

HOE LEONG CORPORATION LTD.
(the "Company")
(Company registration number 199408433W)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-ST QUERIES

The Board of Directors (the "**Board**") of the Company refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX**") and would like to provide further information in relation to the appointment of Mr Liew Yoke Pheng, Joseph ("**Mr Liew**") as an Executive Director of the Company.

SGX's Query:

1. In relation to these late proxy forms as referred to in the Company's announcement of 26 June 2020, please disclose the following:
 - a. When each of the proxy forms were received;
 - b. The identities of the two substantial shareholders and their percentage interest (direct/deemed) in the Company; and
 - c. Elaborate the reasons as to why the Board considered it appropriate to include this in deciding on the re-appointment of Mr Joseph Liew as an Executive Director;

Company's Response:

- a. The Proxy Forms were received by the Company on 23 June 2020 ("**Late Proxies**");
- b. The two substantial shareholders are United Overseas Bank Ltd ("**UOB**") and DBS Bank ("**DBS**") with a direct interest of 28.66% and 16.32% in the Company respectively;
- c. Mr Liew was appointed as a Chief Executive Officer ("**CEO**") on 25 October 2019, and as Chairman of the Board on 01 November 2019. UOB and DBS had expressed their support for Mr Liew's appointment at that time.

SGX's Query:

2. Please clarify when the general meeting for the ratification of the re-appointment of Joseph Liew is expected to take place. Please provide the Board's assessment as to whether the delay in seeking shareholders' approval for the re-appointment is in line with good corporate governance practices.

Company's Response:

The Company's Constitution allows the Board to fill a board vacancy by appointing a Director to its board, such a Director shall then retire from office at the next following general meeting of shareholders but is eligible for re-election.

To fulfill this requirement, the Company will subject Mr Liew's appointment to a shareholder vote at the next following general meeting which should coincide with the presenting of proposals to shareholders for several pending corporate actions including the proposed amendments to the constitution, or the proposed disposal of two of the Group's vessels.

The Board does not intend to delay seeking shareholder's approval for Mr Liew's appointment, and will be submitting a draft letter to shareholders to coincide with other corporate actions where practicable, and to SGX as soon as it is ready.

SGX's Query:

3. Please disclose the Nominating Committee's view on the suitability of Joseph Liew as an Executive Director of the Company in view of the resolution for his re-appointment being voted down by shareholders at the Company's Annual General Meeting held on 24 June 2020.

Company's Response:

The Nominating Committee ("**NC**") had reviewed the suitability of Mr Liew as the Executive Director of the Company in terms of his competencies, time commitment, integrity, and performance to date and opined that Mr Liew has the requisite experience to manage the Company's on-going business and corporate restructuring of the Group. At arriving at this conclusion, the NC had considered that:-

- (i) Following the conclusion of the Annual General Meeting ("**AGM**") held on 24 June 2020, the Board consisted solely of independent directors with no executive directors to provide accountability on the business affairs of the Company and its subsidiaries ("**Group**");
- (ii) Mr Liew had been appointed as CEO (in October 2019) and Chairman of the Board (in November 2019) for amongst others, the purposes of managing the financial and corporate restructuring of the Group. The NC had also considered his contributions to this effort to date; and
- (iii) The voting wishes of the Late Proxies which indicated strong support by these substantial shareholders for the re-election of Mr Liew to the Board.

SGX's Query:

4. Please disclose the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates. Please advise if the nominating committee considered candidates to be appointed as Executive Directors to provide "accountability on the business affairs of the Group".

Company's Response:

The NC assesses and consider amongst other things, the structure, size and composition of the Board and the Board committees annually. If a new director is required to be appointed subsequent to the assessment, the NC will initiate the director nomination process. The nomination process undertaken by the NC are as follows:

- (a) Develop desired profiles of new directors to the Board;
- (b) Search for candidates;
- (c) Shortlist prospective candidates;
- (d) Evaluate candidates against desired profiles;
- (e) Interview;
- (f) Recommend to the Board for approval.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. This is to ensure that the Board comprises members with different expertise and perspectives having come from different background, for a more balanced Board.

The NC considered the following factors when evaluating current directors for nomination and re-appointment to the Board:

- (a) Conduct of Board members;
- (b) Performance as reflected in Board Evaluation;
- (c) Size, composition and diversity of the Board in meeting current challenges and future plans;
- (d) Competence and commitment of the Board members;
- (e) Independence in accordance to the Revised Code of Governance 2018;
- (f) Support shown by shareholders.

The NC did not consider other candidates to be appointed as Executive Directors at this moment as it considers the continuity of Mr Liew's services to be important to the on-going financial and corporate restructuring of the Group's business, and decided to proceed with his re-appointment first. However, the NC remains open to recommending other executive directors depending on the status and outcome of the current restructuring effort. Furthermore, following the conclusion of the last AGM, NC had also engaged with the dissenting shareholders to continue their support of Mr Liew's efforts.

By Order of the Board of
Hoe Leong Corporation Ltd.

Choy Bing Choong
Lead Independent Director

05 July 2020