HS OPTIMUS HOLDINGS LIMITED
(formerly known as KLW Holdings Limited)
(Incorporated in the Republic of Singapore)
(Company Registration No. 199504141D)

ANNUAL GENERAL MEETING TO BE HELD ON 28 JULY 2021
RESPONSE TO QUESTIONS FROM SIAS

The Board of Directors ("**Board**") of HS Optimus Holdings Limited ("**Company**", and together with its subsidiaries, "**Group**") refers to the notice of annual general meeting of the Company ("**AGM**") to be held on 28 July 2021 as well as the announcement of the Company on the alternative arrangements for the AGM released via SGXNET on 12 July 2021.

As at 10.00 a.m. on 25 July 2021 (being the stipulated deadline for submission of questions pursuant to the notice of AGM), the Company has not received any questions from shareholders of the Company ("**Shareholders**").

The Company wishes to update Shareholders that it has received questions from the Securities Investors Association (Singapore) ("**SIAS**") on 19 July 2021 following the SIAS' review of the Company's annual report for the financial year ended 31 March 2021 ("**FY2021**").

The Company's responses to the questions posed by SIAS are set out below. Please note that the questions and responses should be read in conjunction with the annual report of the Company for FY2021.

Q1. Despite the challenges of the pandemic, the group reported higher revenue of $18.3 million and a profit after tax of $1.8 million in FY2021. The profit comes after three consecutive years of losses which totaled $(19.0) million.

In the financial year, the company changed its name to "HS Optimus Holdings Limited". The group's main business segments are "Door manufacturing & distribution" and "Property investments and property developments". As noted in the chairman's statement, the demand for the group's doors remained resilient during the year, especially from the main market of the United Kingdom.

Question	Company's Response
(i) Can management elaborate further on the group's value-add in the door manufacturing operations, i.e. what is the form of the raw material and how does the group turn it to finished goods (such as timber doors, fire doors, engineered doors, customised doors etc) at the manufacturing facilities in Johor?	The Group has more than 75 years of experience in the business of woodworking and door manufacturing. The Group adopts a specialized and intensive production process which combines the traditional principles of door making with modern machining and finishing techniques including ironmongery, which includes converting raw materials sourced from Forest Stewardship Council **("FSC")** certified sources such as lumber, veneer, medium-density fibreboard particle boards, glue and glass, and rolling it through a more than 10 step process to create various flush, fire, engineered and customized doors. The Malaysia factory has a current capacity of producing up to 25,000 doors per month or 300,000 doors per year. It is also able to provide a range of solutions for door production, which includes turning customer's designs and ideas into mock-ups, arranging for haulage and provision and arrangement for shipping and forwarders to most international ports.

Question	Company's Response
	Each door produced by the Malaysia factory is in accordance with customers' requirements and is FSC certified. The FSC certification is the factory's most important value add in that the factory is required to monitor all downstream raw materials starting from the forest source in order to produce FSC certified doors. It is a requirement under the European Union Timber Regulation **("EUTR")** to be FSC certified in order to be a door supplier to the European market. The Malaysia factory also complies with the principles instituted by Sedex Members Ethical Trade Audit **("SMETA")** and avails itself to a regular ethical audit conducted by SMETA to ensure the factory adheres to good social responsibility and social practices throughout our supply chains, our standards of labour, health and safety, environmental and business ethics. Please refer to the Company's webpage at www. hso.com.sg for further details on our finished door products.
(ii) With the cessation of the group's operations in Vietnam and China, what is the current manufacturing capacity in Malaysia? What were the utilisation rates in FY2021?	The current door manufacturing capacity is up to 25,000 doors per month or 300,000 doors per year. In FY2021, production was disrupted by COVID-19 and the various movement control orders ("**MCOs**") implemented by the Malaysian government. However, demand from the Group's customers in the United Kingdom remain resilient and the Malaysia factory's utilization was better than the previous year. Please refer to the Company's webpage at www. hso.com.sg for further details on our manufacturing capacity.
(iii) Can management elaborate further on the impact on the group's operations from the Movement Control Orders in Malaysia?	The Company had provided shareholders with business updates on 17 February 2021 and 1 June 2021 as well as announced on 15 June 2021 and 29 June 2021 the various MCOs instituted by the Malaysian government that impacted the Malaysia factory. Further, on 18 June 2021, the Company announced that it had obtained approval from the various local authorities in accordance with the application process from Malaysia Timber Industry Board and standard operating procedures from Ministry of Transport Malaysia to resume limited activities such as loading and unloading activities. Given the ever-changing situation, Company cannot accurately quantify the impact of COVID-19 for FY2021. Notwithstanding the same, please refer to page 49 of the annual report for FY2021 shows the audited revenue from continuing operations of S$18.30 million for FY2021 have increased compared to audited revenue from continuing operations of S$14.73 million in the

Question	Company's Response
	previous financial year. This higher revenue was achieved despite the various order shipment disruptions in Malaysia, whereby there were both supply and delivery disruptions brought about by the global impact of the COVID-19 pandemic as well as various movement control orders implemented by the Malaysian government which affected production at our Johor factory. These disruptions were negated in part by strong customer demand and the porting over of former customers from our other manufacturing facility in Dong Guan, China. Please refer to page 7 of the Company's Annual Report FY2021 for further details.
(iv) *As disclosed on pages 105 and 116, the group derived 86% (2020: 87%) of its revenue from 3 external customers in the door business segment. These major customers are suppliers of building materials in the UK. Can management elaborate further on the profiles of these major customers? What are the avenues applied by the group in retaining these major customers? Is the group also actively sourcing for new customers to diversify its customer base?*	The identities of the three main customers are commercially sensitive and are confidential. However, these customers are of strong financial standing and the Company undertakes a rigorous review of credit risk and monitoring of all accounts receivables. For FY2021, there were no provision for expected credit loss (in accordance with "SFRS(I) 9") from these three main customers in the audited financial statements as the customers have a very low risk of default given their positive financial performance. There are regular meetings conducted on a regular basis between the Group and the customers on (i) Pricing (ii) Delivery schedules (iii) Market conditions and (iv) COVID-19 impact. The Company through its management continuously adopts a detailed risk-based approach in sourcing for new opportunities and takes into consideration, amongst others, current limits to capacity, financial strength of the new opportunity and also the opportunity costs involved in accepting a new opportunity.
(v) *What were the group's efforts to secure supply and installation projects in Singapore? Is it still the group's priority to secure such projects?*	The construction industry in Singapore remains challenging. Given the continued uncertainty, labor restrictions and supply chain disruptions, the Group's export market with its higher margins remains the priority for the Group's door business.
(vi) *What are the key opportunities in the door business going forward?*	Key opportunities for the door business include building on our inroads and customers already established in the United Kingdom and continuously searching and sourcing for more customers in Europe.

Q2. *For the property business, the group has made investments in Melbourne, Australia and Jakarta, Indonesia (see page 3). On 13 July 2021, the company announced an investment (loan) and marketing agreement to finance the redevelopment of a warehouse into residential apartments in Melbourne.*

With the upgrading of the Lincoln Square Carlton building completed, the group appointed marketing agents to market it for lease. The property has been reclassified from development property to investment property at a carrying cost of $15.15 million as at 31 March 2021.

Question		Company's Response
(i)	*What are the reasons for the change in strategy to hold the five-storey freehold heritage office building as an investment property?*	During FY2021 and after completing extensive renovations to refurbish our five-storey freehold heritage office building, the Group appointed a reputable marketing agent to identify new tenants with a view to leasing and earning rental income as the best way to monetarize the economic value of this asset. The appointment of the marketing agent constituted a change in use of the property under SFRS(I) 1-40 and resulted in a reclassification from Development Property to Investment Property under SFRS(I) 1-40 in FY2021. Please note that as per pages 81 and 83 of the annual report, the transfer from Development Property to Investment Property was done at Cost Model, in line with SFRS(I) 1-40.
(ii)	*Did the group try to market the building? The fair value of the investment property is $19.36 million based on a valuation performed as of 31 March 2021 based on the property's highest and best use (page 82).*	As per the response to question 2(i) above, the Group is currently marketing the property for lease. The fair value of the property is valued at $19.36 million based on a valuation performed as of 31 March 2021 based on the property's highest and best use and was also based on the Direct Comparison Approach valuation methodology, as set out in pages 67 and 82 of the annual report. The property is a five-storey freehold refurbished heritage building located close to the central business district and the University of Melbourne.
(iii)	*How was the new investment and marketing agreement sourced? Can management help shareholders understand the group's marketing capabilities for residential apartments in Melbourne?*	The Group was approached with the new investment and marketing opportunity and assessed the transaction carefully prior to entry into the same. No broker or introducer fee was involved in the transaction. The transaction was selected as it provided the Group with an opportunity to continue to build on its track record in property development and investment in Melbourne, and allowed the Group to participate in a non-labor intensive and capital-light manner in the development and to support the continued recovery of the Melbourne housing market from the COVID-19 pandemic. The Group through its Australian subsidiary will be providing marketing support services with the sole aim of achieving the signing of pre-sales contracts. The subsidiary will be using its network of agents, marketing consultants and potential buyers built up partly from its established track record in Melbourne

Question	Company's Response
	Australia, namely at 301 Flinders Lane and Lincoln Square, Carlton.
(iv) In addition, what due diligence did the group conduct prior to entering into the agreement?	We engaged a reputable Australian corporate law firm to advise us on the legal aspects of the transaction, and to conduct legal due diligence. The Group conducted legal due diligence covering (i) Surveys/Encroachments, (ii) Statutory searches (iii) Title searches (iv) Planning certificate (v) Australian Securities & Investments Commission and Personal Property Securities Register searches and (vi) Litigation searches relating to the owner. Further, as announced on 13 July 2021, the Group commissioned a valuation report on the property at Fitzroy, which was valued to be A$6,000,000 based on the Direct Comparison methodology. This report was prepared by an independent valuation firm, Charter Keck Cramer Pty Ltd, which has 52 fully accredited valuers with offices in Sydney, Melbourne, Brisbane and Singapore As announced on 13 July 2021, copies of (i) the investment and marketing agreement and (ii) valuation report, are available for inspection at the Company's registered office during normal office hours.
In Jakarta, the group's application for various permits and licences to develop 15 adjacent land parcels into condominium and small office home office (SOHO)/office units for sale at South Jakarta has been delayed due to the COVID-19 pandemic. In FY2021, the company further extended a loan of $1.4 million to its subsidiary, PT Ambertree Development Jakarta (PTADJ). The loan due from its subsidiary amounts to $23.4 million and is unsecured, non-interest bearing and repayable at the discretion of the subsidiary.	
(v) Does management have any visibility on when it can obtain the permits and licences?	The COVID-19 situation in Indonesia, especially in Jakarta, continues to be serious and ever changing. Pursuant to the completion of the purchase of 15 adjacent plots of land as announced on SGX-ST on 13 May 2019, the Company has proceeded with the necessary permit application and land approvals. Given the seriousness of the Covid-19 situation in Jakarta now, management is unable to determine with certainty when the permits and licences will be obtained. The Company will continue to be watchful and will seek out the best solution to expedite this process.
(vi) What is the financial status of the joint venture partner in Indonesia, PT Codefin?	PT Codefin, part of the Codefin group of companies, is an established privately owned real estate development company that predominately operates in Jakarta, Indonesia. PT Codefin specializes in the conceptualization, building and developing of commercial portfolios ranging from hotels, malls and office buildings to high rise residential development units. PT Codefin was incorporated in 2002 and has an issued share capital of IDR 50 Billion or SGD4.7 Million. Some

Question	Company's Response
	of their completed projects include: (i) Senayan City Panin Apartment (ii) The Hundred Mega Kuningan and (iii) Holiday Inn Express Jakarta Thamrin Hotel.
(vii) What is the level of involvement by management and by PT Codefin in PT Ambertree Development Jakarta?	The Group by virtue of its 65% stake in PT Ambertree Development Jakarta is involved in its executive functions and day to day operations, including the progress of the license and permit applications. The Group and PT Codefin have appointed two directors and one director, respectively, to the board of PT Ambertree Development Jakarta.
(viii) What is the capital investment needed to develop the condominium and office units? How is the group going to fund this?	The Group is currently focused on the process of obtaining the necessary licenses and permits. Once this is completed and when construction plans are close to being finalized, the Group will then be able to provide a reliable estimate of the total development costs and will be able to study various financing options including but not limited to internal and external sources of financing.

Q3. *At the last annual general meeting held on 29 September 2020, Mr Lim Han Siang Peter, then an independent director, was voted out with 100% of the votes (1,973,925,000 shares) at the AGM against his re-election. The company announced the resignation of Mr Chan Ka Kin Kevin, an independent director since 2016, on 17 February 2021, with the eventual effective date of 30 April 2021.*

The new directors appointed to the board are:
- Mr Ang Wee Ming (1 December 2020); based in Singapore
- Ms Lim Li Hui (1 July 2021); based on Brunei Darussalam
- Ms Vivien Goo Bee Yen (30 March 2020); based in Brunei Darussalam
The profiles of the directors can be found on pages 10 and 11 of the annual report.

Question	Company's Response
(i) What is the search and nomination process for directors, especially independent directors?	Our Report on Corporate Governance and set out on page 19 to 30 of the Company's annual report for FY2021 sets out the search and nomination process for directors. It further sets forth the various terms of references ("**TOR**") of the Nominating Committee ("**NC**") in relation to the search and nomination process for both independent and non-independent directors.

Question	Company's Response
(ii) Can the board help shareholders understand if it had deliberately sourced director candidates from Brunei Darussalam? *Two of the new directors are based in Brunei Darussalam while the group does not appear to have business or operations in Brunei Darussalam although the non-executive chairman has his principal residence in Brunei.*	In sourcing and searching for new directors, the NC and the Board has placed priority on adhering to provision 2.4 of the Code of Corporate Governance 2018, and in so doing, the Board has adopted a Board Diversity Policy. Under the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, consider a number of aspects, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. The selection of Directors is based on merit against objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. Mr Mark Leong Kei Wei, the Chairman of the Audit Committee ("**AC**") and member of the Remuneration Committee ("**RC**") and NC, is a Singapore citizen and currently Chairman of the AC and Board member of three SGX listed companies as well as a Fellow of the Association of Chartered Certified Accountants ("**ACCA**"), a Chartered Accountant of the Institute of Singapore Chartered Accountants ("**ISCA**") and a Member of the Singapore Institute of Directors ("**SID**"). Mr Ang Wee Ming, the Chairman of the RC and member of the AC and the NC, is based in Singapore as Managing Director, Team Head of Relationship Managers with the Bank of Singapore. Ms Vivien Goo, the Chairman of the NC and member of the AC and the NC, has experience in the banking industry in Brunei as well as marketing, construction and property development experience both in Brunei and Australia. Ms Lim Li Hui who is a member of the AC, NC and RC is also currently a Partner at Cheok Advocates & Solicitors in Brunei and was admitted as an Advocate and Solicitor of the Supreme Court of Brunei Darussalam in 2003. She brings with her extensive legal experience in corporate advisory, banking security and real estate transactions in Brunei as well as many years of common law experience which is the legal regime prevalent in the major countries the Group operates in, such as Malaysia, Australia, Singapore and the United Kingdom. Given the regional nature of the Group's operations in Singapore, Malaysia, Indonesia, and Australia, and with customers in the United Kingdom, Europe and the United States, the Group would benefit not only from appointing

Question	Company's Response
	directors who are specialists in their fields but also those who have the regional experience and know-how to help steward the Group to navigate the increasing unpredictable business challenges to the new economy.
(iii) Can the nominating committee help shareholders understand how the experience of the board, especially the newly appointed directors, is aligned with the group's long term objectives?	The Group's long-term objectives have always been to return to sustainable profitability and enhance the shareholders' value. While this may be impeded by the ongoing global pandemic, three new directors who are experts in their respective fields can help steer the executive directors in the right direction by lending their know-how in legal, marketing and financing areas to the Group. This reinforces the Board's commitment to ensuring it is represented by a diversity of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, business or management experience and strategic planning so as to avoid groupthink and foster constructive debates during Board discussions.
(iv) Did the board consider the effectiveness of the board, given that the three newly appointed directors are all first-time directors?	Yes. In addition to the responses in paragraphs (ii) and (iii) above, the NC is of the view that in fulfilment of the objectives under the Board Diversity Policy, the current Board composition is appropriate, effective and adequate for the nature and scope of the Company's operations for the time being, taking into account the collective diversity of skills, experience and knowledge of the Directors. The Directors' collective experience includes core competencies such as business development, finance, manufacturing, legal and strategic planning experience, and such wealth of experience has enhanced the overall quality of the Board.
(v) Have the newly appointed first-time directors attended the training on roles and responsibilities of a director of a listed company in Singapore as prescribed by SGX?	As at the date of the annual report, Ms Vivien Goo Bee Yen has completed the prescribed training pursuant to Rule 406(3)(a) of the Catalist Rules under the Listed Entity Directors program ("**LED program**"). Mr Ang Wee Ming has completed the first four modules of the LED program and will complete the remaining three modules within one year of his appointment. Ms Lim Li Hui will be attending the first four modules of the LED program in October 2021 and will be attending the remaining three modules within one year of her appointment.

By order of the Board
HS Optimus Holdings Limited

Gloria Wong
Executive Director
27 July 2021

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*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.*

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