

**YONGMAO HOLDINGS LIMITED**  
(Company Registration No. 200510649K)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO THE QUERIES ON THE ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025 (“FY2025”)**

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The Board of Directors (“**Board**”) of Yongmao Holdings Limited (the “**Company**”) refer to the queries received from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 18 July 2025 in relation to the Company’s announcement dated 10 July 2025 regarding the Company’s Annual Report for the financial year ended 31 March 2025 and sets out its responses below:

**Query 1:**

Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced.

It is disclosed on page 42 that, “The Audit Committee (“**AC**”) has reviewed the internal audit reports based on the controls in place and is satisfied that the internal audit functions has been (i) adequately resourced, (ii) staffed by suitably qualified and experienced professionals with the relevant experience and has the appropriate standing within the Group, and (iii) in accordance with the standards set by professional bodies. Yang Lee & Associates has provided a confirmation on their independence to the AC.”

(a) Please explain whether and how Listing Rule 1207(10C) has been complied with, in relation to the independence and effectiveness of the internal audit function.

(b) Where the internal audit function is outsourced, please provide information on the relevant experience of the accounting firm and the engagement team.

**Company’s response to Query 1:**

(a) Pursuant to Listing Rule 1207(10C), the AC confirms that it has reviewed the independence, effectiveness, and resourcing of the Group’s internal audit function.

The Company has outsourced its internal audit function to Yang Lee & Associates (“**YLA**” or “**Internal Auditor**”). YLA reports directly to the AC and the AC reviews annually the adequacy and effectiveness of the internal audit function to ensure that internal audits are conducted effectively, and Management has provided the necessary co-operation to enable the internal auditor to perform its work. The AC is responsible for the appointment, termination and evaluation of the professional service firm which the internal audit function is outsourced to.

The AC reviews and approves the internal audit plan annually and ensure that the internal audit function is adequately resourced, has appropriate standing within the Group and has unfettered access to all the Group’s documents, records, properties, and personnel, including direct access to the AC.

The Internal Auditor completed one review during FY2025 in accordance with the internal audit plan. The findings and recommendations of the Internal Auditor, Management’s responses, and Management’s implementation of the recommendations have been reviewed and discussed with the AC.

The AC meets with the Internal Auditor without the presence of Management at least once annually.

The AC reviewed and confirmed that YLA is a suitable professional service firm to meet the Company’s internal audit obligations, having regard to the adequacy of resources, independence and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to the internal audit engagement.

On the basis of the above, the AC is satisfied that the internal audit function is independent, effective in identifying control gaps and improvements, adequately resourced and supported to fulfil its mandate, and hence fully complies with Listing Rule 1207(10C).

- (b) YLA set up in the year 2005, is a professional services firm based in Singapore with expertise in a range of specialised areas, including Governance Solutions, Sustainability Reporting Advisory and Consultancy. YLA is a corporate member of the Institute of Internal Auditors Singapore, with a strong track record in internal audit and governance consulting, the firm support a diverse clientele, including companies listed on the Stock Exchange of Singapore and the Hong Kong Stock Exchange. YLA's portfolio spans various industries such as manufacturing and distribution, consumer goods, food and beverage, extractives and minerals processing, property development and healthcare.

The engagement team comprises two (2) Directors, a Manager and supported by Associates. Each of the two (2) Directors has more than 30 years of relevant experience whilst the Manager has more than 15 years of relevant experience. The Engagement Director and Manager are both certified as Certified Internal Auditor by the Institute of Internal Auditors. The Internal Auditor is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out the internal audit engagement.

After taking into consideration of YLA's track record and its engagement team's experience, the AC had assessed that YLA are suitable to perform the role of internal auditor.

## **Query 2:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it has adopted are consistent with the intent of the relevant Principle.

We note that the Company has not complied with Provision 2.2 of the Code as Independent Directors do not make up a majority of the Board where your Chairman is not independent. It is disclosed on page 25 that, “Although the Chairman is not independent and the Independent Directors of the Company do not make up a majority of the Board as recommended by Provision 2.2 of the Code, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. There is no individual or small group of individuals that dominate the Board’s decision-making process. Matters requiring the Board’s approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively.”

Please explain the reason for variation and elaborate on (i) the Board’s and NC’s basis in arriving at the conclusion that the Board has substantial independent elements; and (ii) how the practices the Company has adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

## **Company’s response to Query 2:**

- (i) The Company is governed by a well-structured Board consisting of seven Directors, comprising three of whom are Executive Directors, one Non-Executive and Non-Independent Director and three Non-Executive and Independent Directors. Majority of the Board is made up of Non-Executive Directors which is in compliance with Provision 2.3 of the Code.

The Independent Directors play a critical role in the upholding Company’s governance practices. They collectively form the AC, Nominating Committee (“**NC**”), and Remuneration Committee, with each committee chaired by an Independent Director, to ensure objectivity and independence in oversight functions.

Pursuant to Provision 3.3 of the Code, Mr Hoon Chee Wai (“**Mr Hoon**”) has been appointed as the Lead Independent Director of the Company to provide leadership in situations where a conflict of interests may arise between the roles of the Chairman and the Chief Executive Officer (“**CEO**”). The Lead Independent Director, in collaboration with the other Independent Directors, safeguards the interests of shareholders. The Independent Directors, led by Mr Hoon, meet periodically among themselves, without the presence of the Executive Directors and Non-Independent Directors, to discuss significant matters when required, which are then reported to the Chairman of the Board accordingly. Further, the Lead Independent Director also serves as the principal liaison between the Independent Directors and the Chairman, facilitating board discussions and coordinating the activities of the Independent Directors. He is accessible to shareholders, especially in situations where direct communication with the Chairman, CEO, or Chief Financial Officer is either ineffective or inappropriate, as disclosed on page 29 of the Annual Report FY2025.

Although the Chairman is not independent, governance balance is maintained with the presence of a Deputy Chairman, Mr Ng San Tiong (“**Mr Ng**”), who is a Non-Executive Director. With over 40 years of experience in the heavy equipment and plant hiring industry, Mr Ng brings significant strategic insight to the Board, drawing from his leadership in building one of the world’s largest crane rental companies. He supports the Board’s independence by providing an additional layer of oversight, assisting in facilitating robust discussions, and stepping in to chair meetings or represent the Board when the Chairman is conflicted or unavailable. His presence enhances Board deliberations and supports the overall effectiveness of the governance framework.

Despite not forming a majority, the Independent Directors play a critical role on the Board. The Board operates on a culture of group consensus for major decisions, ensuring that all Directors’ views are heard and addressed. Independent Directors actively contribute through independent thinking, open expression of views, and by constructively challenging Management when needed, including calling for further assessments before decisions are made. The Board affirms that these

practices align with the intent of Principle 2 of the Code. The Independent Directors have consistently demonstrated strong commitment to their roles, promoting a balanced distribution of power and upholding high standards of corporate governance.

On the basis of the above, the Board and NC are of the view that the Board possess a strong element of independence and effective oversight, although the current composition does not strictly adhere to the Provision 2.2 of the Code.

Nevertheless, the NC will endeavour to comply with Provision 2.2 by continuing to assess the Board composition from time to time and make appropriate recommendations to the Board.

- (ii) The Company is of the view that it has complied with Provision 2.4 of the Code, as the practices it has adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to maintain an appropriate level of independence and diversity of thought and background in its composition, enabling it to make decisions in the best interest of the Company.

The Company endeavours to ensure that the Board comprises individuals with diverse experience and expertise who, as a group, provide an appropriate balance and range of skills, experience, perspectives and knowledge for effective stewardship of the Group's business. The Company embraces all aspects of diversity in the current Board composition, including gender, age, tenure and skill and experience diversity. The right mix of skills, industry knowledge, relevant experiences and suitability remains a priority, as disclosed on pages 27 to 28 of the Annual Report for FY2025.

In addition, the Executive Directors have extensive experience in the crane manufacturing industry, while the Non-Executive Directors are well established and competent in their respective professions. This balance is important in ensuring that the overall direction and strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company.

Although all Directors bear equal responsibility for the Group's operations, the Independent Directors play an important role in ensuring that the strategies proposed by Management are constructively challenged and developed with consideration for the long-term interests of the shareholders. The Independent Directors actively participate in Board and Board Committee meetings to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning, leadership development and the remuneration of the Executive Directors. Where necessary, the Company would coordinate at least one informal meeting sessions for the Independent Directors to meet without the presence of Management, with feedback on issues discussed subsequently provided to the Chairman of the Board.

Accordingly, the Company is of the view that these arrangements are consistent with the intent of Principle 2 of the Code, even though the exact numerical composition does not align with Provision 2.2 of the Code. The deviation is justified by the strength of governance, diversity, and the influence of the Independent Directors on the Board.

BY ORDER OF THE BOARD

Tian Ruo Nan  
Chief Executive Officer  
22 July 2025