



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

逢
來
發
集
團
有
限
公
司

RESPONSE TO THE SGX-ST'S QUERIES IN RESPECT OF THE ANNOUNCEMENT DATED 14 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 14 August 2025 in respect of the Company’s Half Yearly Results for the financial period ended 30 June 2025 (“**1HFY2025**”). The Board wishes to respond to the Queries as follows:

Query 1

Listing Rule 1002 provides that a “transaction” refers to, among others, the acquisition and disposal of assets, including business undertakings. Paragraphs 2.3 and 2.5 of Practice Note 10.1 of the Listing Manual further provide that an acquisition can be regarded as being in the ordinary course of business if the asset to be acquired is part of an existing principal business and the acquisition does not change the Company’s risk profile. An indication of a change in risk profile includes an acquisition that exposes the Company to significant new risks.

The Company disclosed that it commenced the sale of marble blocks in the six months ended 30 June 2025 (“FY1H2025”), generating S\$0.8 million in sales with a gross profit margin of 16%. There was no revenue generated from the sale of completed development properties. Please clarify the following:

- a) Did the Company previously disclose its intention to undertake the sale of marble blocks? If so, please provide the date of the relevant announcement.
- b) Please explain how the sale of marble blocks aligns with the Company’s existing principal business in property development and real estate.
- c) What is the strategic rationale for entering the marble block business? Was this new business undertaking approved by the Board and/or shareholders?
- d) Please provide the Board’s and Audit Committee’s detailed assessment of the impact of this marble block business on the Company’s risk profile, how the commencement of this business is in the ordinary course of its business, and how it does not trigger disclosure or shareholder approval requirements under Chapter 10 of the Listing Manual.



HONG LAI HUAT GROUP LIMITED

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

逢
來
發
集
團
有
限
公
司

Query 1 (cont'd)

Company's Response

The sale of the marble block was carried out by HSCH Capital Co., Ltd. ("HSCH"), a Cambodia-based subsidiary in which the Group holds a 70% ownership interest through its wholly-owned subsidiary, Hong Lai Huat International Pte. Ltd.

As disclosed in the Company's announcement dated 8 June 2021, natural marble deposits were identified on land owned by HLH Agriculture (Cambodia) Co., Ltd. ("HLHA"). This land is excluded from the disposal of HLHA, as stated in the revised circular relating to the proposed disposal of HLHA and HLHI (Cambodia) Company Limited ("HLHIC"), which was approved at the Extraordinary General Meeting held on 20 May 2024.

On 18 October 2021, the Group announced a proposed mining operation in collaboration with HSC Group, as part of a strategic initiative to maximise long-term value from its Cambodian assets and enhance shareholder returns. Although the joint venture agreement was subsequently terminated, as announced on 5 January 2023, the Group continues to explore alternative arrangements to efficiently develop its mineral resources.

The Cambodia Ministry of Mines and Energy has granted HSCH licenses for open-pit mining and quarrying in the designated area, valid from 19 March 2024 to 19 March 2026. 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. As a result, no capital expenditure is required. The sale of marble blocks enables the Group to generate revenue from its marble resources while maintaining strategic flexibility. These resources may also be used as raw materials for future property development projects in Cambodia, supporting the Group's core focus on property development and real estate.

Since all relevant ratios calculated under Listing Rule 1006 fall below the 5% threshold, the acquisition (i.e., the increased stake in HSCH) is classified as a non-disclosable transaction under Listing Rule 1004(a) and does not require a separate announcement. However, the principal activities of HSCH have been disclosed in the Company's response to SGX Query 4 dated 7 March 2025, the revised circular issued on 3 May 2024 regarding the proposed disposal of HLHA and HLHIC, and in the Company's FY2024 Annual Report.



HONG LAI HUAT GROUP LIMITED

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

逢
來
發
集
團
有
限
公
司

Query 2

The Company disclosed that it had extended a loan of S\$2.551 million to another party during FY1H2025. Please provide the following information:

- (a) Who is the recipient of the loan, and is this party related to any of the Company's directors, executive officers, controlling shareholders, or their associates?
- (b) What is the purpose of the loan, and were any securities or collateral provided to the Company in consideration of the loan?

Company's Response

It relates to a guaranteed return arrangement with Kongkea Capital MFI PLC ("KCMP"), a public limited company incorporated in Cambodia and licensed by the National Bank of Cambodia to operate as a Microfinance Institution. KCMP provides various credit services, including car loans, business loans, and other financial products tailored to families and medium- to low-income clients in Cambodia.

This guaranteed return investment is backed by personal guarantees from several directors of KCMP.

The Company, its directors, executive officers, controlling shareholders, and their respective associates have no prior dealings or relationship with KCMP.

By Order of the Board

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