financial institutions). The Directors will determine the optimal mix of internal funding and external borrowings, taking into account the Group's cash flow and prevailing bank financing costs, amongst other factors.

The Group has not committed to any specific business opportunity or investment under the Property Business as at the date of this announcement.

2.2 Rationale for the Proposed Diversification

The Board proposes to diversify the Group's business to include the Property Business for the following reasons:

(a) Reduce reliance on its Existing Business and create more revenue streams

The Group is currently only involved in the Existing Business, which is becoming increasingly challenging and competitive. The Proposed Diversification will reduce the Group's reliance on its Existing Business and open up a new business segment and revenue stream for the Group. The Proposed Diversification is expected to provide additional and recurrent revenue streams for the Group which include management fees, rental fees and gains from capital appreciation.

(b) Enhance Shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to realign its business strategies and improve profits, as well as provide Shareholders with diversified returns and long-term growth. The Board believes that the Proposed Diversification will offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value in the Company.

The COVID-19 pandemic has impacted the global economy to some extent. While the Group has continued to expand and strengthen its efforts to introduce new products, as well as expand its overseas markets, the Board believes that entry into the Property Business is beneficial to further diversify the Group's business in order for the Group to remain competitive.

(c) The Proposed Diversification will give the Group flexibility to enter into transactions relating to the Property Business in the ordinary course of business

Subject to the Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Property Business, may be deemed to be in the Company's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalyst Rules. Accordingly, the Company may, in its ordinary course of business, enter into transactions relating to the Property Business and which will not change the risk profile of the Company, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Property Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

3. SHAREHOLDERS' APPROVAL

The Proposed Diversification involves the Property Business which is substantially different from the Existing Business, which is envisaged to change the existing risk profile of the Group. Pursuant to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**"), Shareholders' approval is required for the Proposed Diversification. Accordingly, an extraordinary general meeting ("**EGM**") will be convened by the Company to seek approval from Shareholders for the Proposed Diversification.

Further details on the Proposed Diversification will be set out in a circular to be released by the Company to the Shareholders in due course, for the purpose of obtaining the approval of Shareholders in respect of the Proposed Diversification at the EGM to be convened. The EGM will allow Shareholders the opportunity to communicate their views on the Proposed Diversification, and consider, if thought fit, to approve the Proposed Diversification.

4. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company (if any).

5. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading their Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Diversification will be completed as they are subject to Shareholders' approval. The Company will make the necessary announcements as and when there are further developments.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OR THE BOARD HOSEN GROUP LTD.

Lim Hai Cheok
Chief Executive Officer
6 April 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg