

HONG FOK CORPORATION LIMITED

(UEN: 196700468N)

Incorporated in the Republic of Singapore

ACQUISITION OF PROPERTIES IN THE ORDINARY COURSE OF BUSINESS BY WHOLLY OWNED SUBSIDIARY OF HONG FOK CORPORATION LIMITED – EXERCISE OF OPTIONS TO PURCHASE THE PROPERTIES AT 360 ORCHARD ROAD #01-02 TO #01-06 INTERNATIONAL BUILDING SINGAPORE 238869

(1) INTRODUCTION

The Board of Directors of Hong Fok Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly owned subsidiary, Super Homes Pte. Ltd. ("**SHPL**") had been granted options to purchase (the "**Options**") the titles to the following properties held by the third party vendors on 999 years lease commencing from 1 January 1971 (the "**Properties**") located at:

- (a) 360 Orchard Road #01-02, #01-03 and #01-04 International Building Singapore 238869, from a third party ("**Vendor 1**") for a purchase consideration of approximately S\$16,642,000 plus the prevailing goods and services tax ("**GST**") thereon ("**Purchase Consideration 1**"); and
- (b) 360 Orchard Road #01-05 and #01-06 International Building Singapore 238869, from a third party ("**Vendor 2**") for a purchase consideration of approximately S\$11,158,000 ("**Purchase Consideration 2**"),

("Vendor 1" and "Vendor 2" shall collectively be referred to as the "**Vendors**", and "**Purchase Consideration 1**" and "**Purchase Consideration 2**" shall collectively be referred to as the "**Purchase Consideration**").

On 4 December 2024, SHPL has accepted and exercised the Options.

The Vendors and their respective associates are third parties who are independent from and unrelated to the Group, the Company, its directors, controlling or substantial shareholders, or their respective associates.

(2) RATIONALE FOR THE PROPOSED ACQUISITION

International Building, located at Orchard Road, Singapore, is a 12-storey commercial building, and the existing use of the units at International Building comprise offices, shops and restaurants. Yat Yuen Hong Company Limited ("**YYH**"), a wholly owned subsidiary of the Company, owns 100% of the interest in Land Lot 956X of Town Subdivision 25 on which International Building stands, which is freehold land. Prior to the exercise of the Options, the Properties are held by the third party Vendors on 999 years lease commencing from 1 January 1971. YYH is the reversionary owner of the Properties. Upon completion of the proposed acquisition of the Properties pursuant to the Options (the "**Proposed Acquisition**"), the Group will own all the units in International Building.

The exercise of the Options and the Proposed Acquisition are in the ordinary course of the Group's business.

(3) PURCHASE CONSIDERATION

The Purchase Consideration was arrived at on a “willing-buyer” and “willing-seller” basis after taking into consideration various commercial factors, including the fact that YYH owns 100% of the interest in Land Lot 956X of Town Subdivision 25 on which International Building stands, which is freehold land, and that upon completion of the Proposed Acquisition, the Group will own all the units in International Building, as well as the location and potential of the Properties. No valuation was done on the Properties to derive the Purchase Consideration.

An aggregate sum representing 1% of the Purchase Consideration (approximately S\$278,000 (plus GST thereon, where applicable) has been paid to the Vendors as consideration for the grant of the Options (the “**Option Money**”), comprising approximately S\$166,000 (plus GST thereon) paid to Vendor 1 and approximately S\$112,000 paid to Vendor 2. A further aggregate sum representing 5% of the Purchase Consideration less the Option Money (approximately S\$1,112,000 (plus GST thereon, where applicable)) has been paid today upon the exercise of the Options, to the Vendors’ solicitors to be held by the Vendors’ solicitors as stakeholders pending completion of the Proposed Acquisition (“**Completion**”), comprising approximately S\$666,000 (plus GST thereon) paid to Vendor 1 and approximately S\$446,000 paid to Vendor 2. The remaining 95% of the Purchase Consideration, comprising approximately S\$15,810,000 (plus GST thereon) will be payable to Vendor 1 on Completion and approximately S\$10,600,000 will be payable to Vendor 2 on Completion.

(4) COMPLETION

Completion is subject to various conditions, including satisfactory replies on legal requisitions. Subject to the fulfilment and satisfaction of these conditions, Completion is expected to take place in February 2025.

(5) FUNDING AND FINANCIAL IMPACT

The Proposed Acquisition will be funded through both internal resources and external borrowings.

The Proposed Acquisition is not expected to have any material impact on the net tangible assets and earnings per share of the Company and the Group for the current financial year ending 31 December 2024.

(6) INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save for their shareholdings in the Company.

BY ORDER OF THE BOARD

CHEONG HOOI KHENG

Director

4 December 2024