



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 25 APRIL 2024

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 15 April 2024 and 25 April 2024 in respect of the Company's Annual Report for the financial year ended 31 December 2023 ("FY2023"). The Board wishes to respond to the Queries as follows:

Query 1

We note from the Company's responses that, inter alia, Crowe Governance Sdn Bhd ("CGSB") is a corporate member of the Institute of Internal Auditors Malaysia and the internal audit ("IA") engagement partner is a chartered member of Malaysian Institute of Internal Auditors and has 27 years of experience in performing internal audits for listed companies in Malaysia and Singapore.

- (i) Please further elaborate on why the Company has chosen to outsource its internal audit function to CGSB that is neither based in Singapore nor in a jurisdiction in which the Company operates in to perform the review of its Financial, Operational, Compliance and IT risks and its risk management system; and
- (ii) Please also disclose whether CGSB and the IA engagement partner have sufficient experience in performing IA reviews for SGX listed companies and companies in similar business segments operating in Cambodia.

Company's Response

- (i) The Company has engaged CGSB since 2016 after deliberation of the firm's experience by having a sound track record and in-depth experience in delivering a variety of assignments for clients across various industries, including listed companies apart from Malaysia, such as Singapore and Hong Kong. Apart from having resources and expertise across the network, CGSB is also able to mobilise resources internationally.
- (ii) With SGX listed companies, CGSB has performed internal audit reviews for clients in industries such as property development / real estate, manufacturing and specialist services (e.g. eye centre). Overall, CGSB also has the relevant IA experience to perform process reviews relevant to the business segments operating in Cambodia.

Query 2

Notwithstanding that CGSB is a member firm of Crowe Global, please provide further details on the track record and experience of the CGSB in performing IA review, as well as the resources of CGSB.

Company's Response

CGSB has a wide client portfolio for IA service ranging from technology, manufacturing, financial institutions, property, construction and engineering, diversified activities, hotels and hospitality, retail & education, healthcare,



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financial technology, oil & gas, sustainable production and plantations. CGSB currently has a dedicated IA and IT audit team comprising of approximately 40 professional staff.

By Order of the Board

Dato' Dr. Ong Bee Huat, PBM
Executive Deputy Chairman and Group Chief Executive Officer
29 April 2024

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