

HONG FOK CORPORATION LIMITED

(Company Registration No: 196700468N)
Incorporated in the Republic of Singapore

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE STRAITS TIMES ARTICLE DATED 25 MARCH 2021

The board of directors ("**Board**") of Hong Fok Corporation Limited ("**Company**") refers to the article published in The Straits Times titled "*Undervalued Hong Fok a stock to consider for the long term*" dated 25 March 2021 ("**ST Article**"), which states, *inter alia*, "So the company and its controlling shareholders just need to buy 151 million shares to trigger a privatisation. It is not apparent that this is imminent." and "... [the Cheongs] could always use the proceeds of the property sale to mop up the outstanding shares and take the company private. They would just need to cough up less than \$170 million."

In connection with the above, the Board wishes to clarify that the Company has been making purchases of shares in the capital of the Company ("**Shares**") by way of on-market purchase on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), which were announced on the SGXNET, pursuant to the share purchase mandate approved by shareholders of the Company ("**Shareholders**") at the previous annual general meeting held on 5 June 2020 ("**Share Purchase Mandate**").

In line with the rationale as stated in the Company's addendum relating to the proposed renewal of the Share Purchase Mandate dated 14 May 2020 ("**Addendum**"), the Company has been making Share purchases on the SGX-ST with the objective of enhancing the earnings per share of the Company and its subsidiaries, better managing the Company's capital structure, dividend payout and cash reserves, as well as helping to buffer short-term share price volatility. These Share purchases have provided the Company with an efficient mechanism to enhance return to Shareholders when circumstances permit.

Furthermore, all the Share purchases are regulated and made in accordance with, *inter alia*, the "Guidelines on Share Purchases" adopted by the Company, details of which are found in the appendix to the Addendum. In particular, paragraphs 3.1 and 3.2 of the "Guidelines on Share Purchases" provide that the Company will not effect a purchase of Shares such that the continuing shareholding spread requirement prescribed by the Listing Manual of the SGX-ST which is in force at the time of the intended purchase of Shares cannot be maintained after the purchase, and that the Directors will use their best efforts to ensure that any purchase of Shares will not affect the listing of the Shares on the SGX-ST.

The Board also wishes to clarify that contrary to the ST Article, there is no current intention by the Board to explore or undertake any privatisation or de-listing exercise.

Potential investors and Shareholders are advised to read this announcement and any further announcements by the Company carefully. Potential investors and Shareholders are advised to refrain from taking any action in respect of their Shares which may be prejudicial to their interests, and to exercise caution in dealing in the Shares. In the event of any doubt, potential investors and shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Lo Swee Oi
Koh Chay Tiang
Company Secretaries

Singapore
29 March 2021