Huationg Global Limited
Company Registration Number: 201422395Z
(Incorporated in the Republic of Singapore on 1 August 2014)
Address: 9 Benoi Crescent, Singapore 629972
Website: http://www.huationg-global.com

RESPONSES TO QUESTIONS RAISED BY SHAREHOLDERS IN RELATION TO THE ANNUAL GENERAL MEETING AND ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

The Board of Directors (the "**Board**") of Huationg Global Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the questions raised by its Shareholders in relation to its Annual General Meeting ("**AGM**") and Annual Report for FY2022 ("**FY2022 AR**"), which was issued on 12 April 2023.

The Company has consolidated the questions submitted and has set out responses to the questions at **Annex A** of this announcement.

By Order of the Board
Huationg Global Limited

Ng Kian Ann Patrick
Executive Director and Chief Executive Officer

21 April 2023

*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.*

The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

ANNEX A

A. GENERAL QUESTIONS

1. Why did the Company decide not to hold its AGM for FY2022 physically? Shareholders have not seen Management in person for some period of time.

The Company decided to hold its AGM for FY2022 by way of electronic means, in view of the recent spike in COVID-19 cases.

2. Does the Company declare dividends for shareholders on an annual basis?

The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances returns to shareholders with the Company's capital needs for investment and growth.

At present, the Company does not have a fixed dividend policy in place. However, the Company shall assess and declare dividends when it is appropriate to do so.

3. Why did the Company not send physical copies of the documents pertaining to the AGM to shareholders?

*As disclosed in the Notice of AGM, the AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**").*

Under item 7 read with item 10 of the First Schedule of the Order, it is sufficient for the documents pertaining to the AGM (i.e., the Notice of AGM, the FY2022 AR and the Proxy Form) to be published on SGXNet and the website of the listed company.

Accordingly, the Company has published its Notice of AGM, the FY2022 AR and the Proxy Form on the Company's website at the URL https://huationg.listedcompany.com and on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

B. QUESTIONS PERTAINING TO THE COMPANY'S FINANCIAL STATEMENTS

1. Due to the Company's operations of its dormitory, it is noted that the Company's operating income had increased. How long is the lease in respect of the Company's dormitory? Did the Company incur rental expenses for the lease?

The Company is unable to disclose further information on this, in light of a non-disclosure agreement and the confidential nature of the relevant contract.

2. The Company recorded a higher Expected Credit Losses ("ECL") provision in FY2022. Does this pertain to bad debts incurred by the Company? Otherwise, what does the ECL provision relate to, and will such a sum be recoverable by the Company?

The Group determines the ECL of trade receivables (including retention sums) and contract assets by the credit profile and characteristics of the counterparties using a provision matrix.

The Group further categorises trade receivables based on days past due. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current conditions and forward-looking information which is based on assumptions and forecasts of future economic conditions.

3. **It is noted that the Company intends to dispose of its property located at 9 Benoi Crescent (the "Property"). Why is there a need to dispose of the Property? Where will the Company's office be located, after the Property is disposed of?**

   The Company intends to be asset light and it wishes to monetise the Property. When the Property is sold, the Company shall provide more details.

4. **According to the Company's website, the rental rate of the dormitory run by the Company is S$350 per bed. What is the current market rate for renting beds in similar dormitories?**

   The rental rate varies for each customer.

C. QUESTIONS PERTAINING TO THE COMPANY'S DORMITORY OPERATIONS

1. **What is the occupancy rate of the dormitory run by the Company for the first half and second half of 2022 ("2H2022") respectively?**

   By the end of 2022, the occupancy rate of the dormitory has improved to a healthy level.

2. **Did the Company increase the rental rate of its dormitory in 2022? If so, in which month was such an increase implemented?**

   The Company's rental rate of its dormitory varies for each customer.

3. **Have the Company's dormitory occupancy and rental rates improved in 2023, as compared to 2H2022?**

   The Company's dormitory occupancy rate and rental rates are at a healthy level.

D. QUESTION PERTAINING TO THE COMPANY'S INLAND LOGISTICS SUPPORT SERVICES

1. **There has been a notable increase in the revenue of the Company, as compared to previous years. Is this attributable to the overall positive sentiment and increased business activity in the construction sector? If not, what is the reason for the increase in revenue of the Company?**

   There is an overall increase in business volume, in line with the industry.

E. QUESTION PERTAINING TO OTHER INCOME OF THE COMPANY

1. **There has been an improvement in "sundry income" in 2022, as compared to 2021. What is the reason for the improvement and what does "sundry income" encompass?**

   "Sundry income" mainly refers to one-off relief payments for certain projects.

F. QUESTIONS PERTAINING TO ORDINARY RESOLUTION 1

1. **Is the Company operating the Changi East Worker Dormitory Village on a 30-year land lease? Could the Company elaborate on the structure of the land lease? Is there an annual rental increase that the Company has to pay? If so, what is the annual percentage increase of the rental?**

   The Company is unable to disclose further information on this, in light of a non-disclosure agreement and the confidential nature of the relevant contract.

2. **Can the Company provide its rationale for putting up the Property for sale? If the Property is successfully sold, will the profits from such a sale be equal to the difference between the sale price and historical cost less accumulated depreciation? Will the Company incur additional costs such as accommodation expenses for its workers after the sale of the Property? If so, please quantify the figures for major expense items.**

   The Company intends to be asset light and it wishes to monetise the Property. When the Property is sold, the Company shall provide more details.

3. **Did the Company successfully extend its lease of 3 Kranji Loop beyond 30 June 2022? If the Company was unsuccessful in doing so, please elaborate regarding the impact on the Company, in terms of operations and costs.**

   The Company has returned the land in respect of 3 Kranji Loop to JTC.

4. **Will the Company be working towards securing more temporary bridging loans to replace other more expensive loan types such as trust receipts/letter of credits and revolving loans?**

   The Company shall source for the best banking facilities to manage its interest costs.

G. <u>QUESTION PERTAINING TO ORDINARY RESOLUTION 4</u>

1. **Does the Company have any policies in place regarding drink driving, whether at Company events or private events? This is to prevent any recurrence of the drink driving incident which took place in 2022.**

   All staff of the Company are required to abide by the laws and regulations of Singapore.