



HONG LAI HUAT GROUP LIMITED

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

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RESPONSES TO QUESTIONS SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the “Board”) of Hong Lai Huat Group Limited (the “Company”, and together with its subsidiaries, the “Group”) would like to provide its responses to the questions raised by Securities Investors Association (Singapore) (“SIAS”) prior to the Annual General Meeting which will be held on 30th April 2024 at 1 Plymouth Avenue, Singapore 297753, Raffles Town Club, Dunearn Ballroom 1.

<p>Question 1(i) D’Seaview: In the 2022 annual report, the company stated that “around 80% of the project has been sold and balance 20% are being progressively furnish and fitted out for serviced apartment rental or direct sale depending on market demand post pandemic”¹. The company repeated the same statement in the 2023 annual report. Has the group made significant progress in selling the remaining units (estimated at 140-150) since 2022? Based on Note 18 Development properties, the group had \$17.24 million of completed development properties held for sale (2022: \$17.45 million). How many of these units are currently rented?</p>	<p>Company’s Response The sales of the D’Seaview project has been severely impacted by the negative sentiments of kidnapping, human trafficking, and industrial-scale scam centres that resulted in zero sales of the project for the Company in FY2023. Rental wise however has been operating steadily at around 55%-65% occupancy rate out of the available units on hand.</p>
<p>Question 1(ii) Royal Platinum (residential): The chairman has disclosed that the sales of the residential units “remains slow but has seen improvement in FY2023”. How many of the 851 residential units have been sold and what are the buyer profiles? What is management’s strategy to sell the remaining units, thus allowing the group to deleverage and to derisk itself? What are the recent trends in residential property prices in Phnom Penh since COVID?</p>	<p>Company’s Response Of the 851 residential units, 97 of them are sold up to date. About 60% of the bulk of the development’s buyers are local Cambodian and the remaining are a good mixture of Singaporeans, Koreans, Europeans and residents of various Asean countries. The Company is constantly monitoring the market and strategizes to evolve as the market changes. The latest initiatives to ensure the project to continue its competitive edge includes the introduction of new payment plans, introduction of star buy units, opening of new overseas markets in the European continent, Korean and Japanese market. Strategic partners had been engaged to ensure the project’s maximum exposure to these new markets in increasing the project’s sales. In local Cambodia context, strategic marketing and sales partners had been engaged to conduct massive outdoor and indoor marketing activities and events and also sales events of various nature and plannings are in the pipeline to ensure continual sales and thereby deleverage and derisk to the group. Property prices had dipped slightly in the beginning Covid locally, a phenomenon witnessed worldwide. However, prices had remained</p>



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	resilient for most major developments in Phnom Penh for the covid period. Current trends for prices are likely to remain stagnant briefly. However, with the newest economic policies of the government of the Kingdom of Cambodia, the market sentiment for the next 10 to 20 years remains optimistic.
<p>Question 1(iii) Royal Platinum (commercial): Similarly, how many of the 50 commercial units have been sold? Are there challenges encountered during the handover process of these units?</p>	<p>Company's Response Of the 50 commercial units, 22 of them are sold up to date. The handover of these units had been smooth for units that are handed over thus far and remarks from buyers had been positive.</p>
<p>Question 1(iv) Royal Platinum (funding): Has the group secured the approximately US\$20 million needed to cover the remaining construction costs?</p>	<p>Company's Response The Company cannot comment on private and confidential matters of its ongoing business. The Company is focus on completing the sale of the Proposed Disposals of HLHA and HLHI. Shareholder will be updated on a timely basis of the Company developments.</p>
<p>Question 1(v) Land bank: The group has a third plot of land measuring 11,000 sqm in the Toul Kork district in Phnom Penh and an interest in a fourth plot of land of 150,000 sqm in Sihanoukville. These were acquired in 2020-2021. What criteria will management use to determine the timing of the next project? What are the costs to holding these plots of land?</p>	<p>Company's Response The Company is closely monitoring the overall market situation, demand, interest rates as well as other factors that will result in its decision whether to launch a new development.</p> <p>It will focus on its existing joint venture project Royal Platinum which is in the final phase of the construction before looking into other aspects of the new project.</p> <p>There are minimal cost to holding these plots of land such as administrative costs but not significant.</p>
<p>Question 2 On 5 February 2024, the company announced that proposed sale of the agriculture business in Cambodia for a consideration of US\$37.5 million (Note 40 Subsequent events). The proposed disposal of the agriculture business was also the subject of two queries by SGX. In addition, the company has said that the estimated costs of disposal will be approximately \$5.2 million.</p> <p>(i) Can management/audit committee help shareholders better understand why the financial statements were not prepared to show the agriculture business as discontinued operations and classified as a disposal group</p>	<p>Company's Response The annual report signing off is on 8 April 2024 which shareholders' approval at EGM, the Exchange queries, as well as relevant authorities approval in Cambodia has not been obtained for the Proposed Disposal. However we have recognised the impairment loss on the Proposed Disposal in our annual report.</p>



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held for sale? Would SFRS(I) 5 be applicable in this situation?	
Question 2(ii) In addition, what were the reasons for the high transaction costs, which included a commission of 10% of the price? How was the consultant who facilitated the transaction introduced to the group?	Company's Response Please refer to the Company announcement On SGXNET on 13 February 2024 for more information.
Question 2(iii) When does the company expect to hold the EGM?	Company's Response The Company will be making the announcement soon on SGXNET on details for the EGM.
Question 2(iv) Separately, as shown in Note 41 (page 94), the group made a prior year adjustment to adjust the share of results of the joint venture (JV). This was due to management's new assessment of revenue recognition related to the Royal Platinum JV. Could the audit committee provide insights into the factors that led to the need for a prior year adjustment in Note 41, particularly regarding the share of results from the Royal Platinum JV? What has changed that necessitated this adjustment?	Company's Response Please refer to the Company announcement On SGXNET on 15 April 2024 for more information.
Question 3 On 15 April 2024, the company announced the cessation of Dr Wang Kai Yuen as independent director, chairman of the board and audit committee, and member of the remuneration committee and nominating committee, with effect from 30 April 2024. (i) What is the total shareholder return (TSR) over the past 5, 10, 20 years, and since the IPO on 21 June 2000?	Company's Response The Company does not keep track of the total shareholder return on the period requested since its IPO as it is subjected to various market factors that has affected its business throughout the years on every aspects.
Question 3(ii) Has the board monitored and tracked the returns it delivered to shareholders, including using TSR as one of the metrics in its assessment?	Company's Response Please refer to the answer in Question 3(i)
Question 3(iii) How is the board conducting its search for a new chairman? What criteria will the nominating committee use to shortlist the chairman candidates?	Company's Response The Company will be making announcements soon on SGXNET.
Question 3(iv)	Company's Response



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How does the nominating committee select an incoming chairman with a strong track record of creating and delivering long-term value for shareholders, especially minority shareholders?	The Company will be making announcements soon on SGXNET.
	The Company will try its best to create and deliver long term value for shareholders especially shareholders.

BY ORDER OF THE BOARD

Dato Dr Ong Bee Huat, PBM
Executive Deputy Chairman and Group CEO
29 April 2024