QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

PURCHASE OF A PROPERTY IN MALAYSIA BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

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1. INTRODUCTION

The Board of Directors of Qian Hu Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), wishes to announce that a wholly-owned subsidiary of the Company, Qian Hu Development Sdn. Bhd. ("**QHD**" or the "**Purchaser**") has on 12 March 2024 entered into a sale and purchase agreement (the "**SPA**") with Magnum Concept Sdn. Bhd., an independent and unrelated third party (the "**Vendor**"). The SPA outlines the proposed acquisition of a property situated at No. 54, Jalan 6/2, Seksyen 6, Bandar Rinching, Semenyih 43500, Selangor, Malaysia (the "**Property**") from the Vendor at a purchase consideration of RM14,500,000 (approximately S$4,107,649 based on the exchange rate of S$1:RM3.53) (the "**Purchase Consideration**") (the "**Proposed Acquisition**").

2. INFORMATION RELATING TO THE PROPOSED ACQUISITION

2.1 Information on the Vendor

The Vendor is Magnum Concept Sdn. Bhd., a company incorporated in Malaysia dealing in property development. The Vendor is the existing registered owner of the Property.

The Vendor is not related to any of the directors or controlling shareholders of the Company and their respective associates, and has no interest in the shareholdings of the Company.

2.2 Information on the Property

The Property consists of a freehold land held under HS(D) 116491, PT28940, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor, measuring approximately 3,695 square metres, together with a building erected thereon. The building-in-construction on the Property is a two-storey warehouse cum office unit with an estimated built-up area of approximately 3,800 square metres.

2.3 Rationale for the Proposed Acquisition

The Group intends to relocate and consolidate its wholesale and distribution business activities in Malaysia, currently operating at leasehold premises, to the Property, so as to increase operational synergies and improve efficiencies. The Proposed Acquisition is also part of the Group's plan to expand its pet accessories business in Malaysia.

In addition, the purchase of the Property will enable the Group to have more control over the future of the commercial space and to generate potential long-term cost savings.

3. PURCHASE CONSIDERATION

The Purchase Consideration of RM14,500,000 (approximately S$4,107,649) was arrived at on a willing-buyer and willing-seller basis, after taking into consideration the market conditions, relevant enquiries and market price of comparable properties in the vicinity of the Property. No formal independent valuation was commissioned in respect of the Proposed Acquisition.

The Purchase Consideration is payable in cash by QHD and will be financed by internally generated funds and bank borrowings.

The payment terms for the Proposed Acquisition are as follows:

(a) A sum of RM2,900,000, representing 20% of the Purchase Consideration, is payable upon execution of the SPA; and

(b) The balance 80% of the Purchase Consideration, which is equivalent to RM11,600,000, shall be payable within 60 days after date of issuance of the Certificate of Completion and Compliance of the Property.

4. RULE 1006 OF THE LISTING MANUAL

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2023 announced on 12 January 2024, the relative figures in respect of the Proposed Acquisition as computed on the bases set out pursuant to Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are as follows:-

Rule		
1006(a)	The net asset value ("**NAV**") of the assets to be disposed of, compared with the group's net asset value. This basis is <u>not applicable to an acquisition of assets</u>.	Not applicable
1006(b)	The net profit attributable to the assets acquired or disposed of, compared with group's net profits.	Not applicable (1)
1006(c)	The aggregate value of the consideration given or received, compared with issuer's market capitalisation base on the total number of issued shares excluding treasury shares.	19.56% (2)
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable (3)
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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but <u>not to an acquisition of such assets</u>.	Not applicable

Notes –

(1) Not applicable as the Property is vacant and no profit or loss is attributable to the Property.

(2) Computed based on the Purchase Consideration of RM14,500,000 (approximately S$4,107,649) and the Company's market capitalisation of S$21,002,396 which is determined by multiplying 113,526,467 ordinary shares in issue by the weighted average price of the shares of S$0.185 per share on 11 March 2024, being the last market day on which the Company's shares were traded preceding the date of the SPA.

(3) This basis is not applicable as no equity securities are to be issued as part of the Purchase Consideration.

As the relative figure set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a discloseable transaction within the definition of Chapter 10 of the Listing Manual of SGX-ST, for which the approval of the shareholders of the Company is not required.

5. ILLUSTRATIVE FINANCIAL EFFECTS

For the purpose of illustrating the financial effects of the Proposed Acquisition, the following assumptions have been made:

(i) the financial effect of the Group's loss per share is computed assuming that the Proposed Acquisition had been completed on 1 January 2023, the start of the latest audited financial year of the Group; and

(ii) the financial effect of the Group's net tangible assets is computed assuming that the Proposed Acquisition had been completed on 31 December 2023 being the date to which the latest full-year audited accounts of the Group were made up.

The illustrative financial effects on the Group before and after the Proposed Acquisition based on the latest audited consolidated financial statements for the financial year ended 31 December 2023 are set out as follows:-

(i) Loss per share

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Loss attributable to owners of the Company ($'000)	9,277	9,179
Weighted average number of shares ('000)	113,526	113,526
Loss per share (cents)	8.17	8.09

(ii) Net Tangible Assets ("NTA")

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA ($'000)	35,067	35,165
Number of shares ('000)	113,526	113,526
NTA per share (cents)	30.89	30.98

As the financial effects presented above are pro-forma in nature and only for illustrative purposes, it is not intended to reflect the actual financial position and/or results of the Group immediately after the completion of the Proposed Acquisition.

6. DIRECTORS' SERVICE CONTRACT

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

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors (other than in the capacity as a director or shareholder of the Company) or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal office hours at the registered office of the Company at No. 71 Jalan Lekar, Singapore 698950 for a period of three (3) months commencing from the date of this announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcements in relation to the Proposed Acquisition as and when there are material developments.

BY ORDER OF THE BOARD
Kenny Yap Kim Lee
Executive Chairman
12 March 2024