



# HONG LAI HUAT GROUP LIMITED

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

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## RESPONSES TO QUESTIONS RAISED BY SHAREHOLDER

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 its shareholder prior to the Annual General Meeting which will be held on 30<sup>th</sup> April 2024 at 1 Plymouth Avenue, Singapore 297753, Raffles Town Club, Dunearn Ballroom 1.

<p><b>Question 1</b></p> <p>It is very sad that the company "reported \$23.8 million loss attributable to equity holders of the Company in FY2023 as compared to \$12.0 million loss in FY2022" What concrete steps is the company doing to turnaround the financial performance of the company? Please clearly explain and elaborate.</p>	<p><b>Response</b></p> <p>The majority of the loss incurred in FY2023 are mainly attributed to the Company's Proposed Disposal of its two non-profit making subsidiaries HLH Agriculture (Cambodia) Co., Ltd ("HLHA") and HLHI (Cambodia) Co., Ltd ("HLHI"). Secondly, in light of a challenging operating environment, the Company will try its best to navigate through the challenges caused by the instability of the global market that has affected Cambodia significantly.</p>
<p><b>Question 2.</b></p> <p>Despite doubling losses from \$12 million to \$23.8 million and not paying shareholders any dividends, the company is proposing to increase directors fees from \$121.8k to \$130.6k (a 7.2% increase). Shareholder alignment is an essential component of corporate governance, as it ensures that the interests of shareholders are aligned with those of the company.</p> <p>When shareholders are aligned with the company's objectives, they are more likely to invest in the company and support its growth. Does the company believe in the principle of shareholder alignment? Given that the company made a huge loss, dividends were non-existent, but yet director fees were maintained and not reduced (and possibly management remuneration went up too), how is it congruent with the spirit of shareholder alignment? Please exp and elaborate clearly.</p>	<p><b>Response.</b></p> <p>The minor increase in Directors fees are mainly due to a new Independent Director who is onboard with the Company in FY2023 which is Dr Lee Bee Wah, former MP for Nee Soon GRC that has replaced the outgoing Dr David Lee who has retired in FY2022 due to the 9 years term limit. The Company wishes to emphasised that there has been no increment on all the remuneration of its management team in midst of a challenging period.</p>
<p><b>Question 3</b></p> <p>Will the company return to profitability next year? Or does the company foresee 2024 to</p>	<p><b>Response</b></p> <p>The Company cannot provide an immediate projection of the results in FY2024</p>



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be a similarly bad year? Please share your thoughts and comments.	considering the reasons mentioned above as well as any unforeseen market situation that are beyond its control. The Company will however try its best to improve the performance and results moving forward.
<b>Question 4</b> The company announced in Feb 2024 that it is proposing to dispose of some assets in Cambodia. What is the progress and current status of the disposals? Has the company received the HLHA First Payment? Has the company received the HLHI First Payment? What is the long-stop date of the SPA? Please detail and elaborate.	<b>Response</b> The Company is currently seeking the clearance from the relevant authorities on all aspects of the Proposed Disposals of HLHA and HLHI in which we will update the shareholders on the progress/ outcome on a timely basis.
<b>Question 5</b> Why is the company suddenly proposing to dispose of its agricultural assets in Cambodia? In the first place, did the company make a mistake in entering the Cambodian agricultural market? Please detail and elaborate.	<b>Response</b> Please refer to the 05 Feb 2024 announcement on SGXNET for more information
<b>Question 6</b> Per the latest AR, the company cash dropped to less than \$4 million. The current ratio of the company also worsened. Will the company need to tap the equity markets again? Will the company need to do a rights issue again? Or a placement issue? Please detail and elaborate.	<b>Response</b> The Company cannot comment or provide a projection of its fund raising plans at this juncture. We are working closely with the relevant authorities as per our Announcement on 05 Feb 2024 for the Proposed Disposal of HLHA and HLHI.
<b>Question 7</b> The disposal of the Cambodia agricultural assets takes time and requires several approvals, including shareholder approval. In the interim, how confident is the company that it has sufficient liquidity? Please detail and elaborate.	<b>Response</b> The Company will try its best to work on the sale of its completed units in Cambodia which includes residential and commercial units to meet its interim requirements while pending for the completion of the Proposed Disposal of HLHA and HLHI.

### BY ORDER OF THE BOARD

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