**OTS HOLDINGS LIMITED**
(Company Registration Number: 201505559W)
(Incorporated in the Republic of Singapore)

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

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## 1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of OTS Holdings Limited. (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that an indirect wholly-owned subsidiary of the Company, Ellaziq (Malaysia) Sdn. Bhd. ("**ELM**" or the "**Purchaser**") has on 28 November 2023, entered into a sale and purchase agreement (the "**SPA**") with Yong Mei Foodstuffs Manufacturing (M) Sdn. Bhd., an independent and unrelated third party (the "**Vendor**"). The SPA outlines the proposed acquisition of a property situated at Lot 1734, Jalan Kampung Pisang, Bukit Keremoyang, 86200 Simpang Renggam, Johor, Malaysia. (the "**Property**") from the Vendor at a purchase consideration of RM14,300,000 (approximately S$4,085,714 based on the exchange rate of S$1:RM3.50) (the "**Purchase Consideration**") (the "**Proposed Acquisition**"). The Proposed Acquisition is subject to the fulfilment of the conditions (as defined in Paragraph 3 of this announcement) including, *inter alia,* the approval of Johor State Authority to the sale and transfer of the Property (by reason of the Purchaser being a foreign company as defined by the National Land Code ("**State Consent**")(the "**Condition Precedent**"). There is no certainty or assurance that the completion of the Proposed Acquisition will materialize, and the Company will keep shareholders apprised on material developments in respect of the Proposed Acquisition.

## 2. BACKGROUND TO THE PROPOSED ACQUISTION

### 2.1 Information on the Vendor

The Vendor is Yong Mei Foodstuffs Manufacturing (M) Sdn. Bhd., incorporated in Malaysia, with principal business activity of manufacturing and trading of all kinds of food products.

For avoidance of doubt, the Vendor does not hold any shares in the Company and is not related to the Group, its Directors, controlling shareholders and substantial shareholders of the Company, and their respective associates.

### 2.2 Information on the Property

The Property consists of a freehold land under Geran Mukim 1053 Lot 1734 in the Mukim Renggam, District of Kluang, State of Johor containing an area measuring approximately 1.6617 Hectares, together with a unit of factory for food industry with 2-storey office and 1 open shed block known as Lot 1734, Jalan Kampung Pisang, Bukit Keremoyang, 86200 Simpang Renggam, Johor, Malaysia.

### 2.3 Rationale of the Proposed Acquisition

The Proposed Acquisition is part of the Group's plan to expand business operations and lower manufacturing costs of its halal products.

## 3. SALIENT TERMS OF THE SPA

### 3.1 Consideration

The Purchase Consideration of RM14,300,000 (approximately S$4,085,714) was arrived at on a willing-buyer willing-seller basis, after taking into account 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 ELM and will be financed by ELM's internally generated funds and bank borrowings.

### 3.2 Condition Precedent

The SPA is subject to the State Consent being obtained within six (6) months from the date of the SPA or such other period as the parties hereto may mutually agree to extend ("the **Conditional Period**"). The SPA shall be unconditional on the date the Purchaser's Solicitors receive the original State Consent approval ("the **Unconditional Date**").

### 3.3 Payment of the Purchase Consideration

#### 3.3.1 The Deposit

A sum of RM286,000 (approximately S$81,714) (2% of the Purchase Consideration) has been paid as earnest deposit and part payment of the Purchase Consideration (the "**Earnest Deposit**") to the Purchaser's Solicitors as stakeholder.

Upon execution of the SPA, another RM1,144,000 (approximately S$326,857) (8% of the Purchase Consideration), being the balance of the first 10% of the Purchase Consideration (the "**Deposit**") and part payment of the Purchase Consideration will be paid to the Purchaser's Solicitors who will be entitled to and authorized to release the Deposit to the Vendor pursuant to the terms specified in the SPA including, *inter alia,*:-

(a) a sum of RM429,000 (3% of the Purchase Consideration) being the retention sum for the purpose of Real Property Gains Tax shall be held by the Purchaser's Solicitors and paid to the Director General of Inland Revenue;

(b) a sum of RM1,001,000 (7% of the Purchase Consideration) shall be released to the Vendor's Solicitor as stakeholder and shall then be released to the Vendor upon fulfilment of, *inter alia,* execution of the SPA and provision of all the necessary documents to effect the State Consent application and the transfer and purchase of the Property; and upon receipt of executed Letter of Guarantee and Indemnity by the directors of the Vendor to guarantee the refund of the said amount by the Vendor in the event that the SPA is terminated due to non-fulfilment of the Condition Precedent.

#### 3.3.2 Balance Payment

The balance of RM12,870,000 (approximately S$3,677,143) (90% of the Purchase Consideration) shall be paid within three (3) months from the Unconditional Date (the "**Completion Period**") with a grace period of one (1) month's extension carrying late payment interest on daily basis at the rate of 8% per annum on the balance of the Purchase Consideration then outstanding from the Completion Period until full payment.

### 3.4 Other Salient Terms

Other salient terms include:

(a) Currently the Vendor has charged the Property with Public Bank Berhad. The Vendor shall at his own cost and expense discharge the existing charge over the Property.

(b) In the event that the State Consent is rejected, the parties may appeal against the rejection/non-approval within the stipulated period or such other period as the parties may mutually agree to extend.

(c) In the event that the Condition Precedent is not fulfilled, the SPA shall be deemed to be terminated whereupon the Deposit shall be fully refunded to the Purchaser.

## 4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company after the completion. The financial effects of the Proposed Acquisition were calculated based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2023 ("**FY2023**"), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

### 4.1 Net Tangible Assets per Share

The effect of the Proposed Acquisition on the net tangible assets ("**NTA**") per share of the Group for FY2023, assuming that the Proposed Acquisition had been effected at the end of FY2023 is as follows:

| As at 30 June 2023 | Before the Proposed Acquisition | After the Proposed Acquisition |
|---|---|---|
| NTA (S$'000)[(1)] | 26,898 | 26,805 |
| NTA per Share (Cents) | 12.57 | 12.53 |

### 4.2 Earnings per Share

The effect of the Proposed Acquisition on the earnings per share of the Group for FY2023, assuming that the Proposed Acquisition had been effected at the beginning of FY2023 is as follows:

| FY2023 | Before the Proposed Acquisition | After the Proposed Acquisition |
|---|---|---|
| Loss after tax (S$'000)[(1)] | (1,902) | (1,995) |
| Loss per basic and diluted shares (Cents) | (0.89) | (0.93) |

*(1) This is based on the assumption that ELM incurs RM1,200,000 (S$0.343 million equivalent) in expenses to complete the SPA. Under Malaysian Financial Reporting Standard 116, directly attributable costs are allowed to be capitalized. Hence out of S$0.343 million, it is assumed RM 872,000 (S$0.25 million equivalent) of expenses would be capitalized.*

### 4.3 Gearing

The effect of the Proposed Acquisition on the gearing of the Group for FY2023, assuming that the Proposed Acquisition had been effected at the end of FY2023 is as follows:

| As at 30 June 2023 | Before the Proposed Acquisition | After the Proposed Acquisition[(2)] |
|---|---|---|
| Loans and Borrowings (S$'000) | 808 | 3,665 |
| Share Capital (S$'000) | 22,469 | 22,469 |
| Gearing ratio (times) | 0.04 | 0.16 |

*(2) This is based on the assumption that the Proposed Acquisition will be partially funded by ELM taking a bank loan of RM10 million (S$2.857 million equivalent).*

## 5. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

Based on the latest announced audited consolidated financial statements of the Group for FY2023, the relative figures of the Proposed Acquisition as computed on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**") are as follows:

| Rule | | Relative Figures (%) |
|---|---|---|
| 1006(a) | The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2023. The basis is not applicable to an acquisition of assets. | Not applicable |
| 1006(b) | The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits as at 30 June 2023. | Not applicable(1) |
| 1006(c) | The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares. | 15.88(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 |
| 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 not to an acquisition of such assets. | Not applicable |

*(1) Not applicable as the Property has been vacant and no profit or loss is attributable to the Property.*
*(2) Computed based on the Purchase Consideration of RM14,300,000 (approximately S$4,085,714) and the Company's market capitalization of S$25,722,800 is determined by multiplying 214,000,000 ordinary shares in issue by the weighted average price of the shares of S$0.1202 per share on 27 November 2023, being the last market day on which the Company's shares were traded preceding the date of the SPA.*

As the relative figure calculated under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Company is not required to seek shareholders' approval for the Proposed Acquisition.

## 6. SERVICE CONTRACT

No person will be appointed to the Board of the Company, and no service contract will be entered into by the Company, in connection with the Proposed Acquisition.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Company and its Directors and controlling shareholders are not related to the Vendor. Other than through their respective shareholdings (if any) in the Company, none of the Directors and controlling shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the Proposed Acquisition.

**8. DOCUMENT FOR INSPECTION**

A copy of the SPA is available for inspection during normal office hours at the registered office of the Company at 30 Senoko South Road Singapore 758088 for three (3) months from the date of this announcement.

**9. FURTHER ANNOUNCEMENT**

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

**BY ORDER OF THE BOARD**

Ong Bee Chip
Managing Director

28 November 2023

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and 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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