



HONG LAI HUAT GROUP LIMITED
(Incorporated in the Republic of Singapore)
Reg. No. 199905292D

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RESPONSE TO SGX QUERIES IN RESPECT OF THE UNAUDITED FY2024 FINANCIAL RESULTS ANNOUNCEMENT DATED 28 FEBRUARY 2025

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"**) (the **"Queries"**) in relation to Company's unaudited FY2024 financial announcement dated 28 February 2025 (the **"Announcement"**).

The Board wishes to respond to the Queries as follows:

Query 1

We note that the share of profit from the joint venture ("JV") has increased significantly, from a loss of S\$1.95 million in FY2023 to a profit of S\$4.91 million in FY2024. Please provide details about the relevant property development project, Royal Platinum, including location, type and size of the project, the construction and completion dates, construction progress, total number of units available for sale and total number of units sold in the last 2 years.

Company Response

As previously disclosed in our SGX query responses dated 27 August 2024 and 21 August 2023, as well as the EGM circular to shareholders dated 3 May 2024, the Company has provided comprehensive details on the Royal Platinum project, including its location, type, size, and development progress.

The project was officially inaugurated in July 2024, with the opening ceremony officiated by the Deputy Prime Minister of Cambodia. It comprises a total of 851 residential units and 50 commercial units. As of today, approximately 22% of the available units for sale including residential and commercial units have been sold.

Query 2

We note that the third tranche payment of US\$3.6 million for the disposal of HLHA is due within 12 months from the SPA date of 1 February 2024. Please explain why the Company has not collected this final payment and the reasons for the delay.



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Company Response

The Company is pending tax clearance and finalisation of stamp duty amount from the Cambodia's General Department of Taxation.

Query 3

We note that the Company recorded a S\$6.05 million impairment loss on development properties. Please explain the specific factors that triggered this impairment and whether there were any significant changes in market conditions or regulatory environments that contributed to it.

Company Response

The impairment loss on development properties was attributable to a number of factors including: ongoing global macroeconomic and geopolitical headwinds remain a constant threat to both local and global economic growth, increasing inflation and high interest rate, and a general oversupply scenario, directly and indirectly impacting the real estate sector in Cambodia.

Query 4

We note that the Group increased its stake in HSCH Capital Co., Ltd ("HSCH") from 35% to 70%, resulting in the reclassification of the investment from an associated company to a subsidiary.

(a) Please explain how does the acquisition reconcile with the balance sheet, which shows, among other things, that the investment in subsidiaries remained unchanged while the investment in an associated company increased from S\$7.39 million in FY2023 to S\$7.56 million in FY2024?

(b) Please provide details of the acquisition, including:

- (i) the business activity of HSCH and the strategic reasons for the acquisition;
- (ii) the consideration amount;
- (iii) the Listing Rule 1006 relative figures relating to the acquisition; and
- (iv) whether the company has commissioned a valuation, and if so, the fair value.

(c) Pursuant to Listing Rule 706A, an issuer must make a periodic announcement, in accordance with the timelines prescribed in Rule 705 on the announcement of its financial statements, regarding any acquisition of shares resulting in a company becoming a subsidiary of the issuer. Please comply accordingly.

Company Responses

4 (a) HSCH was held by the Company's subsidiary Hong Lai Huat International Pte. Ltd. ("HLHI"), the investment in subsidiaries was recorded in HLHI's book, hence, Company investment in subsidiaries



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remained unchanged. The Group investment in an associated company relates to Jewel A Development Company Limited, an associated company held by the Company's subsidiary, HLH Development Pte. Ltd.

4(b)(i) We refer to the announcement dated 3 May 2024, specifically page 92 of the circular, which outlines the principal business activity of HSCH. Additionally, references were made on 5 January 2023 and 18 October 2021 regarding the strategic reasons for the incorporation of HSCH.

4(b)(ii) Acquisition consideration amounting to US\$14,000 (equivalent to S\$19,000).

4(b)(iii) All the relative figures computed on the bases set out in Listing Rule 1006 amount to less than 5%, the acquisition falls into category of non-disclosable transaction of Listing Rule 1004(a).

4(b)(iv) No valuation was commissioned by the Company as the acquisition amount is insignificant.

4(c) No announcement of the acquisition is required for non-disclosable transaction. However, the acquisition of HSCH resulting in an associated company becoming a subsidiary was disclosed in Page 25 note 8(b) of the Group's unaudited full yearly FY2024 condensed financial statements.

BY ORDER OF THE BOARD

Mr Ong Jia Jing
Executive Director
07 March 2025