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## PROPOSED PLACEMENT OF NEW SHARES IN HONG LAI HUAT GROUP LIMITED

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### 1. INTRODUCTION

- 1.1.1. The Board of Directors (the “**Board**” or “**Directors**”) of Hong Lai Huat Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company intends to undertake the Proposed Placement (as defined below).

### 2. THE PROPOSED PLACEMENT

#### 2.1. Material terms of the Proposed Placement

- 2.1.1. The Company intends to issue and allot, and Mr. Ong Jia Jing (“**Mr. Dylan Ong**”), a director of the Company, intends to subscribe for, 40,503,000 new ordinary shares (the “**Placement Shares**”) in the capital of the Company (the “**Proposed Placement**”). The Placement Shares will represent approximately 7.82% of the existing issued and paid-up share capital of the Company and 7.25% of the enlarged issued and paid-up share capital of the Company.
- 2.1.2. The Placement Shares will be issued and allotted to Mr. Dylan Ong at a price that would be calculated with reference to the weighted average trading price of the shares of the Company (the “**Shares**”) over a 14-day period immediately preceding the date of the issuance and allotment of the Placement Shares (the “**Relevant Period**”):

$$\text{Issue Price per Placement Share} = \frac{\text{total value of Share trades during the Relevant Period} \\ \text{(for each trade, the price multiplied by the volume)}}{\text{total number of Shares traded during the Relevant Period}}$$

- 2.1.3. The Proposed Placement is not underwritten and is undertaken in reliance on the exemption provided under Section 272B of the Securities and Futures Act 2001 (the “**SFA**”). As such, no prospectus or offer information statement will be issued by the Company or lodged with the SGX-ST in connection therewith. No placement agent has been appointed in connection with the Proposed Placement.

#### 2.2. Rule 14 of the Singapore Code on Take-overs and Mergers

- 2.2.1. Mr. Dylan Ong is acting in concert with the following persons:
- (a) Dato’ Dr. Ong Bee Huat, PBM (“**Dato’ Dr. Ong**”), executive Director of the Company, who holds Shares carrying 43.3% of the voting rights in the Company;
  - (b) Mdm Lau Yen Eng, who holds Shares carrying 2.01% of the voting rights in the Company; and

- (c) Mr. Ong Jia Ming, executive Director of the Company, who holds Shares carrying 3.98% of the voting rights in the Company,

(together, the “**Concert Parties**”).

- 2.2.2. As at the date of this announcement, the Concert Parties collectively hold 47.28% of the voting rights of the Company. Following the Proposed Placement, Mr. Dylan Ong and the Concert Parties will collectively hold Shares representing 51.1% of the enlarged issued and paid-up share capital of the Company. The Proposed Placement, if completed, would have resulted in Mr. Dylan Ong and the Concert Parties incurring an obligation to make a general offer for the Company under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”).
- 2.2.3. Mr. Dylan Ong has since obtained a waiver (“**Whitewash Waiver**”) from the Securities Industry Council (“**Council**”) to exempt Mr. Dylan Ong from the mandatory obligation to make a general offer under Rule 14 of the Code as a result of the Proposed Placement. Further information on the receipt of the Whitewash Waiver is set out in Section 3 below.

### **2.3. Rationale for Proposed Placement**

- 2.3.1. Mr. Dylan Ong has been an executive director of the Company since 2020 and performs substantive roles and functions in the Group’s regional businesses. He presently does not own any shares in the Company.
- 2.3.2. The Board is of the view that the Proposed Placement provides Mr. Dylan Ong with an equity stake in the Group which would align his interest with the long term interest of the Company and its shareholders.

### **2.4. Use of Proceeds from the Proposed Placement**

- 2.4.1. As the price of the Placement Shares is subject to the pricing formula as set out in paragraph 2.1.2 above, the total proceeds to be raised from the Proposed Placement cannot be determined at this juncture.
- 2.4.2. The Company intends to use all proceeds raised from the Proposed Placement for the general working capital of the Company.

## **3. RECEIPT OF WHITEWASH WAIVER**

- 3.1.1. Mr. Dylan Ong has received the Whitewash Waiver from Council on 20 January 2025, waiving the obligation for Mr. Dylan Ong to make a mandatory offer for the Company under Rule 14 of the Code as a result of the Proposed Placement. The Whitewash Waiver is subject to the following conditions:
  - (a) a majority of holders of voting rights of the Company approve at a general meeting (the “**EGM**”), before the issue of the Placement Shares to Mr. Dylan Ong,

a resolution (the “**Whitewash Resolution**”) by way of a poll to waive their rights to receive a general offer from Mr. Dylan Ong;

- (b) the Whitewash Resolution is separate from other resolutions;
- (c) Mr. Dylan Ong, the Concert Parties and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) Mr. Dylan Ong and the Concert Parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the circular to the shareholders (the “**Circular**”):
  - (i) during the period between the announcement of the Proposed Placement (the “**Announcement Date**”) and the date shareholders’ approval is obtained for the Whitewash Resolution; and
  - (ii) in the 6 months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Placement;
- (e) the Company appoints an independent financial adviser (“**IFA**”) to advise the shareholders of the Company who are independent of the Proposed Placement (the “**Independent Shareholders**”) on the Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
  - (i) details of the Proposed Placement and the proposed issue of the Placement Shares to Mr. Dylan Ong;
  - (ii) the dilution effect to existing holders of voting rights of the Company upon the issue of the Placement Shares to Mr. Dylan Ong;
  - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and option in respect of Shares held by Mr. Dylan Ong and the Concert Parties as at the latest practicable date;
  - (iv) the number and percentage of voting rights to be acquired by Mr. Dylan Ong upon the issue of the Placement Shares;
  - (v) specific and prominent reference to the fact that the issue of the Placement Shares to Mr. Dylan Ong would result in Mr. Dylan Ong and the Concert Parties holding Shares carrying over 49% of the voting rights of the Company and to the fact that Mr. Dylan Ong and the Concert Parties will be free to acquire further Shares without incurring any obligation under Rule 14 to make a general offer;

- (vi) specific and prominent reference to the fact that the shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Mr. Dylan Ong at the highest price paid by Mr. Dylan Ong and the Concert Parties for the Shares in the past 6 months preceding the Announcement Date;
- (g) the Circular states that the Whitewash Waiver granted by Council to Mr. Dylan Ong from the requirement to make a general offer under Rule 14 is subject to the conditions stated at paragraphs (a) to (f) above;
- (h) Mr. Dylan Ong obtains Council's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within 3 months of the date of the Whitewash Waiver i.e. 20 January 2025, and the subscription of the Placement Shares by Mr. Dylan Ong must be completed within 3 months of the approval of the Whitewash Resolution.

#### **4. OTHER CONDITIONS TO THE PROPOSED PLACEMENT**

##### **4.1. SGX-ST Approval of Circular**

- 4.1.1. The Proposed Placement is conditional upon the SGX-ST having granted an approval in-principle (and such approval not being revoked or repealed) under Rule 1202 of the SGX-ST Listing Manual Section A: Mainboard Rules (the "**Mainboard Rules**") in respect of the Circular to shareholders to be despatched to the shareholders of the Company in connection with the EGM to be convened to approve the Proposed Placement and the Whitewash Resolution.

##### **4.2. Listing Approval of the Placement Shares**

- 4.2.1. The Proposed Placement is conditional upon the SGX-ST having granted an approval in-principle (and such approval not being revoked or repealed) for the listing and quotation of the Placement Shares on the Mainboard of SGX-ST, subject to such conditions or restrictions imposed (if any) being reasonably acceptable to the Company, Mr. Dylan Ong and the Concert Parties.

##### **4.3. Shareholders' Approval of the Proposed Placement Pursuant to Rule 804 and 812 of the Mainboard Rules**

- 4.3.1. Pursuant to Rules 804 and 812 of the Mainboard Rules, the approval of the shareholders is required where an issuance of Shares is made to the Company's directors. As Mr. Dylan Ong is a director of the Company, a separate resolution will be tabled at the EGM to obtain the specific approval of the shareholders for the Proposed Placement to Mr. Dylan Ong.

- 4.3.2. In accordance with Rules 804 and 812(2) of the Mainboard Rules, Mr. Dylan Ong, the Concert Parties and parties not independent of them will abstain from voting on the resolution approving the Proposed Placement.

## **5. CAUTIONARY STATEMENTS**

- 5.1.1. Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of the conditions set out above and accordingly are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Placement will be completed.
- 5.1.2. Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully and are reminded to exercise caution when dealing in the securities of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.
- 5.1.3. The Company will make the necessary announcements, in compliance with the requirements of the Mainboard Rules, as and when there are material developments in respect of the Proposed Placement.

## **BY ORDER OF THE BOARD**

Dato' Dr Ong Bee Huat, PBM  
Executive Deputy Chairman and Chief Executive Officer  
20 January 2025