

**RESPONSES TO QUESTIONS FROM A SHAREHOLDER ON ANNUAL REPORT FOR THE
FINANCIAL YEAR (“FY”) ENDED 31 DECEMBER 2024**

The Board of Directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to thank a shareholder for submitting the following questions (the “**Questions**”) in advance of the Annual General Meeting (the “**AGM**”) of the Company which will be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, #01-06, Singapore 609607 on Wednesday, 30 April 2025 at 9.30 a.m..

We were advised that the Questions raised were not directly related to any of the proposed resolutions tabled for approval at the AGM (see Note 9 to the Notice of AGM regarding the scope and parameters of shareholders’ questions on page 139 of the Annual Report). Nevertheless, we have chosen to provide our responses as a matter of good governance. Additionally, as the Company is committed to treating all shareholders fairly and equitably and does not practise selective disclosure, this communication is made via SGXNet for the benefit of all our shareholders.

Please refer to our responses below.

Question 1:

As a concerned shareholder of Hoe Leong Corporation Ltd. (“HLC” or the “Company”), I write to formally demand immediate corrective action to address material governance deficiencies and failures in executive oversight that jeopardize minority shareholder interests. Recent disclosures and performance metrics reveal persistent non-compliance with the SGX Corporate Governance Code (the “Code”) that raise serious questions.

1. Critical Governance Failures Requiring Rectification

A. Breach of Chairman-CEO Separation (Code Principle 3)

HLC’s admission of having “no Chairman” constitutes a direct violation of:

- Provision 3.1 (separation of Chairman/CEO roles);
- Provision 3.3 (requirement for strong independent oversight).

This structural failure has enabled CEO Yeo Puay Hin to consolidate unchecked authority over both strategy and execution, creating an irreconcilable conflict of interest. The absence of an Independent Chairman is particularly egregious given:

- HLC’s 50% share price decline (SGD 0.001 as of 19th April 2025) since Mr. Yeo’s 2023 CEO appointment.
- Failed M&A transactions (eScoopG) announced on 29 July 2024 under his leadership, with no disclosed accountability and costs wasted.

Company’s response:

As stated in its preamble, the Code comprises core broad principles of corporate governance (the “**Principles**”) and provisions (the “**Provisions**”) that were designed to support compliance with the Principles. Compliance with and observation of the Principles is mandatory. However, the Code permits departure from the Provisions with explanations.

(1) Provision 3.1 states that “[t]he Chairman and the Chief Executive Officer (CEO) are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making”. Given the Company’s current circumstances, where there is no Board Chairman and Mr Yeo Puay Hin (“**Mr Yeo**”) serves as both CEO and executive director, it can be argued that Provision 3.1 is not applicable. However, and more importantly, Principle 3 stipulates that there should be “a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making”. The rationale behind this Principle (and the related Provisions) is to avoid concentration of power in one individual and ensure a degree of checks and balances. As noted, the Board presently comprises one executive director (who is also the CEO) and three independent directors. While the Board does not currently have a chairman, there is no concentration of power in the hands of the CEO as there is a strong degree of checks and balances given the number of independent directors on board. Consequently, the Company is of the view that it has complied with Principle 3 and that there is no breach of Provision 3.1 despite the absence of a Board Chairman.

Notwithstanding the foregoing, the Board will review this issue and intends to appoint a Board Chairman in due course, although this process may take some time to ensure optimal future board composition for robust governance and oversight. Meanwhile, the current composition of three independent directors versus one executive director provides strong independent oversight.

(2) As alluded to earlier, the Company has complied with Principle 3 and that there is no breach of Provision 3.3 despite the absence of a lead independent director. The Board benefits from a strong element of independence, with three independent directors providing robust oversight..

(3) We wish to clarify that while Management focuses on improving the Company's business performance, they do not have any control over the share price which is largely influenced by market conditions, investor sentiment, and economic trends. Our commitment is to drive long-term value through strategic initiatives and operational efficiency, and deliver value to our customers and stakeholders.

We believe that by consistently enhancing our business performance, we can positively impact the long-term value of our Company, which may, in turn, be reflected in the share price over time.

(4) The termination of the conditional subscription agreement with eScoopG Pte Ltd as announced on 15 February 2025 was due to certain conditions precedent not being satisfied by the parties, fulfilled, or waived by the long-stop date of 14 February 2025, and the parties were unable to reach an agreement on a new long-stop date. This was purely a commercial decision between the parties.

Question 2:

B. CEO Qualifications

While Mr. Yeo's profile highlights his tenure at Visa Inc. (2012–2020), project management certifications, Membership with the Singapore Institute of Directors and Bachelor of Engineering (Electrical) Degree of NTU.

- Zero prior experience as a listed company CEO or Director before his 2021 appointment.
- No relevant expertise in HLC's core sectors (mining/industrial), raising doubts about operational competence.
- Familial ties to controlling shareholders, compromising independence under Code Principle 2.

Company's response:

(1) In accordance with Listing Rule 210(5)(a) and Practice Note 2.3 of the SGX-ST Listing Manual, Mr. Yeo, as a first-time director of a public-listed company, had completed the prescribed mandatory training as specified under Schedule 1 to Practice Note 2.3 of the SGX-ST Listing Manual.

Notwithstanding that Mr Yeo is a controlling shareholder, he was appointed as the CEO and an Executive Director through the proper channels. The Board had considered the Nominating Committee's recommendation and assessment of Mr. Yeo based on his experience and skillsets, as well as the size, composition and diversity of the skillsets of the Board, and was satisfied that Mr. Yeo's background and experience will complement the Board's skillsets.

(2) Mr. Yeo, along with his key executives and business development managers, periodically make field trips to mining sites. In 2024, Mr. Yeo made at least two field trips to engage and connect with mining operators on-site.

The mining industry has been a key area of focus for us, holding strategic importance. For instance, our Group revenue from Australia, a market dominated by mining and mining engineering companies, demonstrates our growing strength in this sector, accounting for approximately 33% of our total revenue for the financial year ended 31 December 2024, up from 21% for the financial year ended 31 December 2021.

(3) Familial ties to a controlling shareholder do not compromise Board independence as there are three independent directors in the Board. In fact, the Independent Directors make it a point to heighten their scrutiny of Mr. Yeo's actions for this very reason.

Question 3:

2. Demands for Immediate Action

I. Governance Reforms (Within 30 Days)

- Appointment of an Independent Chairman meeting these criteria:
 - o Proven chairmanship experience at an SGX-listed company.
 - o No financial/personal ties to HLC's controlling shareholders;
 - o Mandate to review all related-party transactions (RPTs) since 2021.
- Public disclosure of CEO performance metrics, including:
 - o Quantitative KPIs tied to share price, profitability, and operational milestones;
 - o Justification for retaining Mr. Yeo despite systemic underperformance.

Company's response:

(1) The Company initially planned to appoint a Non-Independent Chairman pursuant to the M&A with eScoopG Pte Ltd, but as the M&A was terminated, this plan was put on hold.

Notwithstanding the foregoing, the Board will review this issue and intends to appoint a Board Chairman in due course, although this process may take some time to ensure optimal future board composition for robust governance and oversight. Meanwhile, the current composition of three independent directors versus one executive director provides strong independent oversight.

(2) All related party transactions, if any, are disclosed in the annual reports, and the related party transactions that were carried out in FY2024 may be found on pages 130 and 131 in the annual report for FY2024.

(3) As disclosed (on page 49 of the Annual Report), "*remuneration of the executive director and key management personnel comprise fixed components, including salaries and bonuses, and a variable component. Discretionary bonuses (if any) are determined based on the individual's performance, the Group's performance for each financial year against key performance indicators on revenue and profit targets, as well as other factors such as market conditions. Their remuneration is linked to their roles and responsibilities and aligned with shareholders' and other stakeholders' interests to promote long-term success of the Group*". In this regard, the amount and breakdown of the CEO's remuneration has been duly disclosed on page 51 of the Annual Report, in compliance with Provision 8.1(a) of the Code.

(4) Under the leadership of Mr Yeo, the Group's operating and financial results have improved since he assumed his role, as evident from the summarized performance and financial metrics below. This is a strong indication that the strategic plans of the Group are effective in growing the business and improving its profitability and liquidity.

	FY2024	FY2023
	\$'000	\$'000
Revenue	44,010	40,011
Operating profits	1,163	1,011
Profit before tax	597	457
Profit for the year attributable to shareholders	727	250
Operating cash inflow/ (outflow)	1,628	(1,397)

Question 4:

II. Enhanced Transparency (Within 14 Days)

- Full disclosure of all RPTs executed under Mr. Yeo's tenure, per Listing Rule 920;
- Explanation for lacking a Lead Independent Director (LID), given:
 - Repeated Code violations;
 - Erosion of minority shareholder value.

Company's response:

(1) All related party transactions, if any, are disclosed in the Company's annual reports. As with previous financial years, the related party transactions for FY2024 have been audited and are set out on pages 130 and 131 of the annual report for FY2024.

(2) As there are three independent directors, this is a sufficiently strong independent element on the Board to enable the independent exercise of objective judgement on affairs and operations of the Group by members of the Board.

(3) The Company welcomes constructive comments and recommendations from shareholders. As outlined in the CG Report (see page 35 of the Annual Report), the Board believes it is best positioned to oversee the Company's overall policies, strategies, key operational initiatives, performance and measurement, internal controls, and risk management, ultimately protecting and enhancing long-term shareholder value.

By Order of the Board

Yeo Puay Hin
Executive Director and Chief Executive Officer
30 April 2024