



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

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FOR IMMEDIATE RELEASE

RESPONSE TO SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN RELATION TO THE GROUP ANNUAL REPORT 2020

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 the following questions from Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Group Annual Report 2020. The Board wishes to respond to the questions as follow:

QUESTIONS BY SIAS	RESPONSE BY COMPANY
<p>Question 1. On 15 April 2021, the company announced that the Royal Government of Cambodia had issued a lockdown order of Phnom Penh as well as the Kandal Province for a period of 14 days up to 28 April 2021 to curb the spread of the COVID-19 virus. There was already a curfew in place from 1st April 2021 to 14th April 2021 from 8pm to 5am. This would be extended for another 2 weeks in accordance with the latest lockdown order.</p> <p>The company further disclosed that all local and foreign employees of the company have been vaccinated against COVID-19. The group’s offices in Cambodia will be closed under the lockdown order and all employees have been instructed to work from home.</p> <p>(i) Can management help shareholders understand the number of staff it has in Cambodia and show the breakdown by business segment (agriculture division vs real estate division)?</p> <p>(ii) What other assistance has the group provided to its stakeholders?</p> <p>(iii) As disclosed in the announcement, the Agriculture Division continues to operate with all safe guidelines in place. Can management elaborate further on the health and safety guidelines implemented to keep its staff safe, especially during this latest outbreak? How is management ensuring compliance with the safety guidelines?</p> <p>(iv) Can the company help shareholders understand if vaccines are widely available in Cambodia and if they are, is the take-up rate high?</p>	<p>(i) Property Division: 57 (Local: 42, Foreigner: 15) Agriculture Division: 67 (Local: 61, Foreigner: 6)</p> <p>(ii) Vaccination registration for all foreign expats based in Cambodia to protect them from Covid-19.</p> <p>(iii) Daily temperature checks for all employees and mandatory mask mandate in all building at the farm. Each team that handles different aspect of the plantation stays together for a longer period of time instead of changing around different duties.</p> <p>(iv) The current vaccines available in Cambodia are donated by the Chinese Government as well as under the global vaccine programme initiative for less developed nation. The take up rate is high as the Cambodian government made it mandatory for all its citizens to take the vaccine and also open for all foreign expats to take it as well.</p>



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Question 2. Revenue decreased by \$21.3 million from \$29.3 million in FY2019 to just \$8.0 million in FY2020, mainly due to a reduction in property sales as a result of the COVID-19 pandemic.

In addition, the group completed D'Seaview but handover to overseas buyers was hampered due to COVID-19. D'Seaview comprises 737 residential units and 67 commercial units, which includes residential towers, office blocks, retail shop spaces and a 10-storey boutique hotel. As shown in Note 16 (page 81 – Development properties), the group now holds \$23.65 million of completed development properties on the balance sheet.

- (i) Can management help shareholders understand the profile of the buyers of D'Seaview?
- (ii) What are management's plans for the unsold completed units? With the current uncertainties in the market, coupled with the lack of foreign buyers due to the closure of borders, how will the group be able to sell the completed units?
- (iii) It was disclosed that the group has stepped its digitalisation efforts for prospective buyers to view the Cambodia properties, e.g. virtual showrooms, online webinars, and signing of agreements. What was the reach of these online activities and how effective were these digitalisation efforts, i.e. has the group managed to close out deals on these platforms?
- (iv) For Royal Platinum, what is the sale progress? Did the group carry out a valuation for the land provided by the joint venture partner?

- (i) Approximately 47% local Cambodian buyers, 27% Chinese buyers, 12% Singapore buyers, 6% Malaysia buyers, and the remaining comes from all around the world such as USA and France.
- (ii) The management has been actively leasing out partial of the unsold units and have been fetching good rental yield around 8% per annum. As for the balance units, we are actively marketing each day however awaiting the economy to rebound from the restriction of covid-19.
- (iii) The outreach has been quite positive till dates and several sale of the units were concluded during the pandemic period. However, overseas buyers still faced the travel restriction to visit the project on site due to covid-19 pandemic.
- (iv) Sale is progressing well however it is affected by the covid-19 pandemic in Cambodia. The group carried out an independent valuation for the land before we sign the joint venture agreement.



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<p>Question 3. The board currently comprises nine directors – three executive directors, one non-executive director and five independent directors.</p> <p>The company disclosed that Dr. Wang Kai Yuen and Dr. Chen Seow Phun, John have served on the board for more than 14 years 11 months and more than 14 years 8 months since the date of their appointments on 1 May 2006 and 11 August 2006 respectively.</p> <p>(i) How was the rigorous review of the independence of long-tenured directors carried out?</p> <p>At the annual general meeting scheduled to be held on 30 April 2021, Dr. Wang Kai Yuen is retiring pursuant to Regulation 89 of the company's constitution and will offer himself for re-election.</p> <p>(ii) As independent chairman of the company, would Dr. Wang Kai Yuen be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?</p> <p>(iii) Similarly, for Dr. Chen Seow Phun, John, would the company be subjecting Dr. Chen Seow Phun, John to a two-tier voting for his continued appointment as an independent director?</p>	<p>(i) The Company has disclosed in its Corporate Governance Report the considerations which the Board had taken into account in their rigorous assessment of the independence of long tenured directors. Please refer to page 16 of the Annual Report.</p> <p>(ii) Yes confirmed.</p> <p>(iii) Dr Chen Seow Phun, John is not due for retirement at the annual general meeting pursuant to Regulation 89 of the Company's Constitution and the Company would not be subjecting him to a two-tier voting for his continued appointment as independent director.</p>
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By Order of the Board

Ong Jia Jing
Group General Manager and Executive Director
27 April 2021