

HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 199905292D)

LOAN FROM CONTROLLING SHAREHOLDER

INTRODUCTION

The Board of Directors (the “Board” or the “Directors”) of Hong Lai Huat Group Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to announce that its wholly-owned subsidiary, Public Housing Development (Cambodia) Limited (“PHDC”), has on 30 October 2020 entered into a loan agreement with Dato’ Dr Ong Bee Huat (the “Lender”) pursuant to which the Lender has agreed to provide a loan of US\$11,000,000 to PHDC (the “Transaction”) subject to terms and conditions of the Loan Agreement.

THE LENDER

The Lender is the Executive Deputy Chairman and Group Chief Executive Officer of the Company. As at the date of this announcement, the Lender and his associates have the following interest in the shares of the Company:

Director	Direct Interest	Deemed Interest	Total Interest	%
Dato’ Dr Ong Bee Huat	38,763,800	7,892,200	46,656,000	21.02
Ong Jia Ming	8,828,471	-	8,828,471	3.98
Ong Jia Jing	1,501,500	2,956,000	4,457,500	2.01

THE TRANSACTION

The salient terms of the Transaction are as follows:

Principal amount of Loan	US\$11,000,000 to be drawn down in one lump sum
Maturity Date	Date falling 24 months from drawdown date of the Loan
Prepayment	PHDC may prepay the whole or part of the Loan by 3 business days’ notice
Interest	6% per annum, payable on each anniversary of the drawdown date, the last interest payment to be made on the Maturity Date unless otherwise agreed and subject to any prepayment of the Loan
Other terms	Customary events of default provisions typically found in transactions of similar nature

USE OF PROCEEDS

The Loan will be used by PHDC to fund the land acquisition in Phnom Penh for the Group’s mixed development project in Cambodia.

PROVISION OF LOAN AS AN INTERESTED PERSON TRANSACTION

The Lender is an “interested person” and PHDC is an “entity at risk” within the meanings defined in Chapter 9 of Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX”). As such, the Transaction constitutes an interested person transaction for the purpose of Chapter 9 of the SGX Listing Manual.

Pursuant to Rule 909 of the SGX Listing Manual, in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. Based on the agreed interest rate of 6% per annum, the maximum value at risk to PHDC is US\$1,320,000 (or S\$1,848,000 using an exchange rate of US\$1.00 to S\$1.40) for the 24 months period, which represents approximately 1.44% of the latest audited consolidated net tangible assets of the Group as at 31 December 2019.

Accordingly, the Company is not required to seek shareholders’ approval nor subject to the disclosure requirements pursuant to Chapter 9 of the SGX Listing Manual. However, the Company is disclosing the Transaction pursuant to Rule 703 read with Appendix 7.1 of the SGX Listing Manual.

Save as disclosed above, there are no other interested person transactions entered into by the Group with the Lender or his associates for the financial year ending 31 December 2020 and up to the date of this announcement.

STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed and considered the terms and rationale of the Transaction and is of the view that the Transaction, including the applicable interest rate, are on normal commercial terms or otherwise in accordance with applicable industry norms, and are not prejudicial to the interests of the Group and the minority shareholders.

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Saved as disclosed herein, none of the other Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their respective shareholdings in the Company) in the Transaction.

BY ORDER OF THE BOARD

Liew Meng Ling
Company Secretary

Singapore,
Date: 30 October 2020