

**RESPONSES TO QUERIES
FROM SINGAPORE EXCHANGE REGULATION (the “SGX RegCo”)**

The Board of Directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s annual report for the financial year ended 31 December 2022 (“**Annual Report 2022**”) and wishes to provide its responses to the following queries raised by the SGX RegCo on 3 May 2023.

Query 1:

We noted that Korea Crawler Track Ltd. is audited by Daum Accounting Corporation. In this regard, please disclose how the Company has complied with Rule 716 of the Listing Manual which provides that an issuer may appoint different auditing firms for its subsidiaries or significant associated companies (Referred to in Rule 715(1)) provided that (1) the issuer’s board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or (2) the issuer’s subsidiary or associated company, is listed on a stock exchange.

Response:

In relation to the audit of the financial statements of Korea Crawler Track Ltd (“**KCT**”) for the financial year ended 31 December 2022 by Daum Accounting Corporation (“**DAC**”), the Company’s external auditors, PKF-CAP LLP, had worked closely with DAC and performed the required audit procedures to obtain its assurance on KCT accounts. These procedures include the sending of audit questionnaires to DAC, regular monitoring and obtaining updates / responses to the audit process and audit matters from DAC as well as reviewing of DAC’s audit working papers of KCT.

Based on the above, the Board and the Audit Committee of the Company are satisfied that the appointment of DAC as external auditor of KCT did not compromise the standard and effectiveness of the audit of the Company.

Notwithstanding the above, the Company has arranged for future audits of KCT to be performed by PKF Seo-hyun Accounting Corporation (“**PKF SHAC**”), an affiliate firm of PKF-CAP LLP. With effect from the financial year ending 31 December 2023, the financial statements of KCT would be audited by PKF SHAC.

Query 2:

Listing Rule 710A states that an issuer must describe in its annual report its board diversity policy, including the following:-

- a) The issuer’s targets to achieve diversity on its board;**
- b) The issuer’s accompanying plans and timelines for achieving the targets;**
- c) The issuer’s progress towards achieving the targets within the timelines; and**
- d) A description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.**

Please disclose whether and how Listing Rule 710A has been complied with.

Response:

As disclosed on Pg. 40 of Annual Report 2022, the Board has an appropriate balance and mix of skills, knowledge and experience in the Group's core businesses and in the area of accounting and finance, legal and regulatory compliance, business management and risk management. All directors of the Company have more than 20 years of professional/ corporate experience, working with employers and clients spanning diverse industries, enabling them to provide diverse and objective perspectives of the Group's business and direction.

As disclosed on Pg. 39 of Annual Report 2022, the Company has a formal Board diversity policy in place that set out the approach to achieve diversity for the Company's Board and provides the Company with the flexibility to select from a wide and diverse talent pool when shortlisting candidates for Board appointment. The Board's stance on diversity was also disclosed.

Given the above, the Company is of the view that the information disclosed enable the investment community to be informed of the Company's diversity practice and progress and that Listing Rule 710A has been complied with.

Although the directors of the Company have only served the Board for between 2 and 4 years, Board succession and renewal is an ongoing process. The Board aims to further improve diversity (from a number of aspects such as gender, age, educational background, professional experience, skills and knowledge) of the Board and the management team by June 2025.

Query 3:

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 had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration of the directors and the CEO, and there were no explanations provided for in your FY2022 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Response:

The Company has disclosed on Pg. 48 of Annual Report 2022 the breakdown of the remuneration of each director by types of compensation, in percentage terms and in bands of S\$250,000. While this practice varies from Provision 8.1 of the Code, the Board is of the view that full disclosure of the specific remuneration of the executive directors is not in the best interest of the Company as this disclosure may hamper its ability to retain and nurture the Group's talent pool, given the sensitive nature of remuneration matter, Company's operating environment and the competition for talents.

Notwithstanding the above, the director's fee of each independent director was disclosed on Pg. 47 of Annual Report 2022 as follow:

Independent directors	Board/ Board Committees appointments	FY2022 S\$
Choy Bing Choong	Lead Independent Director RC Chairman AC and NC member	30,000
Lee Chin Chai	NC Chairman AC and RC member	30,000
Wee Sung Leng	AC Chairman RC member	41,250

The total remuneration of all directors of the Company for FY2022 of S\$545,000 (including directors' fees of S\$101,000) was disclosed on Pg. 48 of Annual Report 2022. Thus, the total remuneration of the 2 executive directors for FY2022 was S\$444,000, with the Executive Chairman drawing remuneration of S\$250,000 to S\$499,999 (including salary payable in shares amounting to S\$96,000) for FY2022.

Given the above, the Company is of the view that the information disclosed provide the investment community with sufficient transparency and information as to the remuneration policies, level and mix of remuneration, procedure for setting remuneration and the relationships between remuneration, performance and value creation, and is consistent with the intent of Principle 8 of the Code.

By Order of the Board

Yeo Puay Hin
Executive Director and CEO
5 May 2023