

BUSINESS UPDATE ON THE PROPERTY BUSINESS AND DOOR BUSINESS

The Board of Directors (the “**Board**”) of HS Optimus Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 13 July 2021, 1 June 2021, 15 June 2021, 18 June 2021 and 29 June 2021 in relation to its compliance with the various movement control orders (“**MCO**”) and lockdowns in Malaysia, and wishes to provide shareholders of the Company with an update in relation to the two business segments of the Group, namely the Property Business and the Door Business, taking into consideration various developments on the Covid-19 situation in the key geographical areas the Group has operations in:

(i) Property Business

The Group had plans to attract suitable tenants for its five-storey freehold heritage office building at Lincoln Square to derive rental income. During the first quarter ended 30 June 2021 (“**1Q2021**”), this was met with lower enquiries and viewing requests from potential tenants which was affected by the ongoing COVID-19 situation and lockdowns imposed by the state government.

On 5 August 2021, the State of Victoria had entered into its sixth lockdown for seven days as cases grow. On 11 August 2021, it was announced that this lockdown will be extended for another week till 19 August 2021.

In our Annual report for the financial year ended 31 March 2021 and further in our replies to questions posed by Securities Investors Association of Singapore (“**SIAS**”) which were published on SGXNET on 27 July 2021, the Company had explained that it has completed extensive renovations to refurbish and renovate the five-storey freehold heritage office building at Lincoln Square, Carlton and have appointed marketing agents to market the property for lease, resulting in a reclassification from Development Property to Investment Property in accordance with SFRS(I)1- 40, as the best way to monetarize this asset. Marketing efforts are now ongoing to find a suitable tenant with a view to obtaining rental income.

On 13 July 2021, the Company announced the entry into an Investment (Debt) and Marketing Agreement with 82 Westgarth Pty Ltd (as trustee for the 82 Westgarth St Unit Trust) in which the Company’s wholly owned subsidiary Ambertree Vic Mel (Lincoln) Pty Ltd (“**ABTL**”) has agreed to extend a loan to the Borrower to finance the acquisition of an existing property located at 82 Westgarth Street, Fitzroy, Victoria, Melbourne with a view to subsequently developing the Property into a residential development and ABTL will be appointed as a consultant to provide marketing support services in connection with the development and sale of residential units on the Property. Pursuant to legal completion of the acquisition of the land, the project has proceeded to the next phase of pre-launch and marketing campaign.

During 1Q2022, the situation in Indonesia worsened with the escalation of COVID-19 cases, resulting in various delays in the application and permit process. At the same time, certain fixed overheads and expenses continue to accrue. The situation in Jakarta, Indonesia continues to be serious and number of Covid-19 cases remains high. On 2 August 2021, the President announced that current restrictions put in place will be extended till 9 August 2021. Subsequently, the President announced on 9 August 2021 that social restrictions across Java and Bali have been extended until 16 August 2021. On 16 August 2021, this was further extended till 23 August 2021. Given the challenging and uncertain situation, the Group is still in the process and may even be subjected to further delay in obtaining the various permits and licenses for its proposed property development in Jakarta, Indonesia.

The Group will continue to monitor the situation brought about by the ongoing Covid-19 pandemic.

(ii) **Door Business**

Completion of voluntary winding-up of Dongguan Lebex

The Group had on 1 August 2021 announced that the voluntary winding up of its subsidiary, Dongguan Lebex Doors Co. Ltd, has been completed. This completes a major part of the Group's plan to streamline its operation processes, restructure, cease non-performing units and lower cost structure whenever possible with a view to improve productivity and bring down costs. Pursuant to the above, the costs for 1Q2022 and till the date of completion of the voluntary winding up which are to be presented as losses from discontinued operations are not expected to be material.

Operations in Johor

The Group's door production base and manufacturing operations are now centred in Johor, Malaysia.

The Covid-19 situation in Johor remains serious with the resurgence of Covid-19 cases. During 1Q2022, there had been a series of further MCOs and lockdowns announced to help deal with the continued and increasing spread of the virus in Malaysia. The Group had announced on 1 June 2021 its compliance with the Malaysian Government Lockdown Directive from 1 June 2021 to 14 June 2021. Following which, the Group announced again on 15 June 2021 the extension of this total nation lockdown for all social and economic factors to be extended for another 2 weeks from 15 June 2021 to 28 June 2021. On 18 June 2021, the Group had announced that it had obtained approval to resume operations which are only limited to (i) upload of finished goods into containers for exports and (ii) receiving of raw materials import until, 28 June 2021. The Group also announced on 29 June 2021 that the Group's production activities will be delayed again in view of the Malaysia's government announcement on 27 June 2021 to extend its national lockdown beyond 28 June 2021 till further notice.

Malaysia's National Recovery Plan ("NRP") has four stages and the entry of the subsequent phases is dependent on certain indicators, including but not limited to the number of daily Covid-19 cases; the status of Malaysia's healthcare system and the percentage of population fully vaccinated against Covid-19. Phase 2 of the NRP provides companies that export their products and in the wood industry or furniture factory will be able to resume its production activities in Phase 2 of the NRP.

Malaysia is under Phase 1 of the NRP and all economic and social activities are not allowed except for a list of essential economic sectors and services. As announced on 18 June 2021, the factory can only continue loading and unloading activities and there is no change to this arrangement as at the date of this announcement.

On 15 August 2021, the Ministry of International Trade and Industry announced that in line with the NRP and with effect from 16 August 2021:

- (i) Manufacturing sector that are not listed as essential services in NRP's Phase 1 and 2 areas are allowed to operate based on the rate of their fully vaccinated workers;
 - i. 40% - 59% fully vaccinated workers-Allowed to operate at 60% capacity;
 - ii. 60% - 79% fully vaccinated workers-Allowed to operate at 80% capacity; and
 - iii. 80% - 100% fully vaccinated workers-Allowed to operate at 100% capacity.

Accordingly, the Group is unable at this point of time to quantify and ascertain the full financial impact resulting from the previous lockdown and the speed of the administration of the approved vaccines, the Group will continue to monitor the situation closely and will make appropriate announcements in compliance with the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (in particular, Chapter 7 and Appendix 7A) to keep shareholders of the Company updated on any material developments.

Barring any unforeseen circumstances and based on the information readily available to the Group and management, the Group while continuing to remain vigilant on costs, macroeconomic events and the Covid-19 pandemic, in view of the foregoing, there will be a negative impact on the financial performance of the Group for 1Q2022 and further expects

that any continued disruption to the production facility in Johor, Malaysia may have an adverse effect on our half year unaudited financial results (to be announced no later than 14 November 2021).

This announcement is based on a preliminary assessment of the latest unaudited consolidated management accounts of the Group and is not based on any financial figures or information which have been audited or reviewed by the Group's auditors. Accordingly, shareholders are cautioned not to place undue reliance on forward-looking statements within this announcement, which are based on the current view of management regarding future events. The Company will provide further details of the Group's performance as and when appropriate (including providing relevant business updates between the announcements of its financial results).

By order of the Board
HS Optimus Holdings Limited

Gloria Wong
Executive Director
17 August 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.

This announcement has not been examined or approved by the SGX-ST. 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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