LASSETERS INTERNATIONAL HOLDINGS LIMITED
Company No: 200402223M

RESPONSE TO QUESTIONS IN CONNECTION WITH THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Board of Directors (the "**Board**" or "**Directors**") of Lasseters International Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") hereby enclosed the response of the Company to the questions raised by the Securities Investors Association (Singapore) ("**SIAS**") and the shareholders of the Company (the "**Shareholders**") in connection with the annual report of the Company for the financial year ended 30 June 2021 ("**FY2021**") released on 1 October 2021.

Questions raised by SIAS

Question 1

(i) The 5-year performance of the group is shown in the Financial highlights (page 14; reproduced above). Given that there was a turnaround in the operations in FY2021, what deliberations did the board have regarding the timing of the sale of LHC?

Company's response

With the Lasseters Hotel Casino ("LHC") as the only remaining operating entity and asset, the Group finds that operating a single asset in a remote location challenging with diminishing economies of scale a real possibility. The uncertainty of the pandemic has also posed further challenges and risk thereby making the sustainability of maintaining the record performance of LHC's gaming sector difficult as stimulus measures begin to dwindle down, causing exceptional profits to normalise.

(ii) Why did the board approve the proposed disposal at a consideration below its book value?

Company's response

The book value in April 2021 includes a revaluation surplus based on valuation done in the past. The consideration although below book value in April 2021, is above historical cost and will realised a gain. The market value of the Disposal Assets based on a valuation done in September 2021 was A$105 million, which is the same as the aggregate consideration.

(iii) How did management identify and approach potential buyers for LHC? Please elaborate further on the sale process that the board/management carried out. Were other potential buyers, other than Alice Springs Casino Property and Alice Springs Casino Operations, identified and approached?

Company's response

The Management was approached by the potential buyer through an established intermediary based in Australia. Due to the number of parties involved and for confidentiality reasons the Company is not able to comment further on this.

(iv) What were the roles played by the independent directors in the proposed disposal?

Company's response

The Independent Directors participated actively in the sale process and deliberations of the Board, gave their inputs and advice and considered the Board's rational for the proposed disposal (as given in answer (i) above).

Question 2
In the company's announcement dated 19 April 2021, the company disclosed that "…the group has decided on a longer term direction and strategy to focus its investment in Malaysia".

(i) Prior to the announcement of the proposed disposal on 19 April 2021, did the company/board announce that it was carrying out a strategic review of its business model? If not, why not?

Company's response
Our Board and Management are constantly engaged in discussions and deliberations over our business strategy and growth plans – one of which is our long term direction and strategy of our investment in Malaysia. These are internal discussions which are not made public.

(ii) What was the process the board went through to *"decide on a longer term direction and strategy to focus its investments in Malaysia"*? How robust were the deliberations and decision making by the board and what were the alternatives considered by the board?

Company's response
Robust deliberations were held and the Board has considered many factors including the difficulties with operating a single asset remotely, possibility of diminishing economies of scale, changes in regulatory environment, uncertainty of the pandemic, opportunity to exit at a profit for an illiquid asset, management expertise in Malaysia etc. We are confident we can leverage on the broad experience of our Board and Management to seek out opportunities that will further enhance shareholders' value. Having said that, the Board is not adverse to potential investments within its core businesses in Australia or elsewhere if the opportunity arises.

(iii) What is the competitive advantage of the group in property and hospitality development in Malaysia? How does the group differentiate itself from other developers/investors?

Company's response
The competitive advantage in Malaysia includes the Board's strong local knowledge and expertise, strong understanding of the opportunities and regulatory environment in Malaysia, as well as the Group's extensive network with financial institutions and our strong relationship with the Accor group in developing the Mercure hotel.

(iv) The group completed the construction of the 229-key 4-star Mercure hotel in April 2021 and expects to soft-open the hotel in the fourth quarter of 2021. What is the impact on the prospects of the hotel due to the pandemic, especially the closure of national borders and the movement control orders in Malaysia?

Company's response
With the Covid-19 situation under control, the Malaysian government has just lifted the ban on interstate travel and potential gradual opening of its borders for international travel – this will bode well for the hospitality sector and the opening of our flagship hotel at the end of this year is timely.

(v) Can the board help shareholders understand the reasons for the dilution in the interest in the joint venture? Was the group unwilling or unable to inject fresh cash and/or to subscribe for the redeemable non-convertible non-cumulative preference shares ("RNCNCPS") to maintain its interest?

Company's response
As LHC underwent a government mandated closure (due to COVID-19) during the second quarter of 2020 for a period of around 3 months, the Group had to prioritise the mitigation of its financial risks by conserving cash during the pandemic in order to maintain the viability of LHC. For this reason, the Group decided not to inject fresh cash to subscribe for RNCNCPS.

(vi) Given that the group has accumulated losses of A$(58.5) million, will the board be reviewing the ability and track record of management and assess if the group has the necessary human resources to allow it to create sustainable returns for all shareholders, especially minority shareholders?

Company's response
The Board does and will continuously review the performance of the Management and assess the adequacy of human resources to meet its objectives to enhance the long-term value and returns for its shareholders.

Question 3
(i) Can the board help shareholders understand the reasons for the increase in the directors' fees since FY2018?

Company's response
The fee quantum per director per year for Non-Executive Directors is the same and has not increased, and the Executive Directors do not receive any compensation in the form of director's fees by the Company. The increase in total amount of directors' fees since FY2018 was due to the re-designations of Executive Directors to Non-Executive Directors.

(ii) Please provide a breakdown of the directors' fees and disclose the fees for the individual directors, as required by Provision 8.1 of the Code of Corporate Governance 2018.

Company's response
The remuneration of our executive Directors and key management personnel are set out in incremental bands of S$250,000 with further analysis showing the composition between basic salary; variable or bonuses are set out at page 30 of the Company's annual report. The Company is of the view that this level of disclosure supports both the spirit of Principle 8 of the Code of Corporate Governance 2018, and that disclosure in incremental bands is both sufficient and adequate, as further disclosure could be detrimental to the Group's interest as it may lead to poaching of key management personnel, or the revelation of the Group's trade practices or tactics to its competitors in a competitive industry.

(iii) Can the remuneration committee (RC) provide shareholders with greater clarity the basis of the bonuses given to the two directors? How was the performance assessed?

Company's response
As disclosed at page 28 of the Company's annual report, the Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual director and key management personnel. No director is involved in deciding his own remuneration. Our internal performance appraisal criteria are not made public for the same reason as given in answer (ii) above).

(iv) Did the RC evaluate if the executive directors (in their roles prior to any re-designation) had created long-term value for shareholders? From FY2010-FY2016, the company's losses were A$(3.8) million, A$(4.0) million, A$(6.8) million, A$(7.2) million, A$(2.9) million, A$(4.0) million and A$(1.0) million respectively. As shown on page 14 (Financial highlights), the company reported cumulative losses of A$(8.0) million in the past 5 years (FY2017-FY2021). Since FY2010, the accumulated losses were A$(37.7) million.

Company's response
Yes, the RC has evaluated if the Executive Directors (in their roles prior to any re-designation) had created long-term value for shareholders. Apart from the profit/(loss) after tax, the RC in its evaluation also considers the operational performance of the Group at EBITDA level which is acceptable averaging circa A$9 million in the last 5 years (EBITDA excluding exceptional items from FY2017-FY2021 were A$10.4 million, A$8.9 million, A$7.9 million, A$4.6 million and A$13.8

million respectively). The Group has also turnaround with a profit after tax of A$6.6 million and an EBITDA level of A$14.7 million in FY2021. The net loss in previous years was predominantly due to high gearing and interest costs. Since listing, the Group has expanded its assets portfolio by 3 to 4 folds with very little fresh injection of shareholders' fund, save and except for one rights issue exercise undertaken in FY2015 to support the Group's investments in Cypress Lake Group Pty Limited. All growth in the past has been through external borrowings and the Company declared and paid out dividend which amounted to A$10.5 million from gains arising from a disposal in FY2009.

(v) Can the RC explain how the company's remuneration practices are appropriate and proportionate to the sustained performance and value creation of the company (Principal 7 of the CG Code 2018)?

Company's response
Due to the sensitive and confidential nature of such information, we are not able to provide details. However, the RC does ensure the Company's remuneration practices are appropriate having evaluated the level of contributions, taking into account factors such as effort, time spent and responsibilities as well as the evaluation done on the Company's performance as explained in answer (iv) above.

(vi) In addition, both long tenured non-executive independent directors, Tan Sri Kuan Peng Ching @ Kuan Peng Soon and Teo Chee Seng were first appointed in February 2004 and will be seeking shareholders' approval for their continued appointment as independent directors at the AGM. Can the directors help shareholders understand their contributions in the past 17 years that led to value creation for all shareholders, especially minority shareholders? How effective have the directors been in providing entrepreneurial leadership that enhanced the long-term value and returns for minority shareholders?

Company's response
The Non-Executive Independent Directors' contribution has been towards providing independent views to the Board to enhance the quality of discussions, to evaluate strategic decisions deliberated at Board level on commercial and financial risks undertaken by the Company, and to oversee the internal controls and audit matters of the Company. Their contribution has been effective under the many contraints and circumstances faced by the Group.

(vii) Have the long tenured non-executive independent directors held management accountable for performance (page 19 – Provision 1.2: Directors' duties and responsibilities)?

Company's response
Yes.

Questions raised by Shareholders

Question 1
After disposal the asset, company will pay dividend as a reward to shareholders?

Company's response
The Board will look into this matter bearing in mind that the Company will be a cash company after completion of the proposed disposal of the assets and businesses in LHC.

BY ORDER OF THE BOARD

DATO' JAYA J B TAN
Non-Executive Chairman
18 October 2021

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "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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