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## RESPONSE TO SGX QUERIES

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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**”) (the “**Queries**”) in relation to Company’s announcements dated 20 January 2025 (the “**20 January Announcement**”) and 23 January 2025 (the “**23 January Announcement**”).

The Board wishes to respond to the Queries as follows:

### SGX Query

**1. We note that the Company had explained that the disclosed pricing formula was adopted in view of the “considerable period of time [3 months from the date of the Whitewash Waiver being 20 January 2025, that] is envisaged to elapse before the Proposed Placement is completed.**

**(a) Please explain why the Company cannot announce the issue price determined using the disclosed pricing formula based on the weighted average trading price of the shares of the Company (the “Shares”) over a 14-day period that is immediately preceding and at least 72 hours before the deadline for the submission of proxy votes for the Extraordinary General Meeting (“EGM”) in relation to the Proposed Placement, and complete the placement shortly after receiving shareholders’ approval.**

### Company’s Response

As disclosed in the 23 January Announcement, the rationale for using the pricing formula (the “**Pricing Formula**”) was to enable the proposed placement (the “**Proposed Placement**”) to be undertaken at a fair and transparent price, adopting the weighted average price formula defined in the Listing Manual. Mr. Dylan Ong applied (the “**Application to SIC**”) to the Securities Industry Council (“**SIC**”) on 2 December 2024 to seek SIC’s prior approval for a whitewash waiver (the “**Whitewash Waiver**”) in respect of the Proposed Placement. The Application to SIC disclosed *inter alia* the Pricing Formula for the Proposed Placement. SIC granted the Whitewash Waiver on 20 January 2025 in response to the Application to SIC which contained the Pricing Formula. As SIC had approved the Whitewash Waiver with the Pricing Formula, the Company proceeded to enter into the Placement Agreement dated 23 January 2025 with Mr. Dylan Ong (as disclosed in the 23 January Announcement), using the Pricing Formula that had been submitted to and approved by SIC.

**(b) Please disclose the independent Board’s assessment why it is in the interest of the Company and its minority shareholders to approve a placement to an interested person based on a future price to be determined instead of a market price that has been determined when shareholders are asked to approve the placement and the whitewash waiver. Please substantiate their basis with the factors of consideration involved.**

### Company’s Response

The independent Board’s assessment is that the pricing formula is fair and reasonable for the reasons outlined in the Company’s response to Query 1(a) above. The independent Board approved the Proposed Placement with due regard that SIC had approved the Whitewash Waiver

including the Pricing Formula. The independent Board accordingly approved the Placement Agreement dated 23 January 2025 adopting the Pricing Formula that had been cleared by SIC.

To further enhance the transparency and fairness to shareholders, the independent Board will procure the Company to seek specific independent shareholders' approval for the Pricing Formula at the extraordinary general meeting to be convened in respect of the Proposed Placement and the Whitewash Waiver. Pursuant to the conditions set out in the Whitewash Waiver as disclosed in the 20 January Announcement, the Company will also be appointing an independent financial adviser to opine on the Pricing Formula.

**BY ORDER OF THE BOARD**

Ng Kian Guan  
Audit Committee Chairman  
7 February 2025