

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 6 November 2021, 14 November 2021, and 26 November 2021, in relation to its Half Year Profit Guidance, Half Year Unaudited Financial Results and the Extraordinary General Meeting for the Proposed Diversification into Secured Property Financing Business. The Board wishes to provide shareholders of the Company (“**Shareholders**”) with a business update for the third quarter of the financial year ended 31 March 2022 (“**Q3FY2022**”) in relation to the continued evolving and changing pandemic situation on the main business segments of the Group and the key geographical areas the Group has operations in:

(i) Property Business

The Group’s plans to attract suitable tenants for its fully refurbished five-storey freehold heritage building at Lincoln Square to derive rental income were initially met with lower enquiries and viewing requests from potential tenants which was affected by the ongoing COVID-19 situation and lockdowns imposed by the Victoria state government. On 22 October 2021, Melbourne and Victoria exited from nearly 9 months of restrictions during six separate lockdowns since March 2020, representing the longest cumulative lockdown for any city in the world. The Group has since seen an upturn in interested enquiries from potentially suitable tenants with onsite inspections being carried out and is hopeful that the uptick in the leasing market will translate into recurring rental income for the Group.

The Company’s entry into an Investment (Debt) and Marketing Agreement with 82 Westgarth Pty Ltd (as trustee for the 82 Westgarth St Unit Trust) announced on 13 July 2021 continues to accrue interest income pursuant to the loan disbursement in which the Company has a first registered mortgage over the land. 82 Westgarth Pty Ltd (as trustee for the 82 Westgarth St Unit Trust) has since obtained legal completion of the land acquisition. The development known as 82 Westgarth in Fitzroy, Melbourne has since been pre-launched with pre-sales and interests in the residential development, seeing strong interest from both potential Melbourne home-owners and property investors alike.

The situation in Jakarta and Indonesia remains uncertain and challenging. Despite a decrease in the 7-day average of COVID-19 cases for the last 3 months of 2021, there has been an increasing uptick of COVID-19 numbers and infections from January 2022 onwards. Given the uncertainty and continued social restriction orders implemented by the government including level II community-level restriction (PPKM 2) which has capped general work from office to 50%, with only essential services such as tele-communications, logistics and finance, allowed a higher ratio of 75%, the Group anticipates further delays in the various permits and licenses and for it to be a long drawn out process and will continue to remain cautious and calibrated in relation to the necessary applications for the various permits and licenses for its proposed property development in Jakarta.

(ii) Door Business

Operations in Johor

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

After obtaining the necessary approvals from the Ministry of International Trade and Industry of Malaysia (“**MITI**”), the factory in Johor has resumed operations since 14 September 2021 subject to continued adherence to the various standard operating procedures required to be compiled with by the Malaysian government. For Q3FY2022, the factory has returned to close to capacity, fulfilling the backlog of customer orders which were impeded by the factory

closure earlier in 2021. The Company would also like to highlight that continued challenges remain including the global supply bottleneck in container shipping services, the rising container costs, the rising raw material prices and raw material shortages, and that the Group continues to stay the course of achieving improved productivity, cost savings and being price competitive in order to protect and defend our position as a premier supplier of quality doors to the United Kingdom.

(iii) Secured Property Financing Business

On 13 December 2021, Shareholders voted for and approved the proposed diversification of the Group's business into the provision of secured property financing to Singapore incorporated or registered corporations and LLPs, in the form of a loan secured by (i) a first mortgage over commercial, industrial, or residential property owned by the borrowing entity or its shareholder; and (ii) personal guarantees provided by the shareholder(s) and/or the director(s) or the partners (as the case may be) of the borrowing entity. This is a strategic initiative by the Group to diversify its income streams given the continued uncertain challenges posed by the pandemic in Singapore and in most parts of the world.

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
23 February 2022

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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