HONG LEONG ASIA LTD.

(Company Registration No. 196300306G)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING ("AGM") TO BE HELD ON 25 APRIL 2025 - RESPONSES TO QUESTIONS RECEIVED FROM A SHAREHOLDER AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Hong Leong Asia Ltd. ("**HLA**" or the "**Company**" and together with its subsidiaries, the "**Group**") refers to its announcement of 27 March 2025 on its Notice of 64th AGM to be held on 25 April 2025, in particular, the invitation to shareholders to submit questions that are relevant to the resolutions to be tabled for approval at the AGM by 11 April 2025 (the "**Cut-Off Date**"). As of the Cut-Off Date, the Company had received questions from a shareholder and the Securities Investors Association (Singapore) ("**SIAS**") relating to the Company's Annual Report 2024 and business of the Group. The Company's responses to those questions raised are set out below:

<u>Questions from the shareholder and the Company's Responses</u>:

Q1. **Powertrain Solutions Revenue equate to S$3,545 million in 2024. How much of this revenue is derived from outside China and would it be possible to provide a region or country breakdown?**

Company's response:

Based on China Yuchai International Limited's ("**CYI**" or "**China Yuchai**") FY2023 Annual Report ("**2023 AR**"), there is a note to the financial statements that provides the breakdown of segment revenue into geographical location of customers. The same information will be available in CYI's FY2024 Annual Report when it is published.

On page 60 of the 2023 AR, CYI had disclosed that total revenue from customers in the People's Republic of China ("**PRC**") amounted to RMB21,206,280,000 or 99.8% of total China Yuchai revenue. This means that approximately 0.2% of sales of powertrains was derived from outside of the PRC.

However, China Yuchai's customers export our Powertrains indirectly when they export the commercial vehicles, industrial and agricultural equipment after full assembly. If we include such indirect exports, the number of powertrains exported would be approximately 22% of total number of powertrains sold in FY2024. Key export markets include Asia, Eastern Europe, Africa and South America.

Q2. **Are China Yuchai's products and customer base largely involved in the export of automobiles to US? If so is there an estimate in terms of % of revenue?**

Company's response:

To the best of our knowledge, China Yuchai's powertrains are largely used in the domestic market where the engines meet National VI standards for on-road commercial vehicles and Tier 4 emission standards for off-road vehicles.

As explained in question 1 above, approximately 22% of China Yuchai's powertrains were exported by our customers to emerging markets in Asia, Eastern Europe, Africa and South America. USA is not a major export destination.

Q3. **What are the main raw material components of Precast Concrete and in Singapore, where is the main demand mostly coming from? Would it be Public House Construction(HDB)?**

Company's response:

The key raw materials of Precast Concrete comprise of concrete and steel reinforcement components. R3 Precast, our brand under the Building Materials Group in Singapore, predominantly supplies to Housing Development Board projects as well as others including the construction of schools and nursing homes.

Q4. **How is the price trend for Precast Concrete / Precast Market in Singapore in 2024 and up till now in 2025? Any color on this and how the trend might be for the rest of the year?**

Company's response:

Even though the demand for public housing projects remains high, the Singapore precast concrete market remains competitive as projects are awarded through tenders. Based on Singapore's Building and Construction Authority's ("**BCA**") outlook report published in January 2025, the total volume of precast concrete consumed by the construction sector was an estimated 1.6 million m^3 in 2024, and the demand for precast concrete is estimated to expand to between 2.3 million m^3 and 2.4 million m^3.

Q5. **Has China Yuchai seen any customers cancelling their orders due to the recent tariffs as they might be impacted due to their vehicle's final export location being US? If so perhaps any % estimation?**

Company's response:

These are early days of the US-China trade conflict, and whilst we have not experienced any major cancellations of orders, in a fast-developing situation such as this, we will continue to adapt as necessary.

Questions from SIAS and the Company's Responses:

Q1. **As highlighted in the CEO's operational review, China's electrification drive is impacting diesel engines sales, particularly in light-duty trucks, buses and passenger vehicles, where the penetration rate has reached nearly 50% in the passenger vehicle segment.**

While heavy- and medium-duty trucks and buses-the group's core product segments-are transitioning more gradually due to battery weight and charging limitations, this shift remains a key industry trend.

For FY2024, the group's total engine sales increased 13.7% to 356,586 units.

(i) In its strategic and scenario planning, has management modelled a high-impact scenario where diesel engine demand for heavy- and medium-duty vehicles experiences a sharp decline due to technological advancements (e.g., battery efficiency, hydrogen fuel cells), regulatory changes (e.g., diesel bans, stricter emissions targets), or fleet operator transitioning to alternative powertrains? If so, what mitigation strategies has management put in place, and how does it impact the group's long-term revenue, profitability, and capex allocation?

Company's response:

1. Guangxi Yuchai Machinery Company Ltd.[1] ("**GYMCL**") is an established industry player with decades of experience in engineering and developing mobility solutions. It was one of the first companies to meet the stringent National VI emission standard for diesel engines in 2021 and in April 2022, one of its engines became the first engine to be certified to the UN R49.07 Euro VI E stage emission standard.

2. GYMCL is cognisant of the technological trend towards new energy solutions and as far back as in 2021, it had begun to reposition its long-term growth strategy towards investments in new energy technologies through research and development ("**R&D**") and construction of new production capacity including fuel cell systems, range extenders, hybrid power, electric drive system etc. Please refer to the Company's announcement made on 23 September 2021.

3. GYMCL continues to invest in R&D to improve its product portfolio for higher energy efficiency and lower emissions. Total R&D expenditure (including capitalised costs) was S$220.6 million, representing 6.2% of the group revenue of China Yuchai[1] in FY2024.

4. Its efforts have produced some positive results as GYMCL introduced the largest and highest horsepower hydrogen engine in the PRC in July 2022 and through its joint-venture entity Beijing Yuchai Xingshunda New Technology Co., Ltd, launched the first batch of green energy buses equipped with hydrogen fuel cells in May 2024. In 2024, GYMCL reported unit sales of 12,100 New Energy engines, an increase of 50% and 62% year-on-year increase in engine units and in value terms respectively.

[1] GYMCL is the 76.41%-subsidiary of China Yuchai International Limited ("**China Yuchai**"). China Yuchai is a 48.70%-owned subsidiary of the Company, and it is listed on the New York Stock Exchange.

5. Some of the other mitigating strategies (as provided in the section under "Sustainability Board Statement 2024" in the Company's 2024 Annual Report) include:

   - A collaboration with Tsinghua University via Yuchai Cynland (Jiangsu) Hyentech Co., Ltd. in Wuxi High-Tech Zone since 2022 to advance GYMCL's expertise in developing fuel cell systems including the Proton Exchange Membrane, to prepare its solutions for the longer-term transition, particularly for the heavy-duty segment.

   - Making headway in pioneering hydrogen combustion engines which led to GYMCL being appointed as a committee member of the new Hydrogen Combustion Innovation Consortium division of the China Internal Combustion Engine Society (launched in May 2024). This is an important and direct platform to provide industry input towards developing the roadmap towards a zero-carbon future in the transportation space in China, addressing the nation's dual carbon goals.

6. Furthermore, GYMCL has also strategically appointed experienced independent directors on the GYMCL board of directors including Mr. Li Kai Guo, Chairman of China Automotive Engineering Research Institute Co., Ltd. which provides GYMCL with a strong understanding of how medium and heavy-duty vehicles will transition across the segments from an engineering, cost and implementation perspective.

7. While GYMCL invests into longer-term solutions, technological trends and customer feedback indicate that medium and heavy-duty engines running on diesel will continue to be the predominant solution in providing reliable and cost-effective mobility. The current focus is hence to develop hybrid engine products such as range extenders which offer customers a better transitionary solution that promises energy savings across the on-road and off-road segments.

8. Aside from advancing its various strategies, as stated in the Company's 2024 Sustainability Report, as part of the Company's Task Force on Climate-Related Financial Disclosures ("**TCFD**") exercise to manage climate transition risks, the Company has modelled two climate scenarios where the scenario analyses were performed at a high-level for its core businesses. The relevant transition risks for Powertrain Solutions included "Low-carbon economy transition policies and regulations", "Shift in customer behaviour towards lower-emission products" and "Risk of investment in new technology".

   These risks were identified and prioritised in parallel with GYMCL's industry knowledge of how the new energy ecosystem might evolve. In monitoring these industry developments alongside current mitigation plans, the objective was to sustain GYMCL's competitive edge and turn these risks into new business opportunities. One example is how GYMCL has entered the renewable energy space to capture an adjacent market through its casting capabilities to produce wind turbine main shafts. While losses in revenues and increases in R&D costs to adhere to potential low-carbon economy policies and regulations can be estimated, it is important to highlight that this would be a complex transition and hence, it is difficult to pinpoint if and when there would be a sharp decline in the demand for diesel engines. Any analysis conducted on the Group's revenue and profitability over the long-term would be hypothetical and not a forecast.

Yuchai reported sales of 12,100 New Energy engines in 2024, an increase of 50%.

(ii) How does management expect the production numbers and the revenue mix to shift over the next 3-5 years?

Company's response:

As China's economy gradually recovers , especially with greater government-led stimulus to increase its domestic consumption, management expects the production for powertrain solutions to grow in tandem with GDP growth numbers. Within this, it is expected that the "off-road" applications in industrial segments, agriculture, marine and power generation would grow faster even as new sectors such as data centres and semiconductor fabrication plants emerge. New Energy products and solutions will grow quicky off a low base, but they are not expected to contribute materially to the overall results in the next 3-5 years.

Separately, in the Power Generation segment, phase two of the joint venture with Rolls-Royce's Power Systems division will enter mass production for high-value MTU Series 4000 products in the second half of 2025.

(iii) Can management provide insights into the size of the addressable market for data centres and semiconductor fabrication plants? What unique selling points differentiate the group's product offerings from those of other manufacturers?

Company's response:

Many industrial plants require power generation solutions. MTU engines from China Yuchai's JV, MTU Yuchai Power Company Limited ("**MTU Yuchai**"), a 50:50 JV with Rolls Royce Power Systems, have established a high-end engine market category in the PRC for power generation application.

Since 2017, MTU Yuchai has produced and sold more than 2,000 units of high value MTU Series products to customers. They are used for emergency power supply in safety-critical industries such as data centres and semiconductor factories in the PRC, South Korea and Southeast Asia.

China's data centre market size is expected to grow by 38% CAGR between 2024-2029[2] and at around 20% CAGR in ASEAN. Similarly, China's semiconductor production capacity is expected to increase by 40% over the next five years[3]. These are expected to generate opportunities for our power generation solutions.

Q2. **In his message to shareholders, the chairman highlighted that Singapore and Malaysia's built environment industry is staging a multi-year recovery, driven**

[2] https://www.technavio.com/report/data-center-market-in-china-industry-analysis

[3] https://www.techinsights.com/blog/chinas-semiconductor-production-capacity-grow-40-five-years

by increased public sector construction activity. Mega projects – including Changi Airport Terminal 5, the expansions of the Marina Bay Sands Integrated Resort and the Resorts World Sentosa – are expected to fuel demand for building materials. In Malaysia, the rapid growth of data centres is also driving industry growth.

In FY2024, demand for ready-mix concrete (RMC) rose to 13.3 million cubic metres (FY2023: 12.3 million cubic metres), while precast concrete volume increased to 1.6 million cubic metres (FY2023: 1.5 million cubic metres).

(i) What is the group's market share in ready-mix concrete, precast components, and cement in Singapore and Malaysia?

Company's response:

We do not disclose market share data in our ready-mix concrete, precast components, and cement in Singapore and Malaysia. We are a leading industry player in building materials business and more importantly, our customers have known us to be a reliable, resilient and responsible partner.

(ii) What are management's views on cement and RMC price trends over the next 12 to 24 months? How is the group positioning itself to optimise pricing power, manage cost volatility, and capture market opportunities?

Company's response:

As published in a report by BCA[4] in January 2025, the outlook for construction demand in the medium-term is expected to remain strong due to several large-scale development projects. BCA projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between S$47 billion and S$53 billion in nominal terms in 2025. This compares to S$44.2 billion in 2024.

While market demand is projected to be strong in Singapore, cement and consequently RMC remains competitively priced. With our vertically integrated model where the Group has certainty of supply for key raw materials for RMC production including aggregates, fly ash and cement, we can manage our costs better, which will help our competitive positioning and capture greater market opportunities over time.

Cement and concrete production are among the most carbon-intensive industries, accounting for approximately 8% of global CO_2 emissions. They are widely acknowledged as hard-to-abate sectors. The group has "*been exploring alternative raw materials such as ground granulated blast-furnace slag (GGBS) and fly ash.*"

(iii) Can management provide greater insight into its efforts to scale and commercialise lower-carbon products? Given that GGBS has been available for nearly two decades and the group completed a Portland Fly-Ash Concrete (PFAC) commercial project in 2020, what steps are

[4] Construction Demand To Remain Strong For 2025

being taken to maintain a technological and competitive edge in this area?

Company's response:

1. In HLA's FY2024 Sustainability Report, we reported that 10% of our sales volume was contributed by innovative / certified green concrete products under Green Mark or Singapore Green Building Product ("**SGBP**"). Both are industry standard environmental certifications under BCA. Under HLA's 2025 Environmental, Social and Governance ("**ESG**") targets, the Group aims to achieve at least 20% sales contribution by volume from such innovative/certified green concrete products.

2. Overall, the Group continues to market and produce lower-carbon concrete products, such as blended cement and over 167 SGBP certified RMC mixes including PFAC. Our range of green concrete products includes the supply of key raw materials to various construction and infrastructure projects in Singapore. A new development by Island Concrete in collaboration with Taiheiyo Cement Corporation ("**Taiheiyo**") is to supply Ternary Blend Concrete to Singapore projects. This is another solution to be added to our lower-carbon product portfolio which utilises both fly ash and GGBS and offers high durability over an extended life span, suitable for building and civil construction works.

3. The Group is also studying the feasibility of producing and using calcined clay cement, a low-carbon alternative to traditional Portland cement which enables kaolin clay to be used in place of clinker, which effectively lowers the heating rate required operationally and the volume of clinker in a mix. This is scoped into a recent decarbonisation roadmap exercise undertaken by the Group to focus on key solutions that will significantly reduce our greenhouse gas emissions over the longer term.

4. As shared in our Sustainability Board Statement, the growth in market demand for lower-carbon cement and concrete is primarily driven by Singapore and Malaysia's building regulations and currently, there is a lack of market-based incentives to drive the take-up rate of such products. However, in Singapore, we see the industry moving towards implementing Environmental Product Declaration certifications which will provide transparency over the lifecycle carbon emission profile of each building material product. This is one such example that will influence the value chain to move towards the selection of lower-carbon products.

The group's building materials business spans subsidiaries, joint ventures and associates, including Island Concrete (Private) Limited (100%), Tasek Concrete Sdn Bhd (98.28%), HL Building Materials Pte. Ltd. (100%), Singapore Cement Manufacturing Company (Private) Limited (50%), R3 Precast and BRC Asia Limited (20.15%).

(iv) How does management ensure synergy and collaboration across these entities? Are there operational efficiencies, cost savings, or strategic advantages realised through this structure? How is collaboration incentivised to maximise value creation across the portfolio?

Company's response:

Firstly, we would like to clarify that R3 Precast is the Group's branding for its precast products and the Precast business falls under HL Building Materials Pte. Ltd. HLA's Building Materials portfolio is one of the longest established integrated building materials businesses in Southeast Asia, with subsidiaries across the value chain from raw materials to cement, RMC and precast.

In Singapore, the Building Materials group of key companies supplies all grades of RMC as well as precast concrete elements for public and private housing construction.

In Malaysia, our key subsidiary Tasek Corporation Berhad ("**Tasek**") is one of the largest integrated cement manufacturers, with key business activities encompassing the manufacturing and sale of cement, cement-related products and RMC produced by its subsidiary, Tasek Concrete Sdn. Bhd., in Peninsular Malaysia. Tasek also sells cement to the Building Materials ("**BM**") group in Singapore.

These key subsidiaries and joint ventures across the building materials value chain form the BM group and help the Group derive strength from vertical integration. For example, Taiheiyo, the joint-venture partner in Singapore Cement Manufacturing Company (Private) Limited is the Group's long-standing Japanese JV partner since the 1950s. Taiheiyo is a leading producer of specialist cement in Japan. The Group also owns limestone quarries and granite quarries in Malaysia and Indonesia. Limestone and granite are key raw materials used in the production of cement and RMC.

Key executives from the BM group interact via regular sales and operations and performance review meetings as well as collaborate during offsite strategic meetings and plant visits. During such meetings, invaluable information on market intel, best practices, technical knowledge and Group directives are discussed and exchanged in a collaborative setting.

BRC Asia Limited ("**BRC**") is an associated company of HLA and is listed on SGX-ST. It is one of the leading steel reinforcement solutions providers in Singapore. HLA has 20% board representation on BRC's board of directors.

HLA's Executive Directors, Mr. Stephen Ho Kiam Kong (CEO) and Ms. Kwek Pei Xuan (Head of Sustainability and Corporate Affairs), are Non-Executive and Non-Independent directors on BRC's Board and Ms. Kwek Pei Xuan chairs the Board Sustainability Committee. Mr. Ho and Ms. Kwek participate and contribute to BRC's Board meetings as well as the Board Sustainability Committee's meetings in their respective capacities.

BRC is one of the key suppliers of steel mesh and steel rebars to HL Building Materials Pte. Ltd.

Q3. **On 16 December 2024, the company announced the appointment of Mr Ng Chee Khern as an independent director, effective 1 January 2025.**

CHANGE - ANNOUNCEMENT OF APPOINTMENT::APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Name Of Person
Ng Chee Khern

Age
59

Country Of Principal Residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
Mr Ng Chee Khern's appointment as an Independent Non-Executive Director and as a member of the Board Sustainability Committee was recommended by the Nominating Committee and approved by the Board of Directors (the "Board"), based on the Company's Board diversity targets.

The Board is of the view that Mr Ng's qualifications and extensive experience in building long lasting systems, sustainable governance, fostering national and international networks including a track record in assessing regional and international affairs, and implementing national initiatives in security, digital and work force transformation, would provide further diversity to the core competencies and skill set of the Board.

Whether appointment is executive, and if so, the area of responsibility
No

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
Independent Non-Executive Director and a member of the Board Sustainability Committee

Professional qualifications
Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries
No

Conflict of interests (including any competing business)
Nil

Working experience and occupation(s) during the past 10 years
April 2022 to Present - Permanent Secretary (Manpower), Ministry of Manpower
May 2017 to March 2022 - Permanent Secretary (Smart Nation and Digital Government), Prime Minister's Office
May 2014 to June 2017 - Permanent Secretary (Defence Development), Ministry of Defence

(Source: https://links.sgx.com/1.0.0/corporate-announcements/P8G7SI0TNPB5OCHO/0be8bc0eadd5897badd1e25e5c1a7705dcc720174430c2a31d149742c762a6b5)

(i) **Would the nominating committee (NC) elaborate further on the rationale, selection criteria, board diversity considerations and search and nomination process, that led to the nomination and appointment of Mr Ng Chee Khern, as required in the SGX template?**

Company's response:

As stated under Provision 4.1 on page 69 of the Annual Report 2024, the Board believes in carrying out succession planning for itself to ensure continuity of leadership. As stated under Provision 2.4 on page 64 of the Annual Report 2024, the Company is committed to building a diverse and inclusive culture and it has in place a Board Diversity Policy ("**BDP**") which sets out the framework for promoting diversity on the Board. The BDP considers various aspects of diversity, including gender, age, skills, business experience and industry discipline. One of the annual diversity targets for FY2024 was to expand the Board's skill set with three key areas namely, industry experience, sustainability and human resources. Mr. Ng meets these requisites given his extensive experience in sustainable governance, building long-lasting systems, and fostering national and international networks including a track record in assessing regional and international affairs, and implementing national initiatives in security, digital and work force transformation that align with the Company's strategic objectives. His appointment enhances the Board's collective skills and diversity, particularly in the areas of Board sustainability and human resources.

As stated under Provision 4.3 on page 68 of the Annual Report 2024, the search and nomination process for new Directors involves recommendations from Directors, Management or external parties, including the Company's contacts in related industries, finance, legal and accounting professions. Where necessary, assistance may also be obtained from the Singapore Institute of Directors and professional executive search firms engaged to source for suitable candidates for the NC's consideration. Mr. Ng Chee Khern's appointment was facilitated through a director's recommendation. The NC reviewed his curriculum vitae before recommending Mr. Ng Chee Khern's appointment to the Board and the Board Sustainability Committee. The NC considered his track record, experience, capabilities and other relevant factors, including age and gender, to contribute to the Board's collective skills and diversity. The NC also considered the composition requirements for the Board and Board Committees, competing time commitments which Mr. Ng might have, and his independence.

(i) **Has the NC reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

Company's response:

Yes, as stated under Provision 2.4 on page 64 of the Annual Report 2024, the NC reviews annually the composition of the Board and Board Committees with a view to identifying any gaps in the Board's skill sets. The Company has implemented a skills matrix to identify gaps in the Board. The skills matrix classifies skills, experience and knowledge of existing Directors into broad categories such as industry knowledge, management expertise, finance/accounting, risk management, legal, sustainability, corporate finance/mergers and acquisitions, digital/technology and human resources and they collectively possess the necessary core competencies for informed and constructive discussions and effective decision-making.

The NC would continue to review and assess the size and composition of the Board and Board Committees annually, taking into consideration the factors under the BDP, including the annual Board targets and timelines for promoting and achieving diversity. The final decision on the selection of Directors will be based on merits against objective criteria and targets considered by the NC and recommended to the Board for approval.

By Order of the Board
HONG LEONG ASIA LTD.

Ng Siew Ping, Jaslin
Yeo Swee Gim, Joanne
Company Secretaries

17 April 2025

\\Awsprofs2\css-common\JN-Team\HLA\AGM\April Meeting 2025\AGM Reso & Announcements\Q&A\Announcement - SIAS QA Responses R3.docx