



HONG LAI HUAT GROUP LIMITED

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

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RESPONSE TO THE SGX-ST'S QUERIES IN RESPECT OF THE ANNOUNCEMENT DATED 27 AUGUST 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-ST**") (the "**Queries**") in relation to Company's announcement dated 27 August 2025, which pertains to the Company's response to SGX queries related to its Half Yearly Results for the financial period ended 30 June 2025 ("**1HFY2025**"). The Board wishes to respond to the Queries as follows:

Query 1

Regarding the Company's response to Query 1, we would appreciate your clarification on the following points:

- a) In the revised circular issued on 4 May 2024 ("Circular"), where did the Company disclose that the land containing marble deposits is excluded from the disposal of HLHA? Kindly specify the relevant paragraph(s).
- b) Page 92 of the Circular states that HSCH Capital Co., Ltd ("HSCH"), which is involved in mining and quarrying activities, was 35% owned by HLHA. However, according to the Company's Annual Report 2024, HSCH became 35% owned by Hong Lai Huat International Pte Ltd ("Hong Lai Huat International"), which subsequently increased its stake to 70%, making HSCH a subsidiary of the Group. Please provide a detailed explanation for this discrepancy, including the date on which HSCH was transferred from HLHA to Hong Lai Huat International, whether the sale was executed and completed before or after the disposal of HLHA, the consideration amount and key terms of the sale and how the Company has complied with Chapter 10 of the Listing Manual in relation to this transaction.



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Query 1 (cont'd)

Company's Response

The Company wishes to clarify its announcement made on 27 August 2025. Approximately fifty (50) hectares of land (the "Mining Site"), which was previously held by HLH Agriculture (Cambodia) Co., Ltd. ("HLHA") for the purpose of mineral resource exploration and mining (including marble), was excluded from the disposal of HLHA under the terms of the disposal. This exclusion was not disclosed in the revised circular dated 3 May 2024 relating to the proposed disposal of HLHA and HLHI (Cambodia) Company Limited, as it was not considered a material matter requiring disclosure at that time.

Previously, HLHA held the Group's 35%¹ shareholding interest in HSCH Capital Co., Ltd. ("HSCH"), categorizing HSCH as an associated company of the Group. Although HLHA has since been disposed of, its interest in HSCH was not included in that transaction. On 19 March 2024, HSCH obtained the necessary regulatory approvals and licenses to conduct open-pit mining and quarrying activities (the "Mining Licence") over up to ten (10) hectares of the Mining Site, representing about 20% of the total area. This Mining Licence is valid for an initial term of two (2) years from the date of issuance, with any renewal or extension subject to approval by the relevant Cambodian authorities.

Following the disposal of HLHA, the Group's shareholding in HSCH was transferred to and is now held by Hong Lai Huat International Pte Ltd ("HLHI"). Subsequently, on 26 August 2024, HLHI increased its stake in HSCH to 70%² (thereby making HSCH a subsidiary of the Group) through a cash consideration of US\$14,000 (approximately S\$19,000).

HSCH is not involved in daily operations, as all mining and exploration activities, including the provision of necessary equipment have been outsourced to an independent third-party subcontractor. The Company is of the view that such arrangement is beneficial to HSCH as it does not require heavy capital expenditure or investment for the Group and hence will not lead to a significant change in risk profile. In addition, the mining of resource from the Mining Site will enable the Group to secure a reliable source of building materials, particularly marble, for the Group's future development projects in Cambodia, while at the same time, creating a new potential revenue or income stream for the Group.

All relevant ratios calculated under Listing Rule 1006 fall below the 5% threshold. Accordingly, the acquisition of the increased stake in HSCH is classified as a non-disclosable transaction under Listing Rule 1004(a) and does not require a separate announcement.

By Order of the Board

Dato' Dr. Ong Bee Huat, PBM
Executive Deputy Chairman and Group Chief Executive Officer
1 September 2025

¹The 35% shareholding interest in HSCH was held in trust for HLHA by Dato' Dr. Ong Bee Huat

²The 70% shareholding interest in HSCH is held in trust for HLHI by Dato' Dr. Ong Bee Huat