



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

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PROPOSED ADOPTION OF MODIFIED SHARE PURCHASE MANDATE

1. INTRODUCTION

The Board of Directors (“**Board**”) of Hong Lai Huat Group Limited (“**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce that the Company intends to seek the approval of the shareholders of the Company (“**Shareholders**”) for the adoption of a modified share purchase mandate (“**Modified Share Purchase Mandate**”).

The Modified Share Purchase Mandate, if approved by Shareholders at an extraordinary general meeting (“**EGM**”) to be convened, will replace and supersede the existing share purchase mandate (“**Existing Share Purchase Mandate**”), the renewal of which was approved by Shareholders in the Company’s annual general meeting held on 30 April 2025 (“**Last AGM**”), and will continue in force until the conclusion of the next annual general meeting of the Company, to be convened by 30 April 2026, unless it is renewed at such meeting or until revoked or varied by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting.

For reasons as further elaborated in Section 3.2 below, the ordinary resolution to approve the Modified Share Purchase Mandate can only be passed by a majority of the Independent Shareholders (as defined below) present and voting at the EGM.

2. EXISTING SHARE PURCHASE MANDATE

Under the Companies Act 1967 of Singapore (“**Companies Act**”), companies are allowed to purchase or otherwise acquire their own shares if their constitution expressly permits them to do so, provided that any such purchase or acquisition is made in accordance with and in the manner prescribed by their constitution, the Companies Act, and such other laws and regulations as may for the time being be applicable. Article 12(B) of the Company’s constitution expressly permits the Company to purchase or otherwise acquire its issued shares (“**Shares**”). As the Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), it is also required to comply with Part XIII of Chapter 8 of the Listing Manual of the SGX-ST, which relates to the purchase or acquisition by an issuer of its own shares.

Based on the foregoing requirements and conditions, Shareholders first approved the Existing Share Purchase Mandate at an extraordinary general meeting held back in 2017 and recently approved the latest renewal of the Existing Share Purchase Mandate at the Last AGM.

Under the terms of the Existing Share Purchase Mandate, the Company is entitled to purchase or otherwise acquire up to ten (10) per cent of the Company’s total number of issued Shares excluding treasury Shares, either on an on-market or off-market basis, at a price that ranges between 105% of the average closing price of the Shares (in the case of a market purchase) to 120% of the average closing price of the Shares (in the case of an off-market purchase).



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Further details of the terms of the Existing Share Purchase Mandate can be found in the Addendum issued in relation to the Existing Share Purchase Mandate dated 14 April 2025 (“Addendum”).

3. MODIFIED SHARE PURCHASE MANDATE

3.1 Background

The Company does **not** propose to make any substantive change to the terms of the mandate or authority which it will seek from Shareholders to allow it to purchase or otherwise acquire Shares under the Modified Share Purchase Mandate as compared to the terms of the Existing Share Purchase Mandate.

However, as there is a possibility that certain Directors of the Company as further disclosed in Section 3.2 below (“Interested Directors”) and persons acting in concert with them may otherwise be required to make a general offer for the Company under Rule 14.1 of the Singapore Code on Take-over and Mergers (“Code”) as a result of the Company purchasing Shares under the Existing Share Purchase Mandate (“MGO Requirement”), under the Modified Share Purchase Mandate, the Company will be seeking the approval of Shareholders who are independent of the Interested Directors and their concert parties (“Independent Shareholders”) to exempt the Interested Directors and persons acting in concert with them from the MGO Requirement, subject to and in accordance with the requirements and conditions set out under Paragraph 3 of Appendix 2 of the Code (“Exemption from MGO Requirement”).

3.2 Interested Directors and persons acting in concert with them

As at the date of this announcement, two of the Directors of the Company, namely, Dato’ Dr. Ong Bee Huat, PBM (“Dato’ Ong”), the Executive Deputy Chairman and Group Chief Executive Officer, and Mr Ong Jia Jing, the Executive Director and the son of Dato’ Ong, and persons acting in concert with them, have an aggregate direct and deemed interest in 248,812,063 Shares, representing approximately 48.05% of the total issued Shares of the Company, details of which are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Dato’ Dr. Ong Bee Huat, PBM	217,801,465	42.06	10,410,833 ⁽²⁾	2.01	228,212,298	44.07
Ong Jia Jing	-	-	-	-	-	-
Ong Jia Ming ⁽³⁾	20,599,765	3.98	-	-	20,599,765	3.98

Notes:



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- (1) Based on 517,844,114 Shares, being the total issued Shares of the Company as at the date of this announcement.
- (2) For the purpose of Section 133(4) of the SFA, Dato' Ong is deemed to have an interest in the 10,410,833 Shares held by his spouse, Lau Yen Eng.
- (3) Mr Ong Jia Ming is the son of Dato' Ong and brother of Mr Ong Jia Jing.

If the Company were to purchase or acquire Shares under the Existing Share Purchase Mandate and as a result thereof, the total voting rights of the Interested Directors and persons acting in concert with them were to increase by more than 1% in any period of 6 months, the Interested Directors and persons acting in concert with them would thereby automatically become obliged under to make a mandatory general offer under Rule 14 of the Code. This is so because the Company did not seek Independent Shareholders' approval for the Exemption from MGO Requirement in connection with the renewal of the Existing Share Purchase Mandate, which is why the Company is proposing to modify the Existing Share Purchase Mandate by seeking Independent Shareholders' approval for the Exemption from MGO Requirement in connection with the adoption of the Modified Share Purchase Mandate.

For the avoidance of doubt, while the Interested Directors and persons acting in concert with them were not precluded from voting (and did so vote) on the renewal of the Existing Share Purchase Mandate at the Last AGM, the Interested Directors and persons acting in concert with them will abstain from voting on the proposed ordinary resolution relating to the Modified Share Purchase Mandate at the upcoming EGM to be convened.

3.3 Rationale for Proposed Adoption of Modified Share Purchase Mandate

There are various reasons why it is beneficial or in the interest of the Company to have a share purchase mandate available at its disposal as and when suitable opportunities may arise for its use or deployment, as further elaborated in the Addendum and including the following reasons, amongst others:

- (a) provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders;
- (b) help mitigate short-term market volatility in the Company's Share price and offset the effects of short-term speculation and bolster Shareholders' confidence;
- (c) enhance earnings per share and/or net tangible assets per share, where purchases are made at appropriate price levels; and
- (d) allow Shares purchased and held as treasury Shares to be utilised by the Board to be sold for cash or transferred as consideration for the acquisition of shares or assets of another company or assets of a person, which is less dilutive to existing Shareholders than if new Shares were allotted and issued for such purposes.



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However, given that the Interested Directors and persons acting in concert with them collectively hold 48.05% of the total issued Shares of the Company, the Company would be constrained in its ability or otherwise have limited flexibility to utilise the Existing Share Purchase Mandate, *inter alia*, due to the potential MGO Requirement that may be imposed on the Interested Directors and persons acting in concert with them as a result of the Company purchasing or acquiring Shares in excess of the requisite threshold under the Code.

This may in turn limit the objectives or purpose that the Company may otherwise seek to achieve through a share purchase exercise or programme, including to facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

Such constraints or limitations will be removed if Independent Shareholders were to approve the Modified Share Purchase Mandate with the Exemption from MGO Requirement, and is particularly relevant as the Company has been actively reviewing its capital structure and considering various options on how to optimise capital deployment and enhance Shareholders' returns, *inter alia*, following recent disposals of certain assets with cash proceeds realised from such disposals.

4. CIRCULAR TO SHAREHOLDERS

The circular containing, *inter alia*, further information of the Modified Share Purchase Mandate and the Exemption from MGO Requirement and enclosing the notice of EGM therewith, will be despatched to Shareholders in due course.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts of the proposed adoption of the Modified Share Purchase Mandate and the Group, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Dato' Dr. Ong Bee Huat, PBM

Executive Deputy Chairman and Group CEO

27 August 2025