

HS OPTIMUS HOLDINGS LIMITED

(Company Registration No. 199504141D)

(Incorporated in the Republic of Singapore)

ACQUISITION OF 60-YEAR SUB-LEASE IN SIX UNITS OF SHOPHOUSES IN BRUNEI

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of HS Optimus Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, Ambertree Pte Ltd (“**ABT**” or the “**Purchaser**”), has entered into a sale and purchase agreement (the “**SPA**”) with Lee Han Siew (“**LHS**”) trading under the name and style of Optimus Holdings (“**OH**”) (the “**Vendor**”) (LHS is the sole proprietor of OH) and Pengiran Muda Abdul Qawi (“**PQ**” or the “**Landowner**”) to acquire a 60-year sub-lease (the “**Sub-Lease**”) in six (6) units of double storey shophouses comprising Units No. 1,2,3,4,5,6 (collectively, the “**Property**”) of Block 6 to be erected and forming part of EDR No. BD 63235, Lot No. 71327, Kampung Kilanas, Mukim Kilanas, Brunei/Muara District for a total consideration of B\$1,920,000 (equivalent to S\$1,920,000) (the “**Acquisition**”).
- 1.2 Pursuant to the SPA, the Vendor agreed to sell and grant the Sub-Lease over the Property to ABT for a period of 60 years from the date of issuance of the occupational permit for the Property (“**OP**”), which is currently estimated to be in end-2024, and to register ABT as the registered sub-lessee of the Property in the Lands Register managed by the Lands Department under the purview of the Ministry of Development of Brunei for the aforesaid period.

2. INFORMATION ON THE PROPERTY AND THE VENDOR

2.1 Information on the Property

The Property is situated on the parcel of land, held in perpetuity, described as EDR No. BD 63235, Lot No. 71327 situated in Kampung Kilanas, Mukim Kilanas, Brunei/Muara District (“**Land**”). LHS has leased the Land for development, for a term expiring 60 years after the date of issuance of the OP (the “**Principal Lease**”). OH (of which LHS is sole proprietor) is the developer of the Land and is in the process of constructing 72 units of double storey shophouses (including the Property) on the Land. The Landowner is the registered owner of the reversionary freehold interest in the Land upon the expiry of the Principal Lease.

The Land is approximately 6.171 acres or 24,974 sqm in size and the Vendor has obtained the relevant approval letter to develop the Land and construct 72 units of double storey shophouses (including the Property) on the Land. Each shophouse unit in the Property is approximately 110 sqm in size. On 31 July 2023, Lee Han Heng, the principal architect of the development (“**Architect**”), had certified the development of the Property to be at 50% completion.

The Landowner is the Non-Executive Chairman, Non-Independent Director and a substantial shareholder of the Company. However, the Landowner has no commercial interest in the SPA and Sub-Lease, given that (a) the Landowner’s role and obligations under the SPA is purely as the registered owner of the reversionary freehold interest in the Land upon the expiry of the Principal Lease, (b) the Land shall revert to the Landowner only after the expiry of the Principal Lease and (c) the Landowner did not receive any consideration or payments in connection with the SPA and Sub-Lease. Cheok Advocates & Solicitors, a law firm of which an Independent Director of the Company, Ms. Lim Li Hui, is a partner of, had advised on the Principal Lease and on project financing provided by a lender to the Vendor in 2022 for the development of the Land. Given the foregoing, Ms. Lim Li Hui had abstained from the Board’s deliberations and approval of the Acquisition.

2.2 Information on the Vendor

The Vendor's business name was registered in Brunei Darussalam on 5 April 2018 with its business activities including, *inter alia*, the construction of buildings. LHS is the registered sole proprietor of the Vendor.

3. TERMS OF THE ACQUISITION

3.1 Timeline

Subject to the provisions of the SPA, in particular the punctual payment of the Consideration (as defined below), the Property shall be practically completed or caused to be completed by the Vendor within 30 months from 26 February 2022 ("**date of practical completion**"), which is to be evidenced by a certificate of practical completion issued by the Architect.

As soon as practicable, and in any event no later than six (6) months, after the date of practical completion of the Property as certified by the Architect, the Vendor shall at its own costs do or caused to be done all acts and things necessary to expeditiously procure the issuance of OP for the Property from the relevant authorities.

Completion of the Acquisition is expected to take place at the end of the fourth quarter of 2024.

3.2 Consideration

The consideration of the Acquisition is B\$1,920,000 (equivalent to S\$1,920,000¹) (the "**Consideration**") and was arrived at on a willing-buyer willing-seller basis taking into account the following factors:

- (a) the rationale for the Acquisition as elaborated in Section 4 below; and
- (b) the market value of the Property of B\$1,992,000 as determined in a valuation report dated 14 November 2023 (the "**Valuation Report**") commissioned by ABT and issued by an independent valuer, C. H. Williams, Talhar & Wong (B) Sdn. Bhd. (the "**Valuer**"). In arriving at the market value of the Property, the Valuer adopted the Direct Comparison Method which entails comparing the subject property with similar properties in the locality which were recently sold or are being marketed with adjustments made for location, accessibility, size, shape, age and condition of the building, tenure, title restrictions, if any, surrounding developments, land use zoning and other relevant characteristics to arrive at the market value of the subject property. In arriving at the market value of the Property, the Valuer adopted the following assumptions:
 - (i) that the buildings would be constructed strictly in accordance with the building plans prepared by the architect;
 - (ii) that the buildings would be fully completed within 12 months' time and issued with the OP thereafter; and
 - (iii) that the building costs and the property market would remain substantially the same as at the time of valuation throughout the period of development.

3.3 Method of Payment

The Group intends to fund the Acquisition through internal resources and the milestones for the payment of the Consideration is as follows:

Milestone	Percentage of Consideration	Amount (B\$/S\$)
1. Upon signing of SPA	10%	192,000

¹ B\$ denotes Brunei Dollars. Under the 1967 Currency Interchangeability Agreement which was established in 1967 to promote bilateral financial cooperation between Brunei Darussalam and Singapore, the Autoriti Monetari Brunei Darussalam (AMBD) and Monetary Authority of Singapore (MAS) will accept the currency issued by the other, and to exchange it at par and without charge, into their own currency. Banks in both countries will accept for deposit from the general public and businesses, currency issued by the other country at par (1 B\$ = 1 S\$).

2. Upon receipt by the Purchaser of the Vendor's written notice of completion of (a) Piling and Foundation (b) Ground Floor RC slab (c) First Floor RC slab as certified by the Architect	50%	960,000
3. Within 14 days of receipt by the Purchaser of the Vendor's written notice of completion of the following milestones as certified by the Architect:		
(a) Roofing structure & covering	15%	288,000
(b) External & Internal brickworks c/w plastering	10%	192,000
(c) Internal ceiling, windows, doors, tiling, joinery works, paintworks	5%	96,000
(d) External works inclusive of drainage, driveway, sewerage	5%	96,000
(e) Practical completion certified by the Architect	5%	96,000

As disclosed above, on 31 July 2023, the Architect had certified the development of the Property to be at 50% completion.

4. RATIONALE FOR THE ACQUISITION

The Directors believe that the Acquisition is a strategic investment and it will:

- (a) generate revenue via rental income stream from our property investment business segment with positive projected rental return. In this regard, the Vendor had entered into a non-binding expression of interest letter with a company incorporated in Brunei, MediCorp Sdn Bhd ("**MC**"), for MC to lease the Property for a period of five (5) years at a rental of B\$18,000 per month. A substantial shareholder of the Company, Lee Han Peng, is the nephew of a director and shareholder of MC. The Company will provide further updates to its shareholders in the event any transaction in relation to the lease of the Property materialises with MC or any other party;
- (b) generate positive returns in Bruneian dollars and result in the Group holding Bruneian assets that are not subject to foreign exchange fluctuations as seen in our Australian and Indonesian property; and
- (c) be complementary to our regional global property development and investment portfolio.

5. ILLUSTRATIVE FINANCIAL EFFECTS

For illustrative purposes, the financial effects of the Acquisition have been computed and set out below based on the audited full year financial statements of the Group for the financial year ended 31 March 2023. Such financial effects have been prepared purely for illustrative purposes only and do not reflect a projection of the actual future financial performance of the Group.

5.1 Net Tangible Assets ("**NTA**")

Assuming that the Acquisition had been effected on 31 March 2023, the effect of the Acquisition on the NTA per share of the Group is as follows:

	Before the Acquisition	After the Acquisition
NTA (S\$'000)	62,483	62,483

No. of shares	5,380,556,316	5,380,556,316
NTA per share (Singapore cents)	1.16	1.16

5.2 Earnings per share (“EPS”)

Assuming that the Acquisition had been effected on 1 April 2022, the effect of the Acquisition on the EPS of the Group is as follows:

	Before the Acquisition	After the Acquisition
Net loss attributable to Shareholders (S\$'000)	7,427	7,427
No. of shares	5,380,556,316	5,380,556,316
Loss per share (Singapore cents)	0.14	0.14

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures in relation to the Acquisition computed on the relevant bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”) are as follows:

Rule 1006	Basis of Calculation	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	Not applicable ⁽¹⁾
(b)	The net profit / (loss) attributable to the assets acquired, compared with the Group’s net profit / (loss).	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given compared with the Company’s market capitalisation based on the total number of issued Shares excluding treasury shares.	11.9% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration, compared with the number of equity securities of the Company previously in issue.	Not applicable ⁽⁴⁾
(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 as the Company is not a mineral, oil and gas company

Notes:

- (1) Not applicable to an acquisition of assets.
- (2) No net profit or loss is attributable to the Acquisition of the Property as it is currently 50% completed.
- (3) Market capitalisation of approximately S\$16.14 million has been calculated on the basis of 5,380,556,316 Shares in issue multiplied by the volume weighted average price of S\$0.003 for each share traded on the SGX-ST on 24 November 2023, being the full market day prior to the date of signing the SPA.
- (4) Not applicable as the Acquisition does not involve the issuance of equity securities by the Company as consideration.

As the relative figure under Rule 1006(c) of the Catalist Rules exceeds 5%, the Acquisition constitutes a discloseable transaction.

7. FURTHER INFORMATION

7.1 Directors' Service Contracts

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

7.2 Interests of Directors and Controlling Shareholders of the Company

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Acquisition.

7.3 Determination of Interested Person Transaction

The Acquisition does not constitute an "interested person transaction" under Chapter 9 of the Catalist Rules, taking into consideration that:

- (a) LHS does not have any interest in shares of the Company. LHS is the brother of Lee Han Peng, who is not a director, chief executive officer, or controlling shareholder of the Company. Accordingly, LHS does not fall within the definition of an "interested person".
- (b) while PQ is a party to the SPA, he has no commercial interest in the SPA and Sub-Lease, as further described in paragraph 2.1 above.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the Valuation Report will be made available during normal business office hours at the registered office of the Company at No. 2 Kallang Avenue, CT Hub, #07-03, Singapore 339407 for a period of three (3) months commencing from the date of this announcement.

9. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealings with the Shares, and to read this announcement and any further update announcement(s) released by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

HS Optimus Holdings Limited

Chia Fook Sam
Executive Director and Chief Operating Officer
27 November 2023

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

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

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