



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)
Reg. No. 199905292D

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RESPONSE TO SGX-ST'S QUERIES

The board of directors (the “**Board**”) of Hong Lai Huat Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to inform shareholders that it had received queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Queries**”) in relation to Company’s announcement dated, 3 December 2021 in respect of the dual listing in Frankfurt Stock Exchange, 4 May 2022 in respect of the entry into term sheet on the sale of up to US\$50 million worth of property units in D’Seaview and 10 May 2022 in respect of our response to SGX-ST Queries. The Board wishes to respond to the Queries as follows:

Query 1

Status of the Company’s Dual Listing in Frankfurt Stock Exchange

The Company announced via SGXNet on 3 December 2021 that all regulatory approval were obtained for the Company to be dual listed on Frankfurt Stock Exchange (“FSE”) and “The Company will be dual listed on FSE under the quote “08O” and trading is expected to commence the following week”. Please provide an update on the following:

- a. The status of the Company’s listing on FSE, when it was listed, the purpose of the dual listing on FSE;
- b. As there appear to be no listing under the quote 08O on FSE, please disclose whether the Company has been delisted from FSE. If so, to disclose the specific reason why it was delisted so shortly after listing on the FSE;
- c. To disclose whether any regulatory actions were taken against the Company or taken into account in relation to the delisting from FSE. To also disclose the delisting date of the Company from the FSE;
- d. To elaborate whether the delisting was voluntary or mandated by the FSE and the reason for the delisting decision by the FSE or the Company, whichever is applicable; and
- e. As the Company had deemed its listing on FSE to be material information that was announced, please disclose whether the Company had disclosed its delisting/if the listing did not proceed on the FSE and provide the date of its announcement. If not, please disclose the reason why the Company did not announce an update of the delisting/if the listing did not proceed, whichever is the case, taking into account that the Board had disclosed that the Company will be listed on FSE in mid-December 2021.



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Query 1 (continued)

Company's Response

- a. The listing was approved on 3 December 2021 and commence on the same date. Purpose is to diversify our shareholder portfolio, improve liquidity on the stock as well as company brand exposure.
- b. It was actually a dual quoted meaning there is no new shares issued for this trading as stated on our announcement on 3 December 2021, the Company did not disclose the delisting as we are in view and understood that the SGX approval was not required initially to be dual traded on SGX and FSE. Furthermore, there were no new shares issued for the dual trading on FSE hence there are no material impact on the group overall market cap or financial as well as anything significant required to make relevant announcements on the delisting from FSE.
- c. No.
- d. Voluntary.
- e. Please refer to response 1(b).

Query 2

Status update of the US\$50 Million sale of Property Units in D'Seaview

The Company announced the entry of its subsidiary, PH One Development (Cambodia) Limited ("PH One"), into a term sheet with Fabi Capital Limited on 3 May 2022, for the sale of US\$50 million worth of property units in the Company's property development project, D'Seaview" ("Transaction"). The Company further disclosed in its Response to SGX Queries on 10 May 2022 that the term sheet was "valid till 31 December 2022, unless mutually terminated earlier". Please disclose:

- a. The current status of this Transaction; or whether the term sheet had lapsed on 31 December 2022 or mutually terminated at an earlier date.
- b. The Company had disclosed that it will make the necessary announcements when there are further developments on the term sheet for the sale of the properties. To justify why the Board had failed to disclose material information for the avoidance of a false market whether they had proceeded with the sale of US\$50 million worth of property or the term sheet had been terminated/lapsed without any sales; and
- c. If the Company did not proceed further with the Transaction eventually, please provide details on the factors resulting in the termination.
- d. Please quantify the financial implications from the termination of the Transaction and the impact on the Company's plans with respect to its property development project, D'Seaview.



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Query 2 (continued)

Company's Response

- a. Agreement has lapsed as the buyer was not able to raise the fund required to complete the transaction.
- b. As mentioned in 2(a), the buyer was not able to raise the fund required to complete the transaction. There is no material impact on the group overall market cap or financial as well as anything significant required to make relevant announcement for buyer failure to raise the fund required for the transaction. The company only granted them a right to purchase all US\$50 million worth of units before 31 December 2022 should they are able to raise the fund required through the sale of tokens.
- c. Please refer to response 2(b).
- d. There isn't any financial implication as no sale taken place. The plans for the D'Seaview project are to continue market and sale the balance units.

Query 3

Status update of the 2018 S&P Agreement

Noted from the Company's response to SGX on 29 March 2023 under Query 1 that the Company recorded a 90% year-on-year decline in revenue to S\$1.6 million mainly due to, inter alia, PH One terminating the original sales and purchase agreement entered in FY2018 ("S&P Agreement") due to the buyer failing to make the requisite payments for the purchase of the hotel. Please disclose:

- a. The specific details of the S&P Agreement, the Consideration amount and how much of the Consideration has been paid since 2018;
- b. The amount of revenue (setting out the relevant Financial Year ("FY")) and pre-tax profits recorded by the Company with respect to the S&P Agreement to-date; and
- c. Please quantify the value of outstanding receivables which have not been collected; any impairments, which have been provided, setting out the respective FYs in which such impairments were provided, and; disclose the identity of the person/entity to whom/which the property title is currently issued and its relationship to the Company, the Company's directors, substantial shareholders, key management or their respective associates, where applicable.



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Query 3 (continued)

Company's Response

- a. The Company refers announcement on 27 May 2021 in relation to the Settlement Agreement on the sale of hotel in D'Seaview mixed-use project for US\$12 million.

The purchase consideration for the hotel in D'Seaview is US\$11.6 million.

Sihahotel Group Co., Ltd (the "Buyer") has paid US\$4.2 million in FY2018, and US\$7.4 million (balance of the purchase consideration) in FY2021.

- b. The Company has recorded revenue of US\$4.2 million in FY2018 and US\$7.4 million in FY2021. The pre-tax profit was recorded in FY2018 and FY2021.

- c. The Buyers has fully paid the purchase consideration.

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Sale and the Settlement Agreement (other than their direct or indirect shareholdings in the Company, if any)

Query 4

Please disclose if the termination of the S&P in question 3 above will have any further impact on the financial performance of the Company in the current FY.

Company's Response

No further impact on the financial performance of the Company in current FY as the sale of hotel was completed in FY2021.

By Order of the Board

Dato Dr. Ong Bee Huat
Executive Deputy Chairman & Group Chief Executive Officer
15 September 2023