



Huatiang Global Limited

Company Registration Number: 201422395Z
(Incorporated in the Republic of Singapore on 1 August 2014)
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**RESPONSES TO QUESTIONS RECEIVED FOR THE ANNUAL GENERAL MEETING
TO BE HELD ON 29 APRIL 2021**

The Board of Directors (the “**Board**”) of Huatiang Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 14 April 2021 in relation to the Company’s annual report for the financial year ended 31 December 2020 (“**Annual Report**”) and its annual general meeting to be held on 29 April 2021 (“**AGM**”).

The Company would like to thank all shareholders for their active participation in the upcoming AGM by submitting their questions in advance.

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

By Order of the Board
Huatiang Global Limited

Ng Kian Ann Patrick
Executive Director and Chief Executive Officer

23 April 2021

*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.*

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ANNEX A RESPONSES TO QUESTIONS FROM SHAREHOLDERS

Question 1a:

The Company is holding its FY2020 AGM in accordance to the Covid-19 Order 2020 and will not be printing hardcopies of its Annual Report for dissemination towards its shareholders.

Refer to SGX's "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation" dated 1 October 2020, section 1.3, where it states "**Issuers are strongly encouraged to provide at least 21 calendar days' notice to shareholders.**"

Noting the Company's AGM date of 29 April 2021 and its announcement dated 14 April 2021 (giving shareholders the required 14 calendar days of notice), notwithstanding the required notice period being fulfilled, seeing that

- (i) the Company not intending to print hardcopies of its Annual Report and thus saving on printing time;
- (ii) Shareholders not being able to ask questions **during** the AGM; and
- (iii) Shareholders not being able to respond to answers provided by the Company after the Company posts its response to initial questions post-21 April 2021;

would it be more apt that the Company provide sufficient time for the Shareholders to go through the Company's Annual Report and have enough time to submit their queries?

Company's Response:

The Company refers to the following provisions relating to the mandatory notice period for the convening of general meetings:

- (1) Rule 704(14) of the Catalist Rules provides, *inter alia*, that:

"All notices convening meetings must be sent to shareholders at least 14 calendar days before the meeting (excluding the date of notice and the date of meeting). For meetings to pass special resolution(s) the notice must be sent to shareholders at least 21 calendar days before the meeting (excluding the date of notice and the date of meeting)."

- (2) Paragraph 1.3 of the Checklist for the Conduct of General Meetings issued by the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") on 1 October 2020 (the "Checklist") which provides, *inter alia*, that:

"For both issuers and non-listed companies, all notices convening general meetings must be sent to shareholders and members at least 14 calendar days (or 21 calendar days, where special resolutions are proposed for public companies) before the meeting."

As the resolutions tabled at the forthcoming annual general meeting of the Company ("AGM") are all ordinary resolutions, the Company has complied with the mandatory notice period of 14 calendar days (excluding the date of notice and the date of meeting) in accordance with the Catalist Rules and the Checklist i.e. the notice of AGM was issued on 14 April 2021 and the date of the AGM is 29 April 2021.

The Company is aware of paragraph 1.3 of the Checklist, which states, *inter alia*, that “*Issuers are strongly encouraged to provide at least 21 calendar days’ notice to shareholders.*”

Nevertheless, the Company will take the shareholder’s recommendation into consideration for future general meetings.

Question 1b.

In a continuation to the question above, SRS shareholders are expected to cast their votes by 19 April 2021 whereas the deadline for the submission of Shareholders' queries is set at 21 April 2021. Given that it only makes sense that the Company responds post-21 April 2021 once it has obtained all queries from Shareholders, it seems that SRS shareholders are expected to cast their votes without being able to fully appreciate the Company's responses to any queries.

Noting that the deadline for SRS shareholders is tighter than non-SRS shareholders (being at least 7 working days prior to the AGM), would it be more appropriate that the Company prepare and announce its AR/AGM earlier to provide enough time for all Shareholders to vote after satisfying all queries?

Company’s Response:

The Company refers to paragraph 5.2 of the Checklist which states, *inter alia*, that:

“CPF and SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the general meeting”.

In view of the above, the Company set the 19 April 2021 deadline for SRS investors to submit their votes to provide seven working days to SRS investors in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company, in compliance with paragraph 5.2 of the Checklist.

In view of the deadline for SRS investors to submit their votes being earlier than the deadline for non-SRS investors to submit their votes and the deadline for the submission of questions for the AGM, the Company will consider the shareholder’s recommendation to provide sufficient time for all shareholders to submit their questions before the deadline to submit their votes for future general meetings, if the conduct of meetings are still under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Question 2a:

Refer to the Company's announcement dated 16 June 2020 in relation to the Company's response to shareholders' queries for its FY2019 AGM and in particular question 6 where it was highlighted that the Company had, for the 2nd consecutive year, announced material variance in its Audited Financial Statements.

The Company had, for its 3rd consecutive year, announced material variance in its Audited Financial Statements. Noting that the current Chief Financial Officer ("**CFO**") had been appointed since May 2016, the Company had since then, in 5 years (2017 - 2021), announced material variance in its Audited Financial Statements **4 times**.

Given that it appears the Company is making a material variance announcement of its Audited Financial Statements 80% of the time since 2017, please elaborate how could:

- (i) the Board, pursuant to provision 9.1(i) of the Corporate Governance report of its FY2020 AR, accept the assurance from the Chief Executive Officer ("**CEO**") and CFO that the internal controls (including financial) were adequate and effective for FY2020; and
- (ii) the CEO and CFO give the assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances?

Company's Response:

The Board accepts the assurance from the CEO and CFO that the internal financial controls (including financials) of the Group are adequate and effective as the Board also takes into consideration of the additional factors as below:

- (i) internal audits have been done by an independent body of internal auditor (the "IA") and significant matters highlighted to the AC and key management personnel were appropriately addressed;
- (ii) key management personnel regularly evaluates, monitors and reports to the AC and the Board on material risks;
- (iii) the AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance controls and information technology and risk management policies and systems established by Management;
- (iv) discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and
- (v) an enterprise risk management framework was established to identify, manage and mitigate significant risks.

The CEO and CFO are of the opinion that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances based on the following:

- (i) internal controls and the enterprise risk management system established by the Company which are effective and adequate in all material aspects given its current business environment in the construction industry;
- (ii) reports of the IA's examination of the Group's system of internal control and risk management as assurance that the Group's risk management and internal control system are effective; and
- (iii) independent auditor's report as set out in the Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's finances.

The Company wishes to highlight that its financial closing process has improved in FY2020. Due to steps taken by the Audit Committee and the Board to address areas that can be improved in the Group's financial reporting process, as well as the hard work of the CFO and the Group's financial team, the Company released its FY2020 Annual Report on SGXNET within the stipulated timeline pursuant to Rule 707(2) of the Catalist Rules.

The Group will continue to work towards improving and enhancing its financial reporting process to ensure that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances through the following measures:

- 1) closely supervising the Group's finance team, conducting regular meetings, encouraging staff to highlight issues or problems encountered during daily operations and during the financial reporting process;
- 2) closely monitoring the financial reporting progress;
- 3) improving coordination and co-operation between departments to ensure that supporting documents are provided and operational matters are finalised on a timely basis, so that the underline operations can be captured accurately in the financial statements; and
- 4) communicating and concluding accounting treatment with the Group's auditors to minimise material variances between the Group's unaudited financial statements and the audited financial statements.

Question 2b:

Given that there is a consistent need to announce a material variance announcement of the Company's Audited Financial Statements, is the competency of the CFO (notwithstanding her experience detailed in the Annual Report) adequate and/or is the CFO up-to-date with current reporting standards? Or perhaps does the Company need to look towards buffering its financial team to support the CFO to "improve the financial reporting close process and ensure the financial statements give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 and SFRS(I)?"

Company's Response:

The Board is of the opinion that the CFO has the requisite experience, qualifications and capabilities to discharge her duties as a CFO of a listed company. Prior to the CFO joining the Company, the Board had evaluated the CFO's performance in her previous role as a chief financial officer of a listed company, taking into consideration factors such as meeting deadlines for the release of quarterly financial results, the annual report and whether there were material variances between the unaudited financial statements and the audited financial statements of that listed company, and concluded that the CFO is competent in discharging her duties as CFO of the Group.

In light of changes to the financial reporting standards, the Group will send the finance team, including the CFO, to attend relevant training courses and seminars from time to time so that they are kept updated with the latest changes to the financial reporting standards and are in a better position to discharge their duties, so as to improve the financial reporting.

To reduce the accounting adjustments and errors, the Board will closely supervise the finance team, conduct regular meetings and discussions, encourage staff to highlight issues or problems encountered in operations and financial closing process and propose solutions to address the issues.

In addition, the Group is in the process of appointing an experienced accountant to the finance team to support the CFO and to strengthen the finance team. This will also improve the Group's financial reporting processes.

Question 3:

Refer to the Company's announcement dated 19 February 2021 in relation to the news articles reporting that the Company had "erroneously" cleared plots of land in Kranji.

- (i) Is the Stop work order still effective or has the Company resumed works at Kranji?
- (ii) What is the Company's response to the reports stating it having "erroneously" cleared the land prior to the conclusion of the baseline study and environmental monitoring plan?
- (iii) Has the Company reinforced its internal controls to prevent such a spectacle from happening again and is the Company able to ascertain whether this would have a material impact on the Group's financials (seeing it has been 2 months since)?

Company's Response:

The stop work order issued by JTC Corporation on 13 January 2021 is still effective as at the date of this announcement.

The Group is currently assisting JTC Corporation and National Parks Board in investigations in connection with this matter. As investigations are on-going, the Group is currently unable to comment or disclose further information other than the information disclosed in the Company's announcement dated 19 February 2021.

The Company will make further announcements to update shareholders when there are material updates as may be necessary or appropriate.