



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

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RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**”) of Hong Lai Huat Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), refers to the Group’s announcement dated 4 May 2022 entitled “Entry into Term Sheet in relation to the sale of up to USD 50 million worth of Property Units in D’ Seaview” (the “**Announcement**”).

In response to queries raised by the SGX-ST dated 5 May 2022, the Board would like to provide the following responses:

1. Please provide details of the size, location, status and valuation of D’Seaview. To disclose if the USD 50m consideration amount is supported by independent valuation, and disclose the factors taken into account in arriving at the consideration amount.

Company’s Response

The D’Seaview project is a freehold mixed-used development project located in Sihanoukville, Cambodia and features a total of 804 residential and commercial. The consideration of USD 50 million is based on the existing D’Seaview project listed prices as benchmark to the market standard in Sihanoukville, Cambodia. Based on a report provided by CBRE Cambodia in 2020, property prices in Sihanoukville are worth around USD 2500 psm.

2. We note that Fabi Capital shall be raising USD 50 million to acquire the properties, including by way of token and NFT sales through its own platform. Please clarify if the consideration will be paid to the Company in cash or token / NFT, or a combination of both. As it is not in the ordinary course of HLH's business to acquire tokens and NFT, please note that the transaction has to comply with Chapter 10 of the Listing Manual in the event Fabi Capital will not be making payment by cash. As the consideration amount exceeds 100% of the Company's market capitalization of S\$49.2 million, the Company must comply with Listing Rule 1015 and provide all the information required under the Rule.

Company’s Response

The Company will only receive the consideration in cash and it does not intend to receive any token or NFT for the payments of the units. Chapter 10 of the Listing Manual shall not be applicable to the following transaction as we will only be receiving the payment in cash.



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The Company will seek the direction from our legal representative on how to comply with Listing Rule 1015 to provide all information required under the Rule upon proceeding on this transaction wherever required though sale of the properties is in accordance with its existing ordinary course of business as a real estate and property developer.

3. Please clearly state reasons why the Board has agreed to sell the properties to Fabi Capital given that it does not currently have the funds to pay. Please also disclose the long stop date of the agreement and the termination date for the last payment failing which the Company will be able to sell the properties to other buyers.

Company's Response

Having interacted with Fabi Capital's CEO Ms Tham, we are very impressed by her vision and entrepreneurial spirit. We want to work with local entrepreneurs with drive and ambition and willing to be innovative and creative.

We have therefore agreed to work with Fabi Capital in a deal that provides almost no downside at all for us, while retaining all the upside. The deal grants them a right to purchase up to USD 50 million worth of properties in D'Seaview up to 31 December 2022 in ten tranches without any exclusivity period lock in, hence the Company is free to serve other buyers on a first come first serve basis should such situation occurs.

As stated in the Announcement, the term sheet is only valid till 31 December, unless mutually terminated earlier. As you can see, this deal gives us all the upside if Fabi Capital is able to raise the funds through its own means within the period agreed and purchase our properties, while the downsides are virtually none.

4. *Please provide details and specific timeline as to when each of the ten tranches of consideration are payable and what happens in the event any of the ten tranches fail to be paid. When will the title of the properties pass?*

Company's Response

As stated in the Announcement and per the table below, each tranche of consideration is payable upon the successful raising of a tranche of USD5 million by Fabi Capital.

Tranche	Amount raised	Properties acquired
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1	First USD5 million raised (Cumulative USD5 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
2	Next USD5 million raised (Cumulative USD10 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
3	Next USD5 million raised (Cumulative USD15 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
4	Next USD5 million raised (Cumulative USD20 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
5	Next USD5 million raised (Cumulative USD25 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
6	Next USD5 million raised (Cumulative USD30 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
7	Next USD5 million raised (Cumulative USD35 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties



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8	Next USD5 million raised (Cumulative USD40 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
9	Next USD5 million raised (Cumulative USD45 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties
10	Next USD5 million raised (Cumulative USD50 million raised)	The Buyer shall purchase approximately USD 5 million worth of properties

Title to the properties for each tranche will only pass upon the seller (i.e. PH One Development (Cambodia) Limited) obtaining receipt of payment for that tranche (i.e. USD5 million).

In the event Fabi Capital fails to pay for a specific tranche of consideration within the stipulated period, Fabi Capital will not obtain title to such equivalent number of property units.

5. *Please provide details of Fabi Capital's platform. How will the value of the tokens and NFTs be objectively determined?*

Company's Response

As per the Company's best knowledge, Fabi Capital intends to establish a platform to enable holders of Fabi Capital's tokens to use their tokens to acquire goods and services (such as accommodation stays at the properties Fabi Capital purchases from PH One, food and beverages, etc.) and for holders of Fabi Capital's NFTs to gain access to exclusive memberships benefits (e.g. invites to meet celebrities, events, etc.).

Like all other tokens and NFTs that we are aware of, we expect the value of Fabi Capital's tokens and NFTs to be determined based on market forces (i.e. supply and demand),



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which means that to determine their value, one will need to check their latest prices on the digital exchanges on which those tokens and NFTs will be listed on.

6. *When was Fabi Capital incorporated and what is its track record? What is the size and valuation of the tokens and NFTs on its platform? When did the platform become operational and how many external third-party users have used the platform or raised funds through the platform? Please quantify.*

Company's Response

Fabi Capital was incorporated on 30th March 2022. As Fabi Capital is a newly established start-up business, we understand that their tokens and NFTs are still in their design phase and no tokens or NFTs have been issued to date.

7. *Please provide more details on the FA coin and its valuation.*

Company's Response

As per the Company's best knowledge, we were told that no FA coins have been issued and no valuation has been attached to any FA coins to date. This may change in the future as we understand Fabi Capital is looking for more partners to collaborate on its marketplace platform.

8. *Please provide more details on the NFT marketplace - will it also be launched this month?*

Company's Response

According to Fabi Capital, they are aiming to launch its marketplace platform in late June 2022.

9. *Please identify the major developers whom Fabi Capital is collaborating with.*

Company's Response

As per the Company's best knowledge, we are their first and only developer that is collaborating with Fabi Capital at this moment and Fabi Capital is in talks with several other local property developers in Kingdom of Cambodia to bring them onboard once the pilot programme with the Company is successfully launched.

10. *Please disclose a full list of the ultimate beneficial shareholders and directors of Fabi Capital, as well as its place of incorporation. To also provide more details on Mr Jacky Kuoch and Ms Tham*



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Jee Yan, their track records, expertise, CV and past experience and the specific organizations / businesses they were involved in and the periods they have served in these positions as well as their responsibilities and roles.

Company's Response

Fabi Capital is incorporated in the British Virgin Islands.

Mr Jacky Kuoch and Ms Tham Jee Yen are its directors and ultimate beneficial shareholders.

Mr Jacky Kuoch is an Independent Sales Consultant and Investment Manager with several real estate companies in Cambodia where he oversees the business operations and is responsible for identifying investment opportunities in Cambodia since November 2012. He also currently works with AZ Investment Co, Ltd as a Research and Investment Specialist where he similarly assesses investment opportunities and oversees the implementation of their investment strategy. Prior to that, Mr Kuoch developed market analysis skills with Smart Axiata Co, Ltd as a prepaid and CLM specialist from September 2011 to October 2014. Mr Kuoch has a Bachelor of Arts in Sociology from the Royal University of Phnom Penh and a Bachelor of Arts in English Literature from Build Bright University in Cambodia.

Ms Tham Jee Yen is currently a senior associate at International Business Capital since October 2019 where she advises high net worth clients on investment products and services, and is also responsible for investment management. She previously ran her own entrepreneurial enterprise from October 2008 to September 2019 where she provided specifically tailored personal shopper services. She also has sales consultancy experience from November 2007 to October 2008 as a land banking sales consultant with Walton International (S) Pte Ltd servicing high network prospects. Prior to that, Ms Tham was a cabin crew member with Singapore Airlines. Ms Tham has a Bachelor of Science (Hons) in Banking and Finance from the University of London (Singapore Institute of Management).

11. Please provide details of when Hong Lai Huat International Pte Ltd acquired the 15% stake in Fabi Capital and how much the entity had paid for the acquisition. From whom were the shares acquired? Did the Company disclose the acquisition and if not, why not?



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Company's Response

Hong Lai Huat International Pte Ltd acquired its 15% stake in Fabi Capital (comprising 7,500 shares) on 30 March 2022 as an initial subscriber for a total consideration of S\$500,000.

The acquisition was not disclosed as the Board was of the view that the acquisition of Fabi shares was not material information under Chapter 7 of the Listing Manual given that Fabi Capital did not become a subsidiary of the Company. Further, the amount paid for those shares is not substantial, representing less than 2% of the Company's cash balance as per the financial results ending 31 December 2021. The Board is not aware of any material information that requires disclosure but remains undisclosed as at the date of this announcement.

By Order of the Board

Ong Jia Jing

Group GM and Executive Director

10th May 2022