

## ACQUISITION OF PROPERTY IN MALAYSIA

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### 1. INTRODUCTION

The Board of Directors (“**Board**”) 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**” or “**Purchaser**”), has on 6 September 2024 entered into a Sale and Purchase Agreement the (“**S&P**”) with Greenhill SILC Sdn. Bhd. (“**Developer**”), for the acquisition of a piece of freehold industrial land (the “**Land**”) (the “**Acquisition**”).

The Developer and its directors and shareholders are not related to the Company, its directors or substantial shareholders.

### 2. THE PROPERTY

The Land is a piece of freehold land of approximately 6,378.38 square metres in Mukim of Pulai, District of Johor Bahru, State of Johor, located in i-TechValley within the Phase 3 of Southern Industrial and Logistics Clusters in Iskandar Puteri, Johor Darul Takzim.

Pursuant to the S&P, the Purchaser has also entered into a Construction Agreement to appoint the Developer to construct a 1½ storey detached factory on the Land with a total built up area of approximately 41,959.69 square feet, subject to approval by the Appropriate State Authorities (the “**Building**”).

The construction cost of the Building is expected to be approximately RM9.63 million (“**Building Construction**”).

### 3. RATIONALE FOR THE ACQUISITION

As the Group’s current manufacturing facility in Senai, Johor, Malaysia has limited manufacturing capabilities, the Group has been sourcing for avenues to enhance and expand its floor space and operational workflows, in order to meet growing customer demands effectively.

Subsequent to the Acquisition, Hosen Chocolate will build a new factory on the plot to replace the existing factory to achieve the abovementioned.

### 4. THE CONSIDERATION

The aggregate value of the purchase consideration for the Land is RM7.55 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 S&P, the Consideration shall be payable in the following manner:

- a) 10% of the Consideration, amounting to RM0.75 million, shall be paid on the signing of the S&P; and
- b) the balance, being 90% of the Consideration, amounting to RM6.80 million is to be paid within 90 days from State Authority’s approval.

The Company commissioned CBRE WTW Valuation & Advisory Sdn Bhd (“**Valuer**”) to perform an independent valuation of the Land and the Building (“**Valuation**”). The Valuation, based on the market value of the Land using the comparison approach, was completed as of 19 August 2024. The Valuer has valued the Land at RM7.60 million. The Valuation is carried out in accordance with the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

The Consideration shall wholly be satisfied in cash, of which will be funded by internal resources and bank borrowings.

## 5. CONDITIONS PRECEDENT OF THE ACQUISITION

The acquisition is subject to State Authority’s approval for non-Malaysian citizen or foreign company as defined in the National Land Code (Revised 2020) and/or the Companies Act, 2016 (including any amendments thereof) to acquire the Land (“**State Authority’s Approval**”).

Hosen Chocolate agrees, covenants and undertakes to the Developer that within 14 days from the date of S&P, the Purchaser shall at its own costs and expense, apply for the State Authority’s Approval to acquire the Land and comply with all necessary requirements to obtain the State Authority’s Approval including any appeal to the State Authority within 3 months from the date of S&P or any extended period as the Developer deems fit, to bear and pay for all solicitors’ costs, disbursements and indirect taxes for such application and appeal in addition to all other moneys payable to the Appropriate Authorities within such period required by the Appropriate Authorities.

In the event for reason not attributable to Hosen Chocolate that State Authority’s Approval is not granted, the Purchaser and the Developer agree that S&P shall be automatically rescinded, and becomes null and void and of no further effect whereby all sums paid by the Purchaser shall be refunded by the Developer free of interest within 14 days from the date of the receipt of a written notification from the Developer and neither of them shall have any claim against the other whereby the Developer shall be at liberty to deal with the Land as it deems fit.

## 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 2024.

The financial effects were prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2023 (“**FY2023**”) 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 and/or Building Construction.

### 6.1 Net Tangible Assets (“**NTA**”)

	<b>Before the Acquisition</b>	<b>After the Acquisition</b>	<b>After Acquisition and Building Construction</b>
NTA (S\$’000)	33,602	33,518 <sup>(i)</sup>	33,317 <sup>(ii)</sup>
Number of shares (’000)	324,901	324,901	324,901
NTA per share (cents)	10.34	10.32	10.25

## 6.2 Earnings per Share (“EPS”)

	Before the Acquisition	After the Acquisition	After Acquisition and Building Construction
Earnings attributable to shareholders (S\$'000)	986	902 <sup>(i)</sup>	700 <sup>(ii)</sup>
Weighted average number of shares ('000)	324,901	324,901	324,901
EPS(cents)	0.30	0.28	0.22

### Notes

- (i) The proforma financial effects are calculated with the inclusion of the interest expense incurred from the bank loan obtained to finance the Acquisition.
- (ii) The proforma financial effects are determined based on the following assumptions: (i) inclusion of the interest expense incurred from the bank loan obtained to finance the Acquisition and Building Construction, and (ii) depreciation of the Building.

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

Based on the latest audited consolidated financial statements of the Group for FY2023, 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 (%)	
		Acquisition	Acquisition and Building construction (For illustrative purposes only)
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	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>	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	17.90% <sup>(2)</sup>	40.72% <sup>(3)</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 <sup>(4)</sup>	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 <sup>(5)</sup>	Not Applicable

### Notes:

- (1) There is no profit attributable to the Acquisition.
- (2) The Company’s market capitalisation is calculated based on the weighted average price of the shares on Catalist of S\$0.039 on 5 September 2024, being the last transacted market day preceding the date of the S&P (“Market Capitalisation”).
- (3) For illustrative purposes, this computation shows the 1006(c) assuming the aggregate value of the Land and Building compared with the Company’s Market Capitalisation.
- (4) This basis is not applicable as there are no equity securities issued as consideration for the Acquisition.
- (5) This basis is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed on the bases set out in Rule 1006(c) of the Catalist Rules exceeds 5% but falls below 75%, the Acquisition constitutes a “discloseable transaction” as defined in Chapter 10 of the Catalist Rules.

## **8. COMPLETION**

Hosen Chocolate will commence the application process to the State Authority shortly and the application process is expected to take approximately three (3) months.

The Acquisition of Land is deemed to be completed upon receipt of State Authority’s consent and payment of the remaining balance consideration.

The Building Construction is estimated to take approximately 18 months, starting after the completion of the S&P or the approval of the Building Plans, whichever occurs later.

## **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 such person.

## **11. FURTHER ANNOUNCEMENTS**

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Acquisition.

## **12. 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.

## **13. DOCUMENTS FOR INSPECTION**

A copy of the S&P and Valuation in respect of the Acquisition are available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

**BY ORDER OF THE BOARD**

Lim Hock Chye Daniel  
Chief Executive Officer

6 September 2024

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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.

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