

RELOCATION OF MANUFACTURING FACILITY IN CHINA

The Board of Directors (the “**Board**” or the “**Directors**”) of Hoe Leong Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the operations of Kunshan Kanto Buhin Manufacturing Co., Ltd. (“**KKBM**”), a wholly-owned subsidiary of the Company, will be relocating from its existing leased premises at No. 988 Kunjia Road, Kunshan City, the People’s Republic of China (the “**Existing Premises**”) to a new leased premises at No. 88 Bachen Town, Zhonghua Road, Kunshan City, the People’s Republic of China (the “**New Premises**”) by 31 December 2021 when the lease of the Existing Premises ends.

The New Premises is located within approximately 5km of key suppliers and subcontractors to KKBM’s principal undercarriage spare parts business, and would enable KKBM to collaborate better with such suppliers and subcontractors and save on transport costs. During this period of transition due to the relocation, KKBM will work closely with other third-party suppliers to fulfil its customers’ orders and mitigate any potential disruption in its production capacity.

KKBM has been operating at the Existing Premise since October 2009 under a series of rental agreements with the landlord, Hoe Leong Plastic Industry (China) Co., Ltd (“**Landlord**”) who was an interested person (being an associate of Hoe Leong Co. (Pte) Ltd, a controlling shareholder of the Company) until August 2021, when the shareholdings of the Landlord was transferred to another party. A controlling shareholder and former director of the Company, Quah Yoke Hwee¹, who is a shareholder and director of Hoe Leong Co. (Pte) Ltd is a director of the Landlord.

In view of the relocation, the Landlord has requested that KKBM reinstate the Existing Premises. KKBM is in discussions with the Landlord on details of the reinstatement, including but not limited to the extent of works required.

Further, in light of the relocation and in recognition of their years of service to KKBM, KKBM will make a one-off gratuity payment to its employees totalling RMB1.24 million. This gratuity payment will be funded through the internal resources of the Group. The gratuity payment will have a material impact on the earnings per share of the Group for the current financial year ending 31 December 2021.

Save as disclosed above, none of the directors, and to the best of the knowledge of the directors, none of the controlling shareholders of the Company has any interest, direct or indirect, in the relocation or gratuity payment, other than in their capacity as director or shareholder of the Company (as the case may be).

By Order of the Board

Liew Yoke Pheng Joseph
Executive Chairman and CEO
22 December 2021

¹ As disclosed on SGXNet on 13 December 2021, Mr. Quah Yoke Hwee (1) directly holds 0.24% shareholding interest in the Company and (2) is deemed interested in the 21.58% shareholding interest in the Company held by Hoe Leong Co. (Pte.) Ltd. by virtue of Section 7 of the Companies Act, Cap.50.