



Hoe Leong Corporation Ltd.



2025
ANNUAL
REPORT

RELIABLE POWER FOR HEAVY INDUSTRIES

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Our Offices



CORPORATE PROFILE

Hoe Leong Corporation Ltd. (the “Company” and its subsidiaries, the “Group”) specializes in providing undercarriage products, equipment parts, and services for heavy equipment and industrial machinery. Our offerings include an extensive range of parts for bulldozers, excavators, wheel loaders, and off-the-road (OTR) mining dump trucks, such as track frames, track chains and groups, rollers, shoes, sprockets, grouser parts, idlers, and OTR tires.

Our manufacturing facilities in China (since 2004) and South Korea (since 2012) produce equipment parts under our trademark KBJ and for OEM customers. We also distribute undercarriage components under our in-house brands MIZU and Rossi.

We serve end-users in the mining, construction, forestry, and agriculture industries, with a primary focus on the Australian and North American markets.

Additionally, we distribute through international partners in Asia, Europe, Africa, Latin America, and the Middle East. With our extensive sales and procurement network and wholly owned overseas manufacturing capabilities, we maintain cost and quality control while promptly responding to customer needs.

CHIEF EXECUTIVE OFFICER'S STATEMENT



YEO PUAY HIN

EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER

"In 2026, our strategic priorities will centre on deepening our presence in Oceania, while strengthening business development efforts in North America to build a more diversified and resilient revenue base."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Hoe Leong Corporation Ltd. (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2025 ("FY2025").

FY2025 has been a year of complexity and transformation for the Group, shaped by evolving geopolitical dynamics, deglobalisation that has the negative effect of international trade reduction, and global economic uncertainty. These factors influenced supply chains and customer ordering patterns across several markets, prompting us to adapt and refine our strategies to navigate a rapidly changing environment.

The Group reported revenue of \$38.5 million for FY2025, a decrease of 12.4% from prior year in 2024, reflecting the impact of softer demand in North America and other regions. Notwithstanding the lower revenue, the Group achieved a profit before income tax of \$0.7 million, compared with \$0.6 million in 2024. This outcome reflects ongoing efforts in cost management and disciplined in business execution.

Gross profit margin improved to 24.9% in FY2025 (FY2024: 22.7%), supported by continued operational efficiencies. Net cash inflow from operating activities amounted to \$4.6 million, compared with \$1.6 million in the prior year, providing additional liquidity to support the Group's operations. Net tangible assets remained stable at \$25.8 million, consistent with the level maintained over the past two financial years.

Financial Highlights

	FY2023 \$'000	FY2024 \$'000 (Restated [#])	FY2025 \$'000
Revenue	40,011	44,010	38,532
Gross profit	6,614	10,007	9,604
Gross profit margin	16.5%	22.7%	24.9%
Net cash flow (used in)/generated from operating activities	(1,397)	1,628	4,582

See Note 26

CHIEF EXECUTIVE OFFICER'S STATEMENT

North America revenue declined by about \$3.2 million driven by tariff-related uncertainties and slower customer spending, which in turn weighed on overall market sentiment globally.

In contrast, Australia continues to perform steadily relative to other markets, contributing approximately 36.3% of Group revenue. Excluding currency fluctuations, our Australian operations recorded a 6.7% increase in revenue, reflecting the underlying strength and resilience of this market.

Despite a challenging and fast evolving operating environment, the Middle East delivered encouraging progress in 2025, contributing approximately 6.6% of Group revenue and further reinforcing the diversification of our global footprint. We continue to monitor regional developments closely and assess their potential impact on our commercial activities. To avoid unnecessary inventory build up across the Group's warehouses, we are tracking potential disruptions that could impede cargo destined for, or routed through, the Middle East.

By contrast, Indonesia and Malaysia registered comparatively softer performances during 2025, reflecting weaker demand and ongoing market adjustments. The Group remains vigilant and will continue to adapt its commercial strategies to uphold resilience and support sustainable long term growth.

Looking ahead, while the heavy equipment sector remains highly competitive and global GDP growth is expected to ease, we continue to strengthen our operational execution and rebuild the KBJ brand. Its proven quality is steadily helping to restore market confidence, and we expect our enhanced reputation to gain further traction over time.

In 2026, our strategic priorities will centre on deepening our presence in Oceania, while strengthening business development efforts in North America to build a more diversified and resilient revenue base. In the second half of 2025, we fortified the share capital of our Australian business, strengthened its organisational structure, and enhanced operational reliability—laying the foundation for long term, sustainable growth. We have also become more effective in engaging top and mid tier customers, particularly within the Australian mining sector, further solidifying our market position.

Legacy Lawsuits Relating to the Former Oil Support Vessel Business

The Company is managing two long standing legal cases arising from its former vessel chartering services for the oil and gas industry, a business segment that has since been fully closed and liquidated. These cases date back to 2013 and 2019, respectively.

In the matter of *Tan Sri Halim bin Saad vs Hoe Leong Corporation Limited*, the Malaysia High Court ruled in the Company's favour, dismissing the Plaintiff's claim and awarding costs to the Company in 2025.

In the matter of *Kuala Lumpur High Court* (the "High Court") – *Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd & 5 Others*, a notice of appeal against the High Court's decision dated 11 December 2025 was filed on 24 December 2025. In connection with the appeal, we have also successfully secured a conditional stay of the High Court's decision pending the appellate outcome.

Acknowledgements

We were pleased to welcome Ms Linda Hoon to the Board in July 2025 as an Independent Non-Executive Director. She serves as chair of the Remuneration Committee and is also a member of the Audit Committee. As the pioneer female member of our Board, she reinforces our commitment to board diversity and brings strong legal credentials and extensive governance experience, further enriching the Board's deliberations and oversight.

We are also pleased to announce the promotion of Daniel Martin Cheesman to Managing Director of the Group's Australia operations, effective March 2026. Since joining in 2021, Daniel has demonstrated strong leadership and adaptability across operations and business development, while strengthening key customer relationships, including with BHP Billiton.

As we enter a new financial year, I extend my sincere appreciation to my fellow directors for their steady guidance, and to our management and staff for their dedication and resilience amid a challenging global environment. I am also grateful to our customers, suppliers, and shareholders for their continued trust and support, which remain essential to the Group's progress.

BOARD OF DIRECTORS



Mr Yeo Puay Hin

Age 57 | Executive Director and Chief Executive Officer

Date of first appointment: 23 June 2021 | Date of last re-election: 30 April 2024

Mr Yeo was appointed as Executive Director on 23 June 2021 and later became Chief Executive Officer on 9 January 2023.

With over 20 years of experience in innovative industries, he has led business programme offices and executed technology and financial payment projects. He held senior positions in multinational technology and payment technology firms, including being a Senior Director at Visa Inc. from 2012 to 2020.

Mr Yeo graduated from Nanyang Technological University in 1993 with a Bachelor of Engineering (Electrical) Degree. He holds certifications as a Project Management Professional, ScrumMaster, and ITIL Expert.

Directorships in other listed companies and other principal commitments

Present	Past (Preceding 5 years)
Executive Director, Lew Foundation Director, Shing Heng Holding Pte. Ltd.	Member, Central Governance Committee of Methodist Welfare Services Senior Director, Programme Management Office (Asia Pacific/Central Europe/Middle East/Africa), Visa Inc.



Mr Lee Chin Chai*

Age 53 | Independent Director

Date of first appointment: 1 November 2019 | Date of last re-election: 30 April 2024

Mr Lee is a seasoned business and strategic management leader with close to 30 years of management experience in sustaining growth, driving business development, and leading organisational transformation. His versatility spans commercial enterprises, high-potential start-ups, and not-for-profit organisations across diverse industries and regional markets.

He has led high-performing, multicultural teams and delivered strong business transformation and revenue acceleration at Microsoft, Hewlett Packard, and Cisco Systems. His leadership includes full P&L oversight across 13 APAC countries and demonstrated strengths in Strategy and Transformation, Corporate Governance, Audit and Risk Management, Investment and Treasury, Fund-raising, Organisation Development, Operations Management, and Human Resources.

Mr Lee is a Senior Accredited Director and member of the Singapore Institute of Directors. He holds a Bachelor of Science degree from the National University of Singapore and an Executive Master of Science degree from Baruch College, City University of New York.

Directorships in other listed companies and other principal commitments

Present	Past (Preceding 5 years)
President, World Serving Leaders Asia Pte. Ltd. Board President and Chairman (Giving Committee), New Hope Community Service Board Director and Chairman (Audit Committee), St Francis Methodist School Honorary Treasurer & Exco Member, National Council of Churches of Singapore	Managing Director, Center for Serving Leadership Asia Pte. Ltd. Executive Director, iConnex Pte. Ltd.

BOARD OF DIRECTORS



Mr Kuan Cheng Tuck

Age 54 | Independent Director

Date of first appointment: 2 October 2023 | Date of last re-election: 30 April 2025

Mr Kuan has more than 25 years of experience in the fields of accounting, auditing as well as business and financial advisory. He had worked with various international accounting firms in Singapore and Malaysia for more than ten years prior to running and managing his own business and financial consulting firms. Mr. Kuan has also served as independent director of several companies listed on the SGX-ST.

Mr Kuan holds a Bachelor of Accountancy Degree from the Nanyang Technological University of Singapore, a Bachelor of Laws (Honours) Degree from the University of London and a Master of Laws (Corporate and Financial Services Law) Degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors, and was also admitted to the Singapore Bar.

Directorships in other listed companies and other principal commitments

Present	Past (Preceding 5 years)
Karin Technology Holdings Limited Taka Jewellery Holdings Limited Kencana Agri Limited KCT Consulting Pte. Ltd.	CNMC Goldmine Holdings Limited Kori Holdings Limited

BOARD OF DIRECTORS



Ms Linda Hoon Siew Kin*

Age 62 | Independent Director

Date of first appointment: 1 July 2025 | Date of last re-election: Not applicable

Ms Hoon has over three decades of experience as a C-suite executive and has worked in several SGX-listed large cap corporations in financial industry, conglomerate, e-commerce, hospitality and healthcare. Ms Hoon is currently an Independent Director of Kidney Dialysis Foundation and Tru-Marine Pte Ltd. Ms Hoon is also an Adjunct Lecturer teaching business law at the National University of Singapore, School of Business and a part-time law lecturer at Kaplan Singapore. Ms Hoon was called to the Singapore Bar in 1987 and is currently the General Counsel and Head of Regulatory Affairs, Risk & Compliance with Special Risk Group Asia Pacific Pte. Ltd..

Ms Hoon holds a Bachelor of Law (Second Class Upper Honours) Degree from the National University of Singapore, a Masters of Laws from the National University of Singapore, completed the General Manager Programme at Harvard Business School, Cambridge MA, U.S.A. and holds a Master of Science in Management from Essec Business School, Asia Pacific, Singapore.

Directorships in other listed companies and other principal commitments

Present	Past (Preceding 5 years)
Linda Hoon LLP2 Gracejoy Pte. Ltd. Oaks Legal LLC Far East Group Limited Tru-Marine Pte. Ltd. Kidney Dialysis Foundation Limited	Quantum Solutions (Singapore) Pte. Ltd. Olam Cocoa Pte. Ltd. Famous Holdings Pte Ltd Singapore Post Enterprise Private Limited Autagco Ltd. Lock+Store (Chai Chee) Pte. Ltd. Lock+Store (Tanjong Pagar) Pte. Ltd. Ascensus Health Group Pte. Ltd. L+S Self Storage Pte. Ltd. Singpost Logistics Investments Pte. Ltd. Lock+Store (Ayer Rajah) Pte. Ltd. SP Parcels Pte. Ltd. OneRHT Foundation Ltd. Singpost Ecommerce Logistics Holdings Pte. Ltd. Singpost Logistics Holdings Pte. Ltd. Singpost Group Treasury Pte. Ltd. SOG Limited

* Director seeking re-election at the Forthcoming Annual General Meeting of the Company. Please refer to section titled "Disclosure of Information on Directors Seeking Re-election".

KEY EXECUTIVES

Mr Chin Yon Fei*

*Director, Sales and Marketing
Hoe Leong Corporation Ltd.*

Mr Chin joined the Group in November 2020 and oversees the Group's sales and marketing functions. He has more than 30 years of financial control, business strategy and operation management experience and was heavily involved in the formulation of strategic business planning directions for International Sales & Marketing Division and major corporate decision-making for his previous employers in manufacturing & distribution of automotive parts and forestry pulp industry. Mr Chin graduated with a Bachelor of Accounting Degree from the University of Malaya and is a member of the Malaysia Institute of Certified Public Accountants and an associate member of the Singapore Institute of Directors.

Mr Cho Hang Lae

*President
Korea Crawler Track Ltd ("KCT")*

Mr Cho joined the Group in 2010 to spearhead the establishment of KCT. Since his appointment, he has been instrumental in improving the operational effectiveness and efficiency of the manufacturing facility and expanding its customer base. Before joining KCT, he had worked in the undercarriage industry for more than 13 years, overseeing the management of sales, production and operations. Mr Cho holds a Bachelor Degree in International Trade from the University of Kyungnam, South Korea.

Ms Low Chuan Jee*

*Group Financial Controller
Hoe Leong Corporation Ltd*

Ms Low is responsible for the finance, compliance and reporting functions of the Group. Her post-graduation experience in various capacities includes audit, financial accounting and she has worked in various public-listed companies. She holds a Bachelor of Accountancy Degree from Nanyang Technological University and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

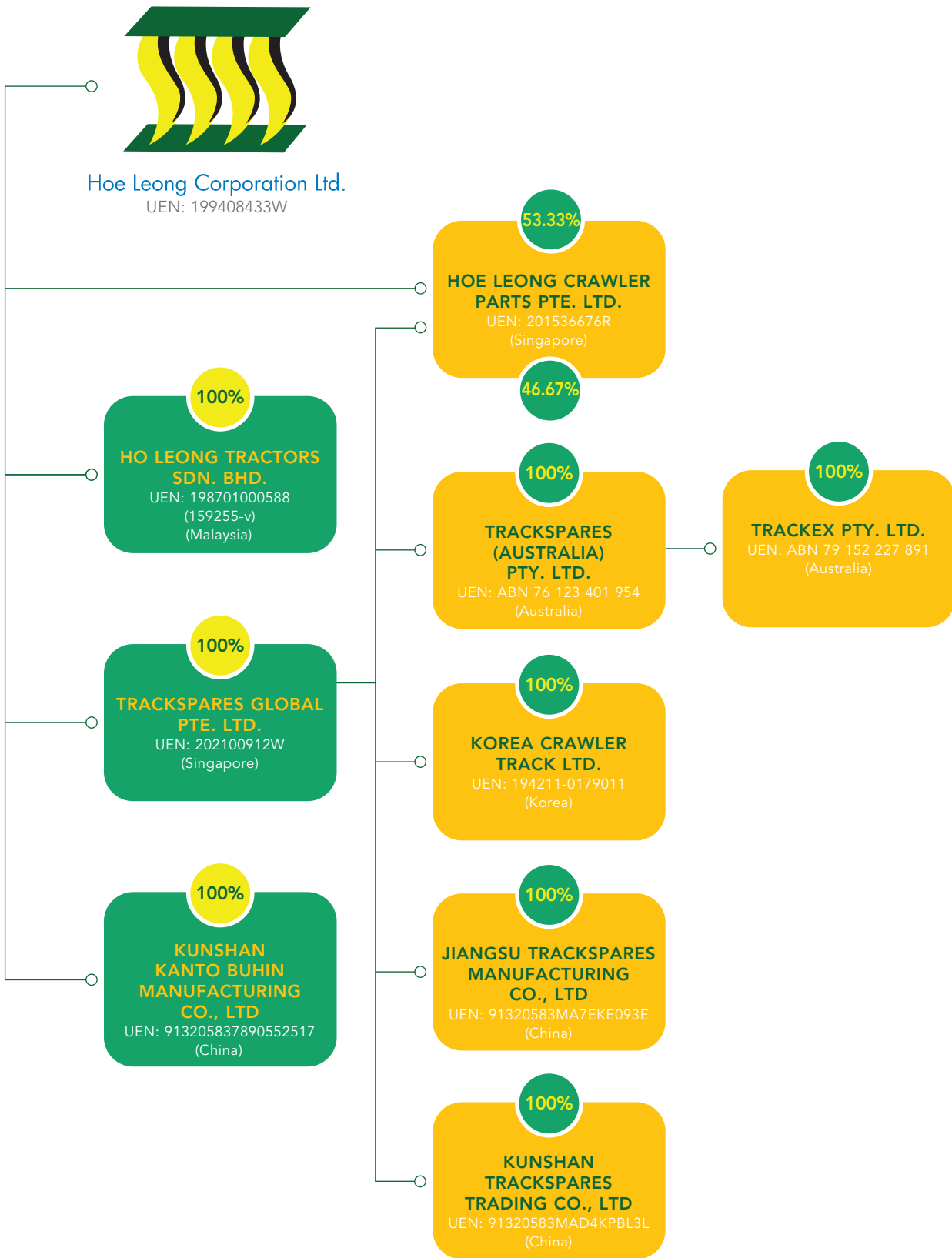
Mr Daniel Martin Cheeseman

*Managing Director
Trackspares (Australia) Pty Ltd ("TSA")*

Mr Daniel Martin Cheeseman's professional history prior to becoming Managing Director of TSA reflects a steady, deliberate progression through construction, commercial project management, mining operations, and business development. His career is shaped by adaptability, long-term commitment, and a willingness to take on increasingly complex responsibilities across multiple industries. The result is a broad, practical, and strategically informed background that positioned him well for senior leadership.

* Executive officers/Key management personnel

GROUP STRUCTURE



FINANCIAL REVIEW

REVENUE

Revenue of the Group decreased by \$5.5 million or 12.4% to \$38.5 million during FY2025 as compared to \$44.0 million during FY2024. The decrease in revenue was mainly due to the Asian and North America markets.

COST OF SALES

Costs of sales decreased by \$5.1 million or 14.9% to \$28.9 million during FY2025 as compared to \$34.0 million during FY2024. Gross profit ("GP") was \$9.6 million (GP margin: 24.9%) in FY2025 and \$10.0 million (GP margin: 22.7%) in FY2024. The decrease in cost of sales was in tandem with the drop in revenue. The drop in GP was primarily due to the clearance sale of old inventory at significantly discounted price prompted by the lease expiry of the Singapore warehouse.

OTHER INCOME

Other income decreased by \$405,000 to \$309,000 during FY2025 from \$714,000 during FY2024 as a net foreign currency exchange gain was recorded in FY2024 while a net foreign currency exchange loss was recorded in FY2025 (see explanations in the increase in other expenses below).

DISTRIBUTION EXPENSES

Distribution expenses decreased by \$0.2 million or 6.4% to \$3.0 million during FY2025 from \$3.2 million during FY2024. The decrease was mainly due to decreased packing and delivery expense which was in line with the decrease in revenue during the financial year and decreased salaries of warehouse personnel after expiry of the Singapore warehouse lease.

ADMINISTRATIVE EXPENSES

Administrative expenses were \$4.2 million during FY2025 as compared to \$4.6 million during FY2024. The decrease of administrative expenses during FY2025 was mainly due to decrease in legal and professional fees.

OTHER EXPENSES

Other expenses increased by \$100,000 from \$1.6 million in FY2024 to \$1.7 million in FY2025 and this was mainly due to net foreign currency exchange loss (see explanations in the decrease in other income above).

NET REVERSAL OF/(ALLOWANCE FOR) IMPAIRMENT LOSSES

The net reversal amount for FY2025 was much higher than that of FY2024 due largely to a reversal of impairment of trade receivables of \$272,000 as compared to an allowance for impairment of trade receivables of \$602,000 during FY2024.

PROFIT OR LOSS BEFORE INCOME TAX

As result of the above, profit before income tax for FY2025 and FY2024 was \$0.7 million and \$0.6 million respectively.

NON-CURRENT ASSETS

Non-current assets decreased by \$0.1 million from \$8.5 million as at 31 December 2024 to \$8.4 million as at 31 December 2025. The decrease was mainly due to a reduction in deferred tax assets which arose from our Australian subsidiary and a reduction in net defined benefit asset.

CURRENT ASSETS

Current assets decreased by \$3.1 million from \$36.2 million as at 31 December 2024 to \$33.1 million as at 31 December 2025. The decrease was mainly due to decrease in trade and other receivables by \$4.1 million. Such decrease was partially offset by increase in inventories by \$0.2 million and cash and cash equivalents by \$0.8 million.

The decrease in trade and other receivables was mainly due to the decrease in trade receivables. Average trade receivables turnover was 116 days as at 31 December 2025 compared to 102 days as at 31 December 2024.

The increase in inventories was mainly due to higher amount of work-in-progress as at 31 December 2025 when compared to 31 December 2024. Average inventories turnover was 241 days as at 31 December 2025 and 211 days as at 31 December 2024.

FINANCIAL REVIEW

NON-CURRENT LIABILITIES

Non-current liabilities decreased by \$0.5 million from \$3.3 million as at 31 December 2024 to \$2.8 million as at 31 December 2025. The decrease was mainly attributable to a reduction of \$0.9 million in outstanding balance of loans and borrowings which was partially offset by an increase of \$0.4 million in lease liabilities.

CURRENT LIABILITIES

Current liabilities decreased by \$3.1 million from \$16.0 million as at 31 December 2024 to \$12.9 million as at 31 December 2025. The decrease was mainly attributable to the decrease in trade and other payables by \$1.5 million, loans and borrowings by \$1.5 million and decrease in other provision \$0.1 million.

Average trade payables' turnover was 33 days as at 31 December 2025 and 32 days as at 31 December 2024.

CASH FLOW

Net cash generated from operating activities was \$4.6 million during FY2025. This was mainly due to the reduction of trade and other receivables of \$4.4 million.

Net cash used in investing activities amounting to \$345,000 was mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities amounting to \$3.2 million was mainly due to repayment of loans and borrowings of \$8.8 million, interest payment of \$0.5 million and payment of lease liabilities of \$0.6 million. The above outflows were partially offset by proceeds from drawdown of bank borrowings of \$6.7 million.

As a result of the above, there was a net increase of \$1.0 million in cash and cash equivalents during FY2025 and the cash and cash equivalents as at 31 December 2025 was \$3.3 million.

PROPERTIES HELD BY THE GROUP

Address	55 Greenwich Parade, Neerabup, Western Australia 6031	707 Jisu-ro, Jisu-Myeon, Jinju City, Gyeongnam, South Korea
Description	Single storey office building with warehouse and workshop attached	Two factory buildings; a 2-storey office building; a 2-storey building for ancillary purposes
Purpose to the Group	Western Australia branch office of Trackspares (Australia) Pty Ltd	Manufacturing facility of Korea Crawler Track Ltd
Tenure of land	Freehold	Freehold
Estimated area		
– Land ('000 sf)	41	135
– Floor ('000 sf)	19	57
Purchase price of land (\$'000)	1,136	1,725
Development and directly attributable costs (\$'000)	2,013	3,342
Carrying amount as at 31 December 2025 (\$'000)	2,337	3,063

CORPORATE INFORMATION



BOARD OF DIRECTORS

YEO PUAY HIN
Executive Director and Chief Executive Officer

LEE CHIN CHAI
Independent Director

KUAN CHENG TUCK
Independent Director

LINDA HOON SIEW KIN
Independent Director

AUDIT COMMITTEE

KUAN CHENG TUCK (Chairman)
LEE CHIN CHAI
LINDA HOON SIEW KIN

NOMINATING COMMITTEE

LEE CHIN CHAI (Chairman)
KUAN CHENG TUCK
YEO PUAY HIN

REMUNERATION COMMITTEE

LINDA HOON SIEW KIN (Chairman)
LEE CHIN CHAI
KUAN CHENG TUCK

COMPANY SECRETARY

NGIAM MAY LING

REGISTERED OFFICE/CORPORATE HEADQUARTERS

100G Pasir Panjang Road
#08-16 Interlocal Centre
Singapore 118523
T: +65 6561 6353
Email: contact@hoeleong.com

SHARE REGISTRAR

TRICOR BARBINDER SHARE REGISTRATION SERVICES
(A division of Tricor Singapore Pte. Ltd.)
9 Raffles Place
#26-01 Republic Plaza Tower 1
Singapore 048619

DATE OF LISTING ON THE MAINBOARD OF THE SINGAPORE EXCHANGE

5 December 2005

DATE OF INCORPORATION

18 November 1994

REGISTRATION NUMBER

199408433W

INDEPENDENT AUDITOR

PKF-CAP LLP
6 Shenton Way
OUE Downtown 1, #38-01
Singapore 068809
Partner-in-charge: Ang Kok Keong
(Effective from reporting year ended 31 December 2023)

INTERNAL AUDITOR

BAKER TILLY CONSULTANCY (SINGAPORE) PTE LTD
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778



SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**”, and together with our subsidiaries, the “**Group**”) is pleased to present the sustainability report (“**Report**”) for the financial year ended 31 December 2025 (“**FY2025**”). This Report reflects the Group’s strategic commitment to sustainable manufacturing excellence and demonstrates how environmental stewardship, social responsibility, and robust governance are integrated into our core business operations.

As a leading manufacturer and supplier of undercarriage parts for heavy machinery and equipment, the Group recognises that our operations have direct environmental and social impacts across our global value chain. This awareness drives the Group’s ongoing efforts to minimise our environmental footprint, enhance workplace safety, develop our people, and maintain the highest standards of business ethics.

Sustainability in Our Strategy

FY2025 marked a pivotal year in the Group’s sustainability journey. The Group has deepened our commitment to climate action by enhancing our disclosures in alignment with the International Financial Reporting Standards Sustainability Disclosure Standard S2 (“**IFRS S2**”) on climate-related matters. This strengthened approach enables the Group to better identify, assess, and manage climate-related risks and opportunities that could materially impact our business strategy and financial performance.

The Group’s sustainability strategy is built on three interconnected pillars that guide our decision-making:

- **Environmental Excellence:** Advancing energy efficiency, reducing greenhouse gas emissions (“**GHG Emissions**”), and implementing circular economy principles in our manufacturing operations
- **Social Responsibility:** Fostering a safe, inclusive, and engaging workplace while contributing positively to the communities where we operate
- **Governance Integrity:** Maintaining transparency, accountability, and ethical business practices throughout our operations

Progress and Performance

During FY2025, the Group achieved meaningful progress across multiple fronts. The Group strengthened our environmental management systems, enhanced our supply chain sustainability assessment protocols, and expanded our workforce development initiatives. FY2025 highlights include a 3.7% reduction in Scope 1 and 2 GHG emissions, and a 8.9% reduction in electricity consumption intensity (MWh/ employee). The Group maintained our commitment to workplace safety with robust occupational health and safety programmes across all our facilities. The Group continued investment in employee training and development reflects our belief that our people are fundamental to our long-term success and sustainability performance.

Looking Ahead

The path to sustainable manufacturing requires continuous innovation and adaptation. In the coming years, the Group will focus on expanding our renewable energy utilisation, advancing our circular economy initiatives, and strengthening our supply chain partnerships to collectively reduce environmental impact.

The Group remains committed to transparent reporting and continuous improvement. This report provides insights into our current performance, challenges we face, and the strategies we are implementing to create long-term value for all our stakeholders.

SUSTAINABILITY REPORT

ABOUT OUR BUSINESS

Company Overview

Hoe Leong Corporation Ltd. is a leading manufacturer and supplier of undercarriage products and spare parts for heavy equipment and industrial machinery. With manufacturing facilities in South Korea and China, and distribution networks spanning Singapore, Malaysia, and Australia, the Group serves a global customer base in the construction, mining, and industrial equipment sectors.

The Group's proven track record of operational effectiveness and innovation enables them to deliver genuine cost savings and solutions to customers without compromising on quality. The Group specialises in precision-engineered components that are critical to the performance and longevity of heavy machinery operations.

Vision and Mission

Vision:

To be globally recognised as a preferred manufacturer and supplier of undercarriage parts for heavy machinery and equipment.

Mission:

- To enhance customer satisfaction through distinctive value-add propositions with strong focus on product quality and excellent customer services
- To achieve sustainable financial growth through efficient financial management and strong corporate governance
- To enhance shareholder value through diversification of our product range
- To attract, develop and retain motivated and competent staff focused on achieving the Group's business goals

Operational Footprint

As at 31 December 2025, the Group operates across multiple countries. Our international presence includes:

Type of Operation	Location
Manufacturing Facilities	South Korea and China
Corporate Headquarters	Singapore
Distribution & Operations	Malaysia and Australia

Industry Memberships

The Company is a member of:

- Singapore Business Federation
- Singapore National Employers Federation

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

Effective governance is the foundation of the Group's sustainability strategy. The Board maintains ultimate responsibility for sustainability matters, including climate-related risks and opportunities, and integrates these considerations into strategic planning and decision-making.

Board Oversight

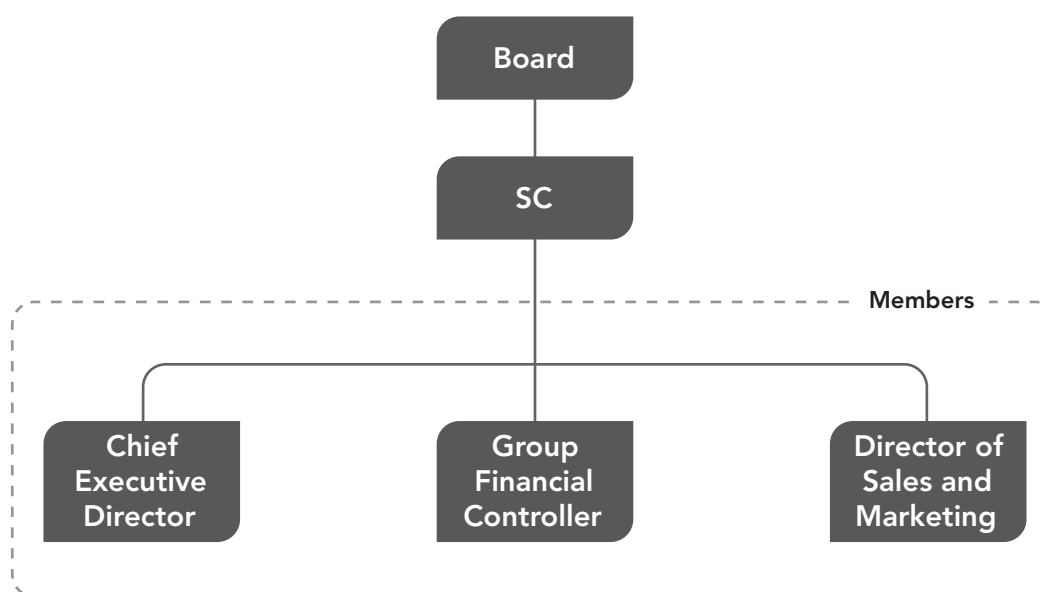
The Board is responsible for:

- Overseeing the management and monitoring of material Economic, Environmental, Social, and Governance ("EESG") factors
- Considering sustainability issues when formulating the Group's strategic direction and policies
- Reviewing and approving the Group's sustainability policies, practices, and performance disclosures
- Evaluating climate-related risks and opportunities that could materially impact business operations

All directors have completed mandatory training on sustainability matters as prescribed under Rule 720(7) of the SGX Listing Manual, ensuring we possess the knowledge and competency to effectively oversee sustainability governance.

Sustainability Committee

The Group's Sustainability Committee (the "SC") supports the Board in implementing sustainability strategies and monitoring performance. The SC meets regularly to discuss material EESG factors, review performance data, and recommend actions to strengthen sustainability practices.



SUSTAINABILITY REPORT

Designation	Roles	Responsibilities
Chief Executive Director	SC Chairman who oversees the Company's strategic formulation and vision	Approves sustainability strategies and action plans; evaluates ESG risks and monitors climate-related performance
Group Financial Controller	SC Member who supports fostering a culture of sustainability	Ensures legal compliance with finance-related requirements; promotes recycling practices and sustainability habits
Director of Sales and Marketing	SC Member who supports fostering a culture of sustainability	Manages day-to-day ESG performance operations; makes decisions on climate-related opportunities in strategic planning

Enterprise Risk Management

The Group integrates sustainability considerations into our Enterprise Risk Management Framework (“**ERM Framework**”). This systematic approach ensures that the Group can identify, assess, and manage current and emerging risks including climate-related risks, that could impact our ability to create long-term value. Material EESG factors, including climate risks and opportunities, are formally documented and regularly reviewed by management and the Board.

REPORTING PRACTICE

Reporting Scope

This Report covers the EESG performance, sustainability strategy and practices, metrics and targets of the Group's operations for FY2025, 1 January 2025 to 31 December 2025. The Report encompasses all entities within Hoe Leong Corporation Ltd. and subsidiaries as detailed in the Group's financial statements.

This Report covers the Group's operations in Singapore, Malaysia, China, Korea, and Australia. The Company and subsidiaries featured in this Report are:

S/N	Entity	Country
1	Hoe Leong Corporation Ltd.	Singapore (“ SG ”)
2	Trackspares Global Pte. Ltd.	
3	Hoe Leong Crawler Parts Pte. Ltd.	
4	Ho Leong Tractors Sdn. Bhd.	Malaysia (“ MY ”)
5	Kunshan Kanto Buhin Manufacturing Co., Ltd.	China (“ CN ”)
6	Jiangsu Trackspares Manufacturing Co., Ltd	
7	Kunshan Trackspares Trading Co., Ltd	
8	Korea Crawler Track Ltd.	Korea (“ KR ”)
9	Trackspares (Australia) Pty. Ltd.	Australia (“ AU ”)
10	Trackex Pty. Ltd.	

The disclosed data and information within this Report have been prepared in good faith and to the best of our knowledge. Targets are set to align with the Group's business strategy and expected financial performance.

SUSTAINABILITY REPORT

Reporting Framework

The Board has approved this Report, which has been prepared in accordance with:

- **Global Reporting Initiative ("GRI") Standards:** GRI 1: Foundation 2021, providing comprehensive sustainability reporting guidance relevant to our business operations

This Report has been prepared with reference to:

- **SGX Listing Rules 711A and 711B:** Compliance on a 'comply or explain' basis with primary components of sustainability reporting requirements
- **IFRS S2 Climate-related Disclosures:** Enhanced climate reporting aligned with international sustainability disclosure standards, providing comprehensive information on climate governance, strategy, risk management, and metrics

Report Content and Quality

This Report presents the Group's sustainability strategies, policies, and performance, incorporating quantitative goals and targets that support our corporate values. The Group has applied the GRI principles of accuracy, balance, clarity, comparability, and timeliness, as well as IFRS S2's requirements for effective disclosure.

Assurance

The Company has not sought external assurance for this Report but may consider doing so in future reporting periods as our sustainability reporting practices mature. The sustainability reporting process was internally reviewed by our outsourced internal auditors from Baker Tilly Consultancy (Singapore) Pte Ltd during FY2025.

Feedback

The Group values stakeholder feedback and welcome any questions, comments, and suggestions on this report and our sustainability efforts:

- **Email:** contact@hoeleong.com
- **Phone:** +65 6561 6353

PERFORMANCE HIGHLIGHTS

FY2025 represented a year of strategic progress in the Group's sustainability journey, marked by enhanced climate disclosures, strengthened governance structures, and continued operational improvements across environmental and social initiatives.

Environmental Performance

Metric	FY2023	FY2024	FY2025
Electricity Consumption (MWh)	3,964	4,374	3,983
Water Consumption (m ³)	5,690	6,498	7,211
GHG Emissions Scope 1 & 2 (tCO ₂ e)	1,769	1,930	1,858
Carbon Intensity (tCO ₂ e / \$'000 revenue)	0.04	0.04	0.05

SUSTAINABILITY REPORT

Social Performance

Metric	FY2023	FY2024	FY2025
Total Employees	125	129	128
Average Training Hours per Employee	–	4	18
Workplace Fatalities	–	–	–
Workplace Injuries	–	4	3

Governance Performance

Metric	FY2023	FY2024	FY2025
Confirmed Incidents of Corruption	–	–	–
Significant Non-compliance with Laws and Regulations	–	–	–

STAKEHOLDER ENGAGEMENT

Sustainability is integral to the Group's strategy for creating long-term value for stakeholders. The Group actively engages with key stakeholder groups to understand their interests, expectations, and concerns, which inform the Group's strategic priorities and sustainability initiatives.

Engagement Approach

The SC regularly evaluates stakeholder concerns and key topics of interest. The SC employs both formal and informal engagement channels, adapting our approach to ensure meaningful dialogue with each stakeholder group. Stakeholder feedback directly influences the Group's materiality assessment and shapes our sustainability strategy.

	Group's Commitment	Topics of Interest	Engagement Channels
Customers	Maximise customer satisfaction through effective execution and on-time delivery of their products.	Meeting customers' requirements with respect to product quality, pricing, timeliness.	Regular dialogue and in-person/online meetings with customers, surveys, and company website.
Employees	Provide employees with safe working environments and fair remuneration and benefits. Develop employees to their fullest potential.	Workplace safety, open communication, remuneration and benefits, talent retention and career progression, work-life harmony.	On-boarding and orientation, get-together sessions, on-the-job and structured trainings, annual performance appraisals.
Regulators	Comply with listing requirements and adhere to laws and regulations in where the Group operates.	Corporate governance, regulatory compliance, anti-corruption and bribery, conflict of interest.	SGXNet announcements, annual reports and circulars, sustainability reports, seminars and trainings organised by relevant authorities, "Code of Business Conduct and Ethics for Employees" of the Company.

SUSTAINABILITY REPORT

	Group's Commitment	Topics of Interest	Engagement Channels
Shareholders	Maximise shareholder value through financial performance.	Business strategy and developments, financial performance and stability, risk management, corporate governance, regulatory compliance.	AGMs, SGXNet announcements, company website, annual reports and circulars.
Suppliers	Cultivate mutually beneficial partnerships with suppliers and vendors through adherence to trading norms.	Financial stability, fair payment terms.	Regular dialogues and in-person/online meetings with suppliers and vendors, quotations, suppliers' evaluation.

MATERIALITY ASSESSMENT

The Group's materiality assessment process identifies and prioritises the EESG factors that are most significant to our business operations and stakeholders. This systematic approach ensures that the Group focus our sustainability efforts and reporting on the issues that matter most.

Assessment Process

The SC conducts the materiality assessment annually, following a structured four-stage process:

1. IDENTIFICATION	2. PRIORITISATION	3. VALIDATION	4. REVIEW
Identify relevant EESG factors using GRI guidelines, industry standards, and stakeholder input	Assess significance based on stakeholder concern and business impact	Validate priority factors with Board and management	Annual review to reflect business changes and emerging risks

The Group assesses our materiality EESG factors based on two dimensions:

- **Business Impact:** The significance of EESG factors on our economy, environment, and society; and
- **Stakeholders' Concern:** The level of interest and concern expressed by the Group's stakeholders.

SUSTAINABILITY REPORT

Material ESG Factors

The assessment identified the following material topics:

Pillar	Material Topic	Why It Matters
ECONOMIC	Economic Performance	Financial stability enables the Group to meet obligations to stakeholders
ENVIRONMENT	Climate Change (GHG Emissions)	Manufacturing contributes to emissions; reducing footprint supports climate goals
	Electricity Consumption	Energy costs impact profitability; efficiency reduces costs and environmental impact
	Waste Generation (NEW)	Excessive waste contributes to pollution, GHG emissions, and resource depletion.
	Water Consumption (NEW)	Reducing water use lowers operational costs and improves efficiency
	Sustainable Sourcing (Previously known as Supplier Environmental Assessment)	Directly connects the Company's environmental and social responsibility to our operational resilience, regulatory compliance, and long-term financial performance.
SOCIAL	Employment Practices and Workforce Diversity	Influences workforce resilience and stakeholder trust. Fair employment attracts and retains talent essential to business success
	Occupational Health and Safety ("OHS")	Employee safety is paramount; robust OHS sustains productivity
	Training and Development (NEW)	Workforce capability impacts operational excellence and innovation
	Product Quality and Responsibility	The Company's duty to deliver safe, reliable, and ethically marketed products that contribute positively to the Group's reputation and Income while safeguarding long-term business resilience.
GOVERNANCE	Business Conduct and Ethics	Ethical practices maintain stakeholder trust and protect reputation
	Anti-Corruption Practices	Zero tolerance safeguards business integrity and stakeholder interests
	Legal and Regulatory Compliance	Safeguards the company's license to operate, ensures stakeholder trust, and supports the credibility of ESG disclosures.
	Data Privacy and Security	Reduces the likelihood of costly breaches and enhances organisational resilience

SUSTAINABILITY REPORT

The following are newly added material factors:

Pillar	New Material Topic	Why it is Important
ENVIRONMENT	Waste Generation	With the global shift toward a circular economy, resources are optimised to extend their lifespan and reused multiple times, driving cost efficiency by reducing waste sent to disposal.
	Water Consumption	As operational activity intensifies, water consumption is expected to increase. However, through the use of recycled water or efficiency measures the Company can optimise profitability by reducing water-related expenses.
SOCIAL	Diversity	Embedding diversity within the Group enhances organisational resilience, mitigates reputational exposure, and reinforces our competitive positioning in an increasingly inclusive global marketplace.
	Training and Development	By investing in staff through structured training and development initiatives, the Group can drive long-term efficiency gains, reduce employee turnover, and protect the significant time and financial resources dedicated to our workforce.

These material factors are monitored and managed continuously. The effectiveness of the Group's approaches is reviewed regularly through benchmarking against industry practices, evaluating stakeholder feedback, and analysing performance indicators. The Group will continue to examine our material EESG factors periodically and strengthen our sustainability management framework, processes, and procedures.

ECONOMIC

Responsible Growth, Resilience and Long-term Value

ECONOMIC MATERIAL TOPIC

Economic Performance

Impact on Hoe Leong Corporation Ltd (the "Company" or "Hoe Leong")

Hoe Leong is committed to achieving sustainable financial growth while upholding responsible business practices that create long-term value for our stakeholders. Our economic performance underpins the Group's financial stability and, in turn, our capacity to meet obligations to stakeholders — paying salaries to employees, settling invoices from suppliers, remitting taxes to the government, and contributing to local communities.

The Group therefore views prudent financial management and transparent reporting as essential to long-term business resilience and stakeholder confidence.

Management Approach

Through sound financial stewardship, the Group aims to maintain resilience, support sustainable growth, and deliver consistent returns to our stakeholders. To safeguard this stability, our finance team closely monitors the Group's financial health, with particular focus on working capital requirements and credit risk. We have also set more ambitious key performance indicators ("KPIs") for the next financial year to strengthen profitability and ensure the business remains sustainable.

SUSTAINABILITY REPORT

Performance

Direct Economic Value Generated and Distributed

		FY2025 (\$' million)
Economic Value Generated		39
Economic Value Distributed	Operating Costs	(33)
	Employee Wages and Benefits	(4)
	Capital Providers	(1)
	Government	.. ¹
	Communities	-
	Total Economic Value Distributed	(38)
Economic Value (Distributed)/ Retained		1

For detailed financial results, please refer to the following sections in Annual Report 2025:

- 'Financial Review'; and
- 'Directors' Statement and Financial Statements'.

Targets

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Economic Performance	Short-Term (2025-2028)	Maintain a healthy and positive financial position.	The Group reported a net profit of \$473,000.
	Medium-Term (2029-2035)	Expand the Group's presence outside of current markets and strengthen our services and performance.	
	Long-Term (2036-2050)	Integrate EESG performance with financial results.	
		Link executive remuneration to sustainability performance.	

¹ Less than \$1 million.

SUSTAINABILITY REPORT

ENVIRONMENT

Climate Action and Environmental Stewardship

IFRS S2 CLIMATE-RELATED DISCLOSURES

With reference to the IFRS S2 Climate-related Disclosures standard, the Group provides comprehensive information on how climate-related risks and opportunities are governed, integrated into strategy, managed through risk frameworks, and measured through metrics and targets. This enhanced disclosure framework strengthens transparency and enables stakeholders to assess the Group's climate resilience and transition readiness.

The Group's climate disclosures are organised around the four interconnected pillars recommended by IFRS S2, which is built upon the Task Force on Climate-related Financial Disclosures ("TCFD") framework: Governance, Strategy, Risk Management, and Metrics and Targets. Together, these pillars provide a holistic view of how climate considerations are embedded throughout the organisation.

Governance

Effective governance of climate-related matters is fundamental to the Group's ability to navigate the transition to a low-carbon economy while maintaining operational excellence and financial performance. Climate governance at the Group is characterised by clear accountability, from Board-level oversight through to operational implementation, supported by appropriate expertise, resources, and integration into core business processes.

Board Oversight of Climate-Related Risks and Opportunities

The Board of Directors maintains ultimate responsibility for climate governance, recognising that climate change presents material risks and opportunities that could significantly impact our business model, operations, supply chains, and financial performance. This is not viewed as an isolated environmental issue but as a strategic consideration integrated into broader business oversight.

While we have not yet established a formal, standalone climate agenda, climate-related risks and opportunities are considered within our broader oversight of strategy and risks. During the year, the Board received adhoc updates on climate-related topics relevant to our operations and supply chain. We are in the process of formalising our approach by: (i) integrating climate into the Board's annual agenda, (ii) defining management responsibilities and reporting cadence, and (iii) developing initial metrics and targets appropriate to our business. We expect to approve a formal climate governance framework and reporting approach latest by FY2030.

To ensure the Board possesses appropriate climate competency, all directors have completed mandatory sustainability training as prescribed under Singapore Exchange Listing Rule 720(7). This training programme, delivered by external sustainability experts, covers climate science fundamentals, climate-related financial risk assessment, emerging regulatory requirements including IFRS S2, and industry-specific climate considerations for manufacturing companies. The Board evaluates our climate governance effectiveness annually through board performance assessments that include specific questions on climate oversight and identifies areas for capability enhancement.

SUSTAINABILITY REPORT

Management's Role in Climate Assessment and Management

While the Board provides oversight and sets strategic direction, the SC is responsible for operational climate management, translating Board-level strategy into concrete actions, monitoring implementation, and reporting progress. The SC, chaired by the Chief Executive Director, comprises senior executives with direct operational responsibility for areas material to climate performance: production operations, procurement, finance, and sales and marketing.

This governance structure ensures climate accountability is embedded throughout the organisation rather than siloed in a single function, facilitating the cross-functional collaboration necessary for effective climate action while maintaining clear lines of responsibility and escalation to Board level for material climate matters.

Strategy

The Group's climate strategy focuses on two key areas: mitigation which reduces emissions to limit global warming, and adaptation which strengthens resilience against physical climate impacts. This approach acknowledges that global action cannot eliminate all climate risks while recognising the responsibility to minimise emissions and support efforts to limit temperature rise.

Climate strategy development follows a structured process. It involves identifying and assessing climate-related risks and opportunities across different time horizons, evaluating our potential business, operational, and financial impacts, and formulating responses that build resilience while positioning the Group for success in a low-carbon economy.

Climate-Related Risks: Comprehensive Assessment

The Group has conducted a comprehensive assessment of climate risks relevant to our business, categorising them into transition risks (arising from the shift to a lower-carbon economy) and physical risks (resulting from climate change impacts). The assessment considers short-term (0-3 years), medium-term (3-10 years), and long-term (10+ years) time horizons, recognising that climate risks manifest across different timescales and require appropriately sequenced responses.

Transition Risks

As governments implement policies to achieve net zero emissions commitments and markets shift toward low-carbon alternatives, the Group faces transition risks across policy and legal, technology, market, and reputation dimensions:

Risk Category	Specific Risk	Potential Business Impact	Mitigation Measures
Policy & Legal	Increased pricing of GHG Emissions Medium-term (3-10 years)	Higher operational costs from GHG emissions and compliance. Potential exposure to carbon taxes	Cut operational emissions through energy efficiency, electrification and renewables; apply an internal carbon price to steer capital expenditure ("CAPEX") and procurement towards lower-carbon options.
	Enhanced emissions-reporting obligations. Medium-term (3-10 years)	Higher compliance costs due to stricter GHG reporting requirements, including administrative effort, professional fees, and audit expenses. Potential strain on budgets and resources.	Build a centralised measuring, reporting and verification ("MRV") framework with metering/automation, clear data ownership and controls, supported by staff training.

SUSTAINABILITY REPORT

Risk Category	Specific Risk	Potential Business Impact	Mitigation Measures
	Mandates on and regulation of existing products and services Medium-term (3-10 years)	Higher capital and operating costs from sustainability investments (e.g., equipment upgrades, process redesign); Limited supplier options and increased procurement costs due to certified sustainability requirements.	Establish a compliance roadmap and upgrade plan; embed regulatory requirements in product design and supplier qualification to ensure future-proof specifications.
	Exposure to litigation Long-term (10+ years)	Litigation can damage stakeholder trust and reputation, reduce investor confidence, strain customer relationships, and divert management attention and resources from core operations.	Strengthen climate governance, controls and disclosures (Board oversight, documented assumptions, legal review), and maintain appropriate insurance and grievance channels.
Technology	Substitution of existing products and services with lower emissions options Long-term (10+ years)	Shift to lower-emission alternatives may reduce demand for existing products and services, requiring investment in innovation and product redesign. Failure to adapt could lead to loss of market share and revenue.	Develop a low-carbon product roadmap and pilot priority solutions with key customers, using total cost of ownership ("TCO")/value propositions to accelerate adoption.
	Unsuccessful investment in new technologies Long-term (10+ years)	Shift to lower-emission alternatives may reduce demand for existing products and services, requiring investment in innovation and product redesign. Failure to adapt could lead to loss of market share and revenue.	Use stage-gate governance with small pilots, defined kill-criteria and off-ramps; diversify bets via partnerships and co-funding to de-risk CAPEX.
	Cost of adoption to lower emission technology Medium-term (3-10 years)	High upfront costs for adopting low-emission technologies can increase capital expenditure and strain cash flow. This may affect profitability and delay other strategic investments if not managed effectively.	Phase deployments based on TCO/business cases, and leverage green financing, grants, power purchase agreements ("PPAs")/energy service companies ("ESCOs") and supplier performance guarantees to smooth cash flow.

SUSTAINABILITY REPORT

Risk Category	Specific Risk	Potential Business Impact	Mitigation Measures
Market	Changing customer preferences and increased sensitivity to EESG Medium-term (3-10 years)	Shifts in customer preferences toward ESG-focused products may reduce demand for traditional offerings, requiring investment in sustainable alternatives. Failure to adapt could lead to loss of market share and reputational risk.	Embed voice-of-customer and lifecycle impacts into product development; offer verified low-carbon features/labels and publish clear performance metrics.
	Uncertainty in market signals Medium-term (3-10 years)	Investors may demand a higher risk premium if climate-related uncertainties persist; ambiguity in disclosures could erode trust, affecting access to financing and long-term valuation.	Run scenario planning and flexible contracting/hedging, while providing high-quality ISSB-aligned disclosures and proactive investor engagement to reduce perceived risk.
	Increased cost of raw materials Medium-term (3-10 years)	Rising raw material costs increase production expenses, reduce profitability and cash flow, and may disadvantage the Group against peers with more efficient supply chains.	Diversify and localise suppliers, lock in price/volume via longer-term agreements and hedges, and expand recycled/alternative inputs with value-engineering to protect margins.
Reputation	Shifts in consumer preferences Medium-term (3-10 years)	Difficulty attracting climate-conscious talent, potential investor divestment, reputational damage, reduced customer loyalty, and loss of market share to ESG-strong peers.	Communicate credible transition plans and milestones, and co-create sustainability solutions with key customers to strengthen loyalty.
	Stigmatisation of sector Medium-term (3-10 years)	Association with a high-emission industry can reduce brand equity, limit access to capital, impact sales, and make it harder to attract and retain sustainability-focused talent.	Participate in industry alliances and obtain third-party verification of progress; report transparently against recognised frameworks to build trust.
	Increased stakeholder concern or negative stakeholder feedback Medium-term (3-10 years)	Pressure to adopt stricter sustainability measures can raise compliance costs, reduce stakeholder confidence, affect investor sentiment, and divert management attention from core operations.	Implement a structured stakeholder engagement plan and materiality assessment, with clear feedback channels and a rapid response protocol for issues.

These transition risks are interconnected and potentially self-reinforcing. For instance, carbon pricing may accelerate technology transitions, while market pressure from customers may drive reputational imperatives that justify earlier climate investments than purely economic analysis would suggest.

SUSTAINABILITY REPORT

Physical Risks

The Group's manufacturing facilities in South Korea and China, distribution operations across Asia, and supply chain dependencies expose them to physical climate risks. These manifest as acute risks from extreme weather events and chronic risks from long-term climate shifts:

Risk Type	Climate Hazard	Geographic Exposure	Potential Operational and Financial Impact
Acute – Extreme Weather	Increased frequency and severity of typhoons, flooding, and extreme precipitation events	South Korea and China facilities; regional transportation infrastructure	Physical damage to facilities, equipment, and inventory. Production downtime during extreme events. Supply chain disruptions affecting raw material delivery and product distribution.
Chronic – Temperature Rise	Rising average temperatures and more frequent/intense heatwaves affecting worker productivity and equipment efficiency	All manufacturing facilities, particularly during summer months	Reduced worker productivity due to heat stress, requiring additional rest breaks or schedule modifications. Decreased equipment efficiency and increased cooling requirements raising energy costs. Potential health and safety incidents. Increasing government regulations aimed at safeguarding blue-collar workers against heat stress risks.
Chronic – Water Stress	Changes in precipitation patterns, increased drought frequency, and competition for water resources	Manufacturing facilities dependent on reliable water supply; agricultural regions in supply chain	Constraints on manufacturing processes requiring water. Increased water costs due to scarcity. Supply chain disruptions if suppliers face water constraints. Need for water efficiency investments and potentially alternative water sources. Impact on client demand may affect the Group's profit.

The physical risk profile varies by facility location and will evolve as climate change progresses. The Group is conducting facility-specific climate risk assessments using regional climate projections to understand localised exposures and inform targeted adaptation investments.

SUSTAINABILITY REPORT

Climate-Related Opportunities

While climate change poses significant risks, the transition to a low-carbon economy also creates strategic opportunities for businesses positioned to capitalise on shifting market dynamics, regulatory incentives, and stakeholder preferences. The Group has identified several opportunity categories relevant to our business:

Opportunity Category	Specific Opportunity	Strategic Response
Resource Efficiency	Enhancing energy efficiency and water conservation in the office and operations.	Adopt water-saving fixtures and recycling systems to reduce consumption. Train employees on conservation practices to embed sustainability into daily operations.
	Utilising lower emission sources of energy.	Invest in energy-efficient equipment and processes to reduce overall consumption.
Energy Source	Use of supportive policy incentives.	Leverage government subsidies, tax credits, and grants for renewable energy adoption and efficiency upgrades.
	Shift toward decentralised energy generation.	Implement on-site renewable generation (e.g., rooftop solar, microgrids) to reduce reliance on fossil-fuel power.
Products and Services	Embracing environmentally friendly products and services that pose minimal harm to both the environment and the staff involved.	Pursue certifications (e.g., eco-labels, green product standards) to enhance credibility and customer trust. Integrate sustainability criteria into product design and service delivery.
Markets	Use of public-sector incentives.	Capitalise on government programmes, subsidies, and grants that support low-carbon transition and innovation.

Climate Scenario Analysis: Assessing Strategic Resilience

Climate scenario analysis is a forward-looking strategic tool that tests the resilience of the Group's business strategy under different plausible climate futures. Rather than attempting to predict a single climate outcome, scenario analysis explores a range of potential pathways and our implications for business, informing strategy adjustments that enhance resilience across scenarios.

The Group is developing climate scenario analysis capabilities aligned with IFRS S2 recommendations, focusing initially on two contrasting scenarios:

Below 2°C Warming Scenario (Aggressive Climate Action)

This scenario assumes aggressive global climate policy implementation aligned with the Paris Agreement, including widespread carbon pricing, renewable energy mandates, fossil fuel phase-out, and circular economy policies. Physical climate impacts are limited but significant policy and market transition pressures emerge.

Business Implications: High carbon prices increase energy costs and embedded emissions costs in purchased materials. Strong policy push toward renewable energy and circular economy creates both compliance costs and market opportunities. Customer sustainability requirements intensify, creating competitive advantage for climate-leading suppliers. Heavy investment in emissions reduction and circular economy initiatives is justified by regulatory drivers and market preferences.

SUSTAINABILITY REPORT

3-4°C Warming Scenario (Limited Climate Action)

This scenario assumes insufficient global climate policy, with gradual rather than transformative action. Policy risks are lower, but physical climate impacts intensify, including more frequent extreme weather events, chronic temperature rise, water stress, and supply chain vulnerabilities.

Business Implications: Lower carbon pricing and regulatory pressure reduce immediate transition costs but increase physical risk exposure. Operational disruptions from extreme weather become more frequent and severe. Supply chain vulnerabilities intensify. Investment priorities shift toward physical resilience like facility hardening, supply chain diversification, water security, rather than emissions reduction. Customer sustainability requirements remain present but less urgent than in high-ambition scenario.

The Group's preliminary scenario analysis suggests that our business strategy demonstrates reasonable resilience across climate scenarios, though the balance of risks and opportunities differs significantly. Under aggressive climate action, competitive advantage accrues to climate leaders who invest proactively in emissions reduction and circular economy capabilities. Under limited climate action, resilience investments that protect against physical impacts and supply chain disruptions become more critical.

Risk Management

Effective climate risk management requires systematic processes for identifying emerging risks, assessing their materiality, implementing mitigation responses, and monitoring effectiveness. Climate risk management is not a standalone process but is integrated into the Group's ERM framework, ensuring climate risks are evaluated alongside operational, financial, strategic, and compliance risks in a holistic manner.

The Group recognises the strategic importance of establishing robust climate risk identification, assessment, management and mitigation processes to safeguard operational resilience, meet evolving regulatory and stakeholder expectations, and support long-term value creation. We are committed to developing these capabilities in a structured and timely manner.

Metrics and Targets

Effective climate action requires robust measurement systems that track performance, enable accountability, and inform continuous improvement. The Group's climate metrics framework encompasses GHG emissions across Scopes 1, 2, and progressively Scope 3, complemented by underlying activity metrics (energy consumption, production volumes) and intensity metrics that normalise performance against business growth. These metrics are tracked systematically, reported transparently, and linked to concrete targets that drive decarbonisation progress.

Climate Targets: Driving Decarbonisation Progress

Ambitious, time-bound targets translate climate commitments into actionable imperatives that drive organisational behaviour, capital allocation, and operational priorities. The Group's climate target framework balances aspiration with realism, aligning with global climate goals while remaining grounded in technical and economic feasibility. Targets span short-term tactical objectives (0-3 years) through long-term transformational commitments (to 2050), creating a decarbonisation pathway that guides decision-making across time horizons.

SUSTAINABILITY REPORT

Target Area	Target Commitment	Target Year
Emissions Baseline & Methodology	Establish FY2024 as official emissions baseline year; complete Scope 3 inventory for priority categories; develop science-based target methodology aligned with sectoral decarbonisation pathways	2035
Scope 1 & 2 Absolute Reduction	Reduce absolute Scope 1 and 2 GHG emissions by at least 5% from FY2024 baseline, consistent with limiting global warming to 1.5°C	2035
Renewable Electricity Transition	Achieve at least 5% renewable electricity across operations through direct procurement, renewable energy certificates, or power purchase agreements	2035

These near-term targets (to 2035) represent the critical decade for climate action, aligning with Intergovernmental Panel on Climate Change (“IPCC”) guidance that global emissions must decline rapidly this decade to maintain viability of 1.5°C pathways. The Group’s 10% Scope 1 and 2 reduction target requires average annual emissions decreases of approximately 1.5%, demanding sustained commitment to energy efficiency, renewable energy transition, and process optimisation rather than relying on one-time improvements.

Looking further ahead, the long-term vision encompasses more transformational ambitions:

- **Net Zero Scope 1 & 2 by 2050:** Achieve net zero direct and electricity-related emissions through comprehensive decarbonisation encompassing 100% renewable electricity, electrification of remaining fossil fuel uses where technically feasible, and credible carbon removals for residual hard-to-abate emissions.
- **Science-Based Scope 3 Targets:** Establish Scope 3 reduction targets aligned with 1.5°C scenarios, driving value chain decarbonisation through supplier collaboration, circular economy implementation, and low-carbon product design.
- **Climate Resilience:** Achieve comprehensive climate resilience across all facilities and critical supply chains, measured through business continuity stress testing under climate scenarios.

These long-term targets will be refined as technologies evolve, costs decline, policies develop, and our strategic understanding deepens. The Group is committed to transparent progress reporting, honest acknowledgment of challenges encountered, and willingness to adjust tactics while maintaining unwavering commitment to decarbonisation direction.

For more detailed targets on each material topic, please refer to the targets table at the end of each material topic section.

ENVIRONMENTAL MATERIAL TOPICS

Beyond climate-related disclosures, the Group addresses our material environmental topics through a comprehensive management framework that examines the *Impact* of each topic on our business and stakeholders, our *Management Approach* and strategic responses, operational *Practices* that implement the Group’s approach, *Performance* metrics that track progress, and forward-looking *Targets* that drive continuous improvement. This structured framework ensures consistent rigour across environmental topics while enabling topic-specific strategies tailored to unique characteristics and opportunities.

SUSTAINABILITY REPORT

Greenhouse Gas Emissions

Impact on Hoe Leong

Managing GHG emissions effectively can strengthen the Group's reputation, ensure compliance with regulations, and reduce exposure to carbon-related risks, while also positioning the Group for opportunities in a low-carbon economy. However, this may lead to higher compliance costs and could result in increased pollution in areas of operation if mitigation measures are not implemented effectively.

Management Approach

The Group's GHG emissions management approach rests on three interconnected strategic pillars, that together create a comprehensive pathway from current state toward net zero:

- Precise measurement and transparent reporting of Scope 1, 2, and 3 emissions using robust systems;
- Implementing a range of reduction initiatives such as energy efficiency, renewable energy adoption, process innovation, and supplier collaboration, each evaluated for impact and feasibility; and
- Long-term decarbonisation plan targeting net zero by 2050 through technology transitions, investment planning, and setting intermediate milestones to guide current and future decisions.

Practices

The Group's emissions management practices translate strategic approach into operational reality through systematic implementation across facilities:

- Monthly emissions data collection at all facilities encompassing electricity meter readings, fuel purchases, vehicle mileage, and refrigerant tracking
- Annual emissions calculation and consolidation using GHG Protocol methodologies, country-specific emission factors, and supplier-specific factors where available
- Equipment procurement protocols requiring energy efficiency evaluation for all significant purchases, with life-cycle emissions assessment for major capital investments
- Employee awareness campaigns promoting energy conservation behaviours through regular reminders
- Supplier engagement initiatives requesting emissions disclosure from strategic suppliers, providing capacity building support for suppliers lacking measurement capabilities, and exploring joint emissions reduction projects

Performance

In FY2025, the Group's combined emissions were recorded at a total of 1,857.97 tCO₂e (FY2024: 1,930.32 tCO₂e) which represents a decrease of 3.7% from FY2024. The Group's emissions performance over the past three years demonstrates the dual reality of growing business activity and ongoing efficiency efforts, the tables below highlight the Group's performance for the past three years:

SUSTAINABILITY REPORT

Scope 1

Scope 1 GHG Emissions	FY2023	FY2024	FY2025
Total Scope 1 GHG Emissions (tCO ₂ e)	159.25	115.82	100.04
Total Revenue (\$'000)	40,011	44,010	38,532
Scope 1 GHG Emissions Intensity (tCO ₂ e/ \$'000 revenue)	0.0040	0.0026	0.0026
Scope 1 GHG Emissions Intensity (tCO ₂ e/ Employee)	1.27	0.90	0.78

Scope 2

Scope 2 GHG Emissions	FY2023	FY2024	FY2025
Total Scope 2 GHG Emissions (tCO ₂ e)	1,610.17	1,814.48	1,757.93
Total Revenue (\$'000)	40,011	44,010	38,532
Scope 2 GHG Emissions Intensity (tCO ₂ e/ \$'000 revenue)	0.040	0.041	0.046
Scope 2 GHG Emissions Intensity (tCO ₂ e/ Employee)	12.88	14.07	13.73

Targets

The Group's GHG emissions targets create accountability and momentum for decarbonisation progress across multiple time horizons:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Climate Change	Short-Term (2025 -2028)	Monitor our operations for potential climate-related risks	In progress
Focus 2: Scope 3 Emission	Short-Term (2025 -2028)	Commence Scope 3 materiality assessment and initial inventory	In progress
	Medium-Term (2029 – 2035)	Establish science-based Scope 3 targets aligned with 1.5°C pathways	
	Long- Term (2036 -2050)	Deliver material Scope 3 emissions reductions through value chain collaboration	
Focus 3: Emission Reduction	Short-Term (2028)	Achieve 3% reduction in Scope 1 and 2 emissions intensity from FY2024 baseline through efficiency improvements.	In progress
	Medium-Term (2029 – 2035)	Reduce absolute Scope 1 and 2 emissions by at least 5% from FY2024 baseline	
Focus 4: Renewable Energy	Medium-Term (2029 – 2035)	Achieve 20% renewable electricity across operations	In progress
	Long- Term (2036 -2050)	Transition to 70% renewable electricity by 2050	

SUSTAINABILITY REPORT

Progress against these targets will be reported annually with transparent explanation of achievements, challenges encountered, and strategy adjustments. The Group recognises that ambitious targets may require periodic refinement as technologies evolve, costs change, and circumstances develop, while maintaining unwavering commitment to directional decarbonisation.

Energy Efficiency

Impact on Hoe Leong

Energy is a vital operational resource for the Group's manufacturing, with electricity accounting for 91% of total energy consumption across our global operations. Our South Korean and Chinese facilities collectively account for 95% of the Group's electricity usage, reflecting their role as our primary manufacturing hubs. Energy efficiency, defined as maintaining output while reducing energy input, offers significant financial and environmental advantages. It lowers operational costs and cuts Scope 2 GHG emissions, often yielding quick returns on investment and sometimes even generating net savings. Additionally, improving energy efficiency boosts operational resilience, reduces exposure to energy disruptions, and enhances the company's reputation for operational excellence among stakeholders.

Management Approach

The Group is committed to annual progress reporting and strategic refinement of our energy efficiency targets to support ongoing decarbonisation. Energy efficiency is integral to the Group's operations, especially given the high electricity usage at our South Korean and Chinese facilities. We adopt a comprehensive energy management approach, implementing ISO 50001 standards, prioritising technology investments with high returns, optimising production processes, and fostering an energy-conscious culture. Current practices include systematic energy monitoring, LED lighting upgrades, advanced lighting controls, HVAC optimisation, compressed air system maintenance, equipment shutdown protocols, use of variable frequency drives, and building envelope improvements. These initiatives collectively aim to reduce operational costs, cut GHG emissions, and enhance organisational resilience and reputation.

Practices

The Group's current energy efficiency practices span technology, process, and behavioural dimensions:

- Monthly energy consumption monitoring and analysis at facility and production line levels, with variance investigation for unusual consumption patterns
- Systematic LED lighting replacement programme ongoing across all facilities, prioritising high-usage areas (production floors, warehouses) for maximum savings
- Motion sensors and daylight harvesting controls for lighting in low-traffic areas (offices, corridors, storage) reducing unnecessary illumination
- HVAC system maintenance and optimisation including filter replacement schedules, temperature setpoint optimisation, and scheduling to match occupancy patterns
- Compressed air system leak detection and repair programmes, given that compressed air is among the most energy-intensive utility systems in manufacturing
- Equipment shutdown protocols during non-production hours, weekends, and holidays, ensuring unnecessary loads are eliminated
- Variable frequency drives ("VFDs") on major motors enabling load-matched speed control rather than constant maximum-speed operation
- Building envelope improvements addressing insulation, windows, and air sealing to reduce heating and cooling loads
- Energy audits conducted by internal teams and external specialists identifying improvement opportunities with technical feasibility and cost-benefit analysis
- Procurement specifications requiring energy efficiency ratings (when available) for all significant equipment purchases

SUSTAINABILITY REPORT

Performance

In FY2025, the Group consumed 3,983 MWh (14,340 GJ) of electricity. The Group's energy consumption performance over recent years reflects the interplay of business growth and efficiency initiatives:

Energy Metric	FY2023	FY2024	FY2025
Total Electricity (MWh)	3,964	4,374	3,983
Electricity Intensity (MWh/ revenue)	0.1	0.1	0.1
Electricity Intensity (MWh/employee)	31.7	33.9	31.1
% from Renewable Sources	0%	0%	0%

Total electricity consumption decreased from 4,374 MWh in FY2024 to 3,983 MWh in FY2025. Energy intensity per revenue remained relatively stable at approximately 0.1 MWh/ million \$ revenue, suggesting that measures such as the replacement to LED lights is a quick and efficient way to lower such consumption. Electricity intensity per employee decreased to 31.1 MWh/ employee. This is in line with the usage of LED lights.

The stability of revenue-based intensity, despite significant absolute growth, reflects ongoing efficiency initiatives including LED retrofit programmes, equipment optimisation, and process improvements. Without these initiatives, intensity would likely have increased as production ramped up.

In FY2025, the Group consumed 10,097 litres of motor gasoline and 28,342 litres of diesel (1,366.9GJ). The Group's fuel consumption trend in recent years similarly reflect the balance between expanding operational activities and ongoing efforts to improve energy efficiency.

Energy Metric	FY2025
Motor Gasoline Consumed (litres)	10,097
Diesel Consumed (litres)	28,342
Total Revenue (\$'000)	38,532
Motor Gasoline Intensity (litres/ revenue)	0.26
Diesel Intensity (litres/ revenue)	0.74
Motor Gasoline Intensity (litres/ employee)	78.88
Diesel Intensity (litres/ employee)	221.42

Renewable energy remains at zero percent currently, representing a significant untapped opportunity for emissions reduction. The Group has not yet established a renewable energy procurement plan but is considering potential pathways such as utility green tariffs, renewable energy certificates, and on-site generation options.

SUSTAINABILITY REPORT

Targets

The Group's energy efficiency targets drive systematic intensity reductions aligned with business growth patterns:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Energy Consumption	Short-Term (2028)	Reduce energy intensity by 3% from FY2024 baseline (to approximately 89 MWh per \$ million revenue) through systematic efficiency improvements.	In progress
	Medium- Term (2029 -2035)	Reduce energy intensity by 10% from FY2024 baseline representing sustained annual intensity improvements of approximately 2-3% per year.	
	Long-term (2036-2050)	Reduce energy intensity by 20% from FY2024 baseline through continuous efficiency innovation and breakthrough technologies.	
Focus 2: Renewable Energy	Short-Term (2028)	Explore renewable energy pilot at one facility testing on-site generation (solar) or green tariff procurement	In progress
	Medium- Term (2029 -2035)	Achieve 20% renewable electricity across operations through combination of direct procurement, power purchase agreements, and on-site generation.	
	Long-term (2036-2050)	Transition to 60% renewable electricity by 2050	

Water Management

Impact on Hoe Leong

Water is vital to the Group's manufacturing operations, providing essential cooling for equipment, supporting cleaning and maintenance to uphold quality standards, and ensuring employee welfare through sanitation and hygiene. Although the Group's water use is modest compared to highly water-intensive industries, responsible water stewardship is crucial for operational continuity, cost control, environmental sustainability. Anticipating increased water-related risks from climate change, the Group is proactively managing water consumption and efficiency to build resilience and demonstrate environmental leadership.

Management Approach

The Group's water management approach balances current operational needs with long-term sustainability imperatives, recognising that water stewardship requires both demand-side efficiency improvements and supply-side resilience building:

Category	Strategic Approach
Monitoring & Analysis	Track consumption via meters and audits to identify trends, leaks, and reduction opportunities.
Efficiency Measures	Use water-efficient fixtures, maintain equipment, optimise processes, and promote conservation behaviours.
Recycling & Reusing	Implement systems to treat and reuse water where feasible and cost-effective.

SUSTAINABILITY REPORT

Practices

The Group's current water management practices span monitoring, efficiency, conservation, and planning dimensions:

- Monthly water consumption tracking at all facilities through utility billing analysis and meter readings, with variance investigation for unusual consumption patterns
- Water-efficient fixtures installed during facility upgrades and renovations, including low-flow faucets, efficient toilets, and automatic shutoff sensors
- Closed-loop cooling systems implemented where technically feasible, recirculating water through equipment rather than single-pass cooling that consumes large volumes
- Regular leak detection and repair programmes utilising systematic facility inspections, water balance analysis comparing inputs to outputs, and infrared thermography for hidden leaks
- Equipment maintenance schedules incorporating water-related components: cooling system cleaning, valve testing, pipe inspection to prevent inefficiencies and failures
- Employee awareness campaigns promoting water conservation through signage, competitions across departments or shifts, and recognition of conservation contributions

Performance

The Group's water consumption performance reflects the interplay of production volumes, efficiency initiatives, and facility-specific factors:

Water Metric	FY2023	FY2024	FY2025
Total Water Consumption (m ³)	5,690	6,498	7,211
Total Revenue (\$'000)	40,011	44,010	38,532
Water Intensity (m ³ / revenue)	0.14	0.15	0.19
Water Intensity (m ³ /employee)	45.5	50.4	56.3
% Water Recycled/Reused	0%	0%	0%

Total water consumption increased from 6,498 m³ in FY2024 to 7,211 m³ in FY2025, an 11% increase. This growth exceeded both revenue and production growth, resulting in water intensity increases across both revenue-based (27%) and employee-based (10%) metrics.

Several factors contributed to this performance: Such as seasonal weather variations affecting cooling requirements, or specific operational events. Understanding these drivers informs targeted response strategies that address root causes rather than treating symptoms.

Water recycling and reuse remained at zero percent, representing an untapped opportunity particularly for cooling water and other lower-quality applications. The Group will be conducting feasibility assessments for recycling systems at facilities with highest water consumption and strongest business cases for investment.

SUSTAINABILITY REPORT

Targets

The Group's water management targets drive systematic intensity improvements and build resilience against water-related risks:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Water Consumption	Short-Term (2028)	Achieve a 3% reduction in water consumption intensity from FY2024 baseline.	In progress
	Medium-Term (2029-2035)	Achieve 10% reduction in water intensity from FY2024 baseline.	
	Long-term (2036-2050)	Achieve 20% reduction in water intensity from FY2024 baseline.	

Waste Management and Circular Economy

Impact on Hoe Leong

The Group's manufacturing operations produce various waste streams, including metal scrap from machining, packaging materials from shipments, general industrial waste, and small amounts of hazardous waste requiring special disposal. Traditional linear "take-make-dispose" methods treat these as costly byproducts, but the circular economy approach views them as opportunities to retain material value through extended use, refurbishment, remanufacturing, and recycling. For the Group, adopting circular strategies such as designing products for longer life, developing remanufacturing capabilities, maximising recycling, and optimising packaging can lower costs, reduce environmental impact, create new revenue from remanufactured products, and deliver greater value to customers through longer-lasting components.

Management Approach

The Group's evolving waste and circular economy management approach transitions from basic waste minimisation toward comprehensive circularity across product lifecycles and value chains. This transformation unfolds through progressive phases building capabilities and demonstrating business value:

Category	Strategic Approach
Prevention & Source Reduction	Optimise processes and packaging to minimise material waste.
Segregation & Recycling	Implement segregation systems and partner with recyclers to maximise recovery.
Life Extension & Remanufacturing	Refurbish undercarriage parts to reduce environmental impact and create new revenue streams.

Practices

The Group's current waste management and circular economy practices reflect ongoing transition from traditional linear approaches toward circular systems:

- Comprehensive waste segregation systems at all facilities with clearly marked collection points for metal scrap (by material type), cardboard/paper, plastics, general waste, and hazardous materials
- Partnerships with licensed metal recyclers ensuring responsible processing and maximum material recovery rates; quarterly review of recycling partnerships evaluating pricing, service quality, and environmental practices

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- Periodic inventory clearance programmes responsibly disposing of obsolete or unsellable inventory through authorised recyclers or waste management companies rather than landfilling
- Packaging optimisation initiatives working with suppliers to reduce inbound packaging waste and with logistics partners to right-size outbound packaging
- Design review processes incorporating material efficiency considerations, evaluating opportunities to reduce material consumption while maintaining performance and durability
- Employee engagement on waste reduction through awareness campaigns, suggestion programmes recognising innovative waste prevention ideas, and visible waste metrics dashboards

Performance

The Group's waste management performance during FY2025 reflected both routine operational waste generation and non-recurring inventory clearance activities. The Group's generated 1,264 tonnes of waste in FY2025, of which 1,261 tonnes are non-hazardous waste and 3 tonnes are hazardous waste. This represents an increase of 279% from FY2024. The increase was mainly due to inventories clearance activities carried out during FY2025.

Non-hazardous Waste Generated:

	FY2023	FY2024	FY2025
Total Waste Generation (t)	97	333	1,264
Total Revenue (\$'000)	40,011	44,010	38,532
Waste Intensity (m³/ revenue)	0.00	0.01	0.03

Targets

The Group's waste and circular economy targets drive progressive transition from waste management toward circular value creation:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Waste Generation	Short-Term (2025-2028)	Reduce waste intensity by 5% from FY2024 baseline.	In progress
	Medium-Term (2029-2035)	Reduce total waste generation intensity by 10% from FY2024 baseline.	
	Long-Term (2036-2050)	Reduce total waste generation intensity by 20% from FY2024 baseline.	
Focus 2: Recycling Initiatives	Long-Term (2036-2050)	Achieve 95% recycling rate for metal scrap through improved segregation and recycling partnerships.	In progress

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Sustainable Sourcing

Impact on Hoe Leong

The Group's environmental impact extends well beyond our manufacturing sites, encompassing a globally distributed supply chain that includes raw materials, components, energy, and services critical to our operations. With steel and metal alloys — key inputs for undercarriage parts — having significant embodied emissions from extraction and processing, and other suppliers contributing to our own manufacturing emissions, energy use, and environmental practices, the environmental footprint of the Group's supply chain is substantial. Transportation and logistics further add to emissions as materials move from extraction to end customers, while even everyday purchases such as packaging and maintenance supplies carry our own environmental costs. As a result, our Scope 3 emissions, covering indirect emissions from purchased goods and services, likely exceed the direct operational emissions, underscoring the need for comprehensive supplier engagement and collaboration to drive meaningful improvements. Supplier practices also affect water use, waste generation, chemical management, and regulatory compliance, and poor supplier performance poses reputational, operational, and efficiency risks throughout the value chain.

Management Approach

The Group's approach emphasises collaboration and capacity building rather than punitive measures, recognising that sustainable supply chains require partnership and mutual commitment:

Category	Strategic Approach
Criteria Integration	Include environmental factors in supplier selection; use certifications and scorecards for evaluation.
Risk-Based Assessment	Prioritise reviews based on spend, material type, geography, and environmental risk indicators.

Practices

The Group currently has no formal supplier environmental assessment programme in place. Looking ahead, the Group intends to design and phase in a supplier environmental assessment framework aligned with procurement processes.

Performance

Supplier environmental assessment performance metrics are under development as this programme matures from conceptual framework toward systematic implementation.

As supplier environmental assessment capabilities mature, the Group will establish more sophisticated performance indicators tracking not just assessment completion but actual supplier environmental performance improvements over time, demonstrating that engagement translates into tangible environmental outcomes rather than simply data collection exercises.

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Targets

The Group's supplier environmental assessment targets establish progressive ambitions aligned with broader Scope 3 and supply chain sustainability objectives:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Assessment of Suppliers	Long-Term (2036-2050)	Target to carry out environmental assessment of 100% of strategic suppliers based on environmental factors.	In progress
		Integrate environmental criteria into supplier scorecard systems with defined weighting and evaluation methodology.	

Environmental Regulatory Compliance

Impact on Hoe Leong

Environmental regulatory compliance is essential for responsible operations, ensuring the Group meets legal and ethical standards across all jurisdictions where it operates. Compliance protects the Group's ability to operate, safeguards health and safety, maintains our reputation, and upholds stakeholder trust. Non-compliance can result in legal penalties, operational disruptions, reputational harm, and commercial losses. In contrast, strong compliance demonstrates the Group's commitment to environmental responsibility, positions it for future regulatory changes, and integrates environmental considerations into standard business practices.

Management Approach

The Group's environmental compliance management approach ensures systematic identification of applicable requirements, implementation of necessary controls, verification of compliance status, and continuous improvement of compliance systems:

- **Regulatory Requirements Identification and Tracking:** The Group's subsidiaries will identify and track environmental regulations covering water, waste, hazardous materials, chemical storage, and reporting.
- **Compliance Verification and Audit:** The Group will verify compliance through internal audits held annually via data collection. Findings result in corrective action plans, assigned responsibilities, and deadline tracking, with follow-up to confirm completion. External audits by regulators or third parties provide independent checks and highlight improvement areas. Audit focus is on high-risk operations with strict requirements or significant environmental impacts.
- **Incident Response and Corrective Action:** When environmental incidents or non-conformances occur, the Group will promptly notify the authorities as required, contain and mitigate impacts, investigate root causes, and implement corrective actions to address both immediate issues and underlying problems. All incidents and responses will be documented as lessons learnt will help to drive improvements in compliance programmes to prevent recurrence.

Practices

The Group currently has no formal environmental compliance management programme in place. Looking ahead, the Group plans to design and phase in a proportionate compliance management framework to support consistent compliance across all operations.

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Performance

The Group's environmental compliance performance demonstrates sustained commitment to regulatory adherence and responsible operations:

During FY2025, the Group maintained full compliance with environmental laws, regulations, and permit conditions across all operating jurisdictions. There were zero instances of significant environmental non-compliance, meaning no violations resulting in fines, penalties, or formal enforcement actions. There were zero environmental permits suspended or revoked. No environmental compliance-related legal proceedings were initiated against the Group. This compliance record reflects diligent compliance management, operational discipline, and proactive engagement with environmental requirements across our geographically diverse operations.

Targets

The Group's environmental compliance target is unambiguous and non-negotiable:

Perpetual Targets	Performance in FY2025
Maintain 100% compliance with all applicable environmental laws, regulations, permit conditions, and corporate environmental standards across all facilities and operating jurisdictions, with zero significant violations, fines, or enforcement actions.	In progress
Achieve zero minor non-conformances identified in internal audits, progressing from correcting issues after discovery toward preventing issues through robust systems and culture.	In progress
Proactively exceed regulatory requirements where feasible and cost-justified, positioning ahead of regulatory tightening trends and demonstrating environmental leadership.	In progress
Maintain zero environmental incidents or releases requiring regulatory notification or causing environmental harm, through preventive controls and operational discipline.	In progress

SOCIAL

People and Safety Impact

SOCIAL MATERIAL TOPICS

Occupational Health and Safety ("OHS")

Impact on Hoe Leong

Manufacturing operations inherently involve physical hazards, like machinery with moving parts, material handling operations, industrial equipment, electrical systems, elevated work areas, and chemical substances that demand rigorous safety management to protect worker health and well-being.

Operationally, workplace injuries disrupt production, reduce productivity, strain team dynamics, and undermine workforce morale and confidence. Financially, injury costs extend beyond immediate medical expenses to encompass lost productivity, workers' compensation insurance premiums, potential legal liabilities, and recruitment/training costs if injuries result in turnover. Reputationally, safety performance signals organisational values and operational discipline to employees, customers, investors, regulators, and communities. Strong safety records attract talent and strengthen stakeholder trust while poor performance damages credibility and social license.

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Management Approach

The Group's OHS management approach emphasises prevention over reaction, systematic risk management over ad hoc responses, and safety culture over compliance minimalism. This comprehensive approach encompasses several interconnected pillars:

Category	Strategic Approach
Hazard Identification & Risk Assessment	Conduct walk-throughs, job safety analyses, incident investigations, and risk assessments to identify and control hazards.
Standards, Procedures & Training	Implement safety protocols and provide role-specific, refresher, and specialised training to ensure safe practices.
Safety Culture & Leadership	Promote leadership involvement, employee engagement, and recognition programs to strengthen safety culture.
Performance Monitoring	Track leading and lagging indicators, analyse trends, and report to management for continuous improvement.

Practices

The Group's current occupational health and safety practices reflect tailored approaches across operating jurisdictions while maintaining consistent commitment to worker protection:

- **South Korea Manufacturing Facility:** Comprehensive safety programme aligned with OHS Act requirements including regular workplace risk assessments by certified safety personnel; monthly safety committee meetings with worker representatives participating in safety decisions; mandatory safety training for all employees covering facility-specific hazards, emergency procedures, and job-specific safety requirements; engagement of registered industrial safety company providing external safety expertise, audit services, and specialised training; personal protective equipment provision including safety glasses, gloves, steel-toed boots, and hearing protection where noise exposures warrant; and incident investigation protocols with root cause analysis and corrective action tracking.
- **China Manufacturing Facility:** Safety management aligned with China Work Safety Law and provincial regulations encompassing workplace hazard identification and control measures; provision of compliant personal protective equipment for all workers with documented training on proper use; comprehensive social insurance coverage for all employees as required by law including work injury insurance providing medical coverage and wage replacement for work-related injuries; accident insurance supplementing statutory coverage; regular safety inspections by facility management with documented findings and corrective actions; and emergency response procedures including evacuation plans, fire safety equipment, and first aid supplies.
- **Singapore, Malaysia, and Australia Operations:** Safety programmes appropriate to distribution and administrative operations with lower inherent hazard profiles than manufacturing but maintaining diligent attention to material handling safety, vehicle operation protocols, workplace ergonomics, fire safety, and emergency preparedness. Regular safety briefings address seasonal hazards, new equipment or procedures, and lessons learned from incidents across the organisation.
- **Corporate-Level Safety Initiatives:** Yearly safety performance review by SC examining injury statistics, incident investigations, corrective action status, and cross-facility best practice sharing.

Performance

The Group's occupational health and safety performance reflects ongoing commitment to worker protection while acknowledging areas requiring continued attention and improvement, the following tables show the Group's operational health and safety numbers for FY2024 and FY2025.

SUSTAINABILITY REPORT

Work-related Injuries (Employees)

Performance Indicator	FY2024	FY2025
No. Fatalities as a Result of Work-related Injury	–	–
No. High-consequence Work-related Injuries	–	1
No. of Recordable Work-related Injuries Excluding High-consequence Work-related Injuries	4	3

Work-related Injuries (Workers who are not employees)

Performance Indicator	FY2025
No. Fatalities as a Result of Work-related Injury	–
No. High-consequence Work-related Injuries	–
No. of Recordable Work-related Injuries Excluding High-consequence Work-related Injuries	–

The Group is deeply gratified to report zero workplace fatalities during FY2025, maintaining our unblemished record on this most critical safety metric. Every employee who reported to work returned home safely — a testament to collective commitment from leadership, safety personnel, and frontline workers to prioritising worker well-being above all else. The high consequence work-related injuries were due to a careless oversight of the injured worker. The subsidiary has reminded all workers to be vigilant at all times due to the nature of the work. The non-high consequence injuries were mainly relating to abrasions and minor cuts sustained while carrying out work at factories and all workers were reminded to be vigilant and to observe safety protocol at all times.

Work-related Ill health

Performance Indicator	FY2023	FY2024	FY2025
No. Fatalities as a Result of Work-related Ill Health	–	–	–
No. of Recordable Work-related Ill Health	–	–	–

In FY2025, the Group reported zero work-related ill health incidents. This outcome reflects the Group's sustained investment in safe systems of work, ensuring hazards are identified and mitigated before they can result in work-related ill health.

Targets

The Group's OHS targets reflect unwavering commitment to continuous improvement toward injury-free workplaces:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Workplace Fatalities	Perpetual	Maintain zero workplace fatalities throughout all operations.	Achieved
Focus 2: Decline in Occupational Injuries	Short-Term (2025-2035)	Maintain recordable workplace injury at less than 5 incidents in a year.	Achieved
	Long-term (2036-2050)	Progress toward vision of injury-free workplace achieving near-zero recordable injuries.	
Focus 3: Preventive Measures	Perpetual Targets	Achieve 100% completion of required safety training for all employees.	Achieved

SUSTAINABILITY REPORT

Employment Practices and Workforce Diversity

Impact on Hoe Leong

The Group's workforce constitutes our most valuable asset and critical competitive advantage in a knowledge-intensive, skill-dependent manufacturing sector.

Operationally, diverse perspectives and experiences enhance problem-solving, innovation, and customer understanding — homogeneous teams risk groupthink and blind spots while diverse teams bring varied approaches strengthening outcomes. Competitively, inclusive employment practices expand talent pools, enabling recruitment of best candidates unconstrained by bias or discrimination, while positive employer brand attracts talent from competitors. Legally, employment discrimination violates laws across the Group's operating jurisdictions and exposes the company to litigation, penalties, and reputational damage. Socially, equitable employment contributes to broader societal goals around gender equality, economic inclusion, and social mobility.

Management Approach

The Group's employment practices management approach emphasises equal opportunity, merit-based advancement, competitive total rewards, and supportive workplace culture that enables all employees to contribute fully and advance based on performance and potential:

Category	Strategic Approach
Equal Opportunity	Enforce non-discrimination policies, structured hiring, and grievance mechanisms.
Compensation & Benefits	Benchmark pay, provide transparent structures, and offer competitive benefits.
Work-Life Balance	Support flexible arrangements, leave entitlements, and parental provisions where feasible.
Inclusive Culture	Promote leadership commitment, employee engagement, and cultural diversity initiatives.

Practices

The Group's current employment practices reflect commitment to fairness, respect, and employee well-being across our operations:

- Recruitment practices emphasising skills, experience, and cultural fit over demographic characteristics; job postings distributed through diverse channels reaching broad candidate pools; interview panels when feasible including multiple perspectives reducing individual bias
- Onboarding programmes introducing new employees to company culture, values, policies, and job-specific responsibilities; buddy systems pairing new hires with experienced employees facilitating integration and knowledge transfer
- Performance management systems with annual performance appraisals providing structured feedback, goal setting, and development planning; performance discussions documented with clear criteria enabling objective assessment
- Competitive compensation packages benchmarked against local markets; annual compensation reviews considering individual performance, market movements, and company financial performance; transparent pay structures communicated to employees
- Comprehensive benefits programmes including medical insurance for employees and dependents; statutory retirement contributions (CPF in Singapore, pension programmes in other jurisdictions); paid annual leave, sick leave, and public holidays per local standards; maternity and paternity leave provisions aligned with or exceeding statutory minimums; childcare leave supporting employees with young children

SUSTAINABILITY REPORT

- Employee welfare initiatives enhancing workplace experience such as flexible work arrangement, festive celebrations recognising Chinese New Year, Hari Raya, Christmas, and other culturally significant occasions; birthday recognition for employees; team outings and activities strengthening relationships; long-service awards recognising employee loyalty and contributions
- Open communication channels enabling employee feedback including skip-level meetings allowing employees to engage with senior management; grievance procedures providing confidential reporting channels for concerns; regular team meetings facilitating two-way communication

Performance

The Group's employment practices performance reflects workforce composition, demographics, and engagement indicators:

Workforce Metric	FY2023	FY2024	FY2025
Total Employees	125	129	128
Gender Distribution – Male	69%	70%	71%
Gender Distribution – Female	31%	30%	29%
Geographic Distribution (5 countries)	SG/KR/CN/MY/AU	SG/KR/CN/MY/AU	SG/KR/CN/MY/AU

In FY2025, the Group employs a total of 128 permanent, full-time employees, with 91 male and 37 female employees.

Performance Indicator	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
Total Number of Employees	125		129		128	
By Gender						
Male	87	69%	90	70%	91	71%
Female	38	31%	39	30%	37	29%
By Age Group						
Under 30 years old	6	5%	9	7%	14	11%
Between 30 to 50 years old	74	59%	74	58%	72	56%
Above 50 years old	45	36%	46	35%	42	33%
By Region						
Singapore	17	14%	16	12%	13	10%
Malaysia	17	14%	17	13%	16	13%
South Korea	48	38%	55	43%	59	46%
China	21	17%	20	16%	18	14%
Australia	22	17%	21	16%	22	17%

SUSTAINABILITY REPORT

New Hires and Turnover

In FY2025, the Group saw a total of 39 new hires, which represents a new hire rate of 30%.

Performance Indicator	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
Total Number of New Hires	35		35		39	
Rate of New Hires	28%		27%		30%	
By Gender						
Male	26	74%	29	83%	33	85%
Female	9	26%	6	17%	6	15%
By Age Group						
Under 30 years old	4	11%	4	11%	12	31%
Between 30 to 50 years old	15	43%	18	52%	19	49%
Above 50 years old	16	46%	13	37%	8	20%

In FY2025, the Group saw a total of 40 employee turnover, which represents a turnover rate of 31%.

Performance Indicator	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
Total Number of Turnover	43		31		40	
Rate of Turnover	34%		24%		31%	
By Gender						
Male	35	81%	26	84%	33	82%
Female	8	19%	5	16%	7	18%
By Age Group						
Under 30 years old	7	16%	1	4%	7	18%
Between 30 to 50 years old	16	37%	15	48%	20	50%
Above 50 years old	20	47%	15	48%	13	32%

Parental Leave

The Group's is committed to fostering an inclusive and supportive workplace by offering comprehensive parental leave benefits. The Group recognises that balancing family and career is essential to employee well-being, and it provides paid leave for both parents to ensure they can fully engage in the early stages of childcare. By prioritising family-friendly practices, the Group strengthen our workforce, enhance employee satisfaction, and contribute to a more sustainable and resilient organisation.

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Performance Indicator	FY2025
Total number of employees entitled to parental leave	41
Number of employees who took parental leave	19
Number who returned to work after parental leave within the reporting period	19
Number who remained employed 12 months after returning	19
Return-to-work Rate	19
Retention rate	100%

Targets

The Group's employment practices targets drive progress toward more diverse, engaged, and high-performing workforce:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Employee Satisfaction and Loyalty	Short-term (2025-2028)	Achieve a turnover rate of <25%.	Not achieved
	Medium-term (2029-2035)	Achieve a turnover rate of <20%.	
	Long-term (2036-2050)	Maintain a turnover rate of <20% Offer internal and external trainings that are beneficial to the development and career progression of employees at all levels	

These targets acknowledge that cultural transformation toward greater diversity and inclusion requires sustained commitment, leadership accountability, and systemic change rather than superficial initiatives. The Group commits to transparency in progress reporting, honest acknowledgment of challenges, and willingness to adapt strategies based on what we have learnt from both successes and setbacks.

Training and Development

Impact on Hoe Leong

In an era of accelerating technological change, evolving customer requirements, and intensifying competitive pressures, workforce capabilities represent perhaps the single most critical determinant of organisational adaptability and long-term success. The skills, knowledge, and competencies our employees bring to their roles directly influence product quality, operational efficiency, innovation capacity, customer satisfaction, and competitive positioning.

Training and development investments create value across multiple stakeholder dimensions. For employees, skills development enhances earning potential, career mobility, job security, professional satisfaction, and personal fulfilment. Employees value employers who invest in their growth and create advancement pathways. For the organisation, capability building improves productivity, quality, innovation, safety, and employee retention while reducing recruitment costs by developing internal talent. For customers, skilled workforce delivers superior product quality, technical support, problem-solving, and service excellence that differentiate our offering. For investors, human capital development signals forward-thinking management building sustainable competitive advantage rather than optimising short-term profits at long-term expense.

SUSTAINABILITY REPORT

Management Approach

The Group's training and development management approach balances immediate operational skill needs against long-term capability building, combining structured programmes with on-the-job learning, and tailoring approaches to diverse employee roles, learning preferences, and career aspirations:

Category	Strategic Approach
Needs Assessment & Planning	Identify gaps via appraisals, manager observation, technology/process changes, regulatory needs, career aspirations; informs annual training plan.
Onboarding & Foundational	Orientation on company values, structure, policies, safety, quality standards; role-specific technical training; duration varies by role complexity.
Technical Skills Development	Manufacturing: equipment operation, quality control, process training; Commercial: product knowledge, customer relationship management ("CRM"), systems; methods include classroom, hands-on, mentorship, competency checks.
Leadership & Professional development	Supervisory: people management, coaching; Management: strategy, decision-making; Professional: presentation, project management; includes sustainability literacy.
Continuous Learning Culture	Communities of practice, cross-functional exposure, conferences, online platforms, reading time; leadership models learning and growth mindset.

Practices

The Group's current training and development practices reflect evolving capabilities across foundational, technical, and developmental dimensions:

- Comprehensive new employee orientation programmes covering company overview, policies and procedures, workplace safety, quality standards, and facility tours; duration and content tailored to role requirements with manufacturing roles receiving extensive safety and technical orientation
- On-the-job training pairing new hires with experienced employees for practical skills transfer; mentorship relationships facilitating knowledge sharing, answering questions, and providing feedback; gradual responsibility increase as competency develops
- Equipment operation training for production employees covering safe operation, routine maintenance, troubleshooting, and quality requirements; hands-on practice under supervision before independent operation authorisation; periodic refresher training on critical or high-risk equipment
- Quality control and inspection training covering measurement techniques, instrument calibration, defect identification, and documentation requirements; practical exercises with real components under expert guidance; certification programmes for specialised inspection roles
- Safety training programmes (detailed under Occupational Health and Safety topic) encompassing general safety awareness, job-specific hazard training, emergency response procedures, and specialised training for high-risk operations
- Product knowledge training for commercial employees covering technical specifications, application requirements, competitive differentiation, and customer consultation approaches; regular updates as product portfolio evolves
- Software and systems training and specialised business applications; initial training during implementation with ongoing support and advanced feature training
- Annual performance appraisal process incorporating development planning discussions; managers and employees collaboratively identifying growth areas, learning opportunities, and career advancement pathways; individual development plans documented with specific training activities and timelines
- External training opportunities including industry conferences, technical workshops, professional certification programmes, and specialised courses aligned with business needs and employee development goals; selective attendance based on relevance and budget constraints

SUSTAINABILITY REPORT

Performance

The Group's training and development performance metrics track training delivery, participation, and impact:

Performance Indicator	FY2024	FY2025
Total Training Hours	545	2,368
Average Training Hours	4	19
Average Training Hours – By Gender		
Male	4	21
Female	5	11

Average training hours per employee increased to 18 hours in FY2025, achieving our target of 5 hours per employee annually.

Targets

The Group's training and development targets drive progression toward comprehensive workforce capability building and learning culture:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Development of Training Programmes	Short-Term (2025-2028)	Increase average training hours to 5 hours per employee annually where necessary.	In progress
		Offer internal and external trainings that are beneficial to the development and career progression of employees at all levels where necessary.	
	Medium-Term (2029-2035)	Increase average training hours to 8 hours per employee annually where necessary.	
	Long Term (2035-2050)	Increase average training hours to 10 hours per employee annually where necessary.	

These targets acknowledge that building comprehensive training infrastructure and learning culture requires multi-year investment, management commitment, and organisational change. The Group commits to progressive capability building, transparent progress reporting, and adaptation based on effectiveness assessment ensuring training investments deliver genuine skill development and business value.

Product Quality and Responsibility

The Group's reputation is built on delivering safe, reliable, and durable undercarriage parts that meet customer specifications and perform consistently in demanding operating environments. We embed quality and responsibility across the product lifecycle — from design and sourcing through manufacturing, logistics, and aftersales — so that customers experience dependable performance and clear, accurate information for installation and use.

SUSTAINABILITY REPORT

Our approach focuses on prevention and continuous improvement. We emphasise clear specifications and controlled changes, risk-based inspection and testing, timely response to field feedback, and effective corrective and preventive actions. We also prioritise responsible communications by ensuring that product literature and marketing claims are accurate, evidencebased, and accompanied by appropriate guidance on safe use. As our programmes mature, we will progressively harmonise site practices, enhance supplier quality collaboration, and strengthen traceability and recall readiness.

GOVERNANCE

Ethics, Integrity, and Accountability

GOVERNANCE MATERIAL TOPICS

Business Conduct and Ethics

Impact on Hoe Leong

Ethical business conduct forms the foundation of stakeholder trust and long-term business sustainability. The Group's reputation which was built over decades through consistent delivery, fair dealing, and ethical behaviour represents invaluable intangible asset that attracts customers, enables supplier partnerships, inspires employee commitment, supports community license to operate, and reassures investors. Conversely, ethical failures can rapidly destroy reputation with consequences far exceeding immediate incident costs. These include customer defections, supplier relationship breakdowns, employee morale damage, regulatory scrutiny, investor loss of confidence, and community opposition. In interconnected, transparent modern business environment where information spreads instantaneously and stakeholders demand accountability, ethical conduct is not optional corporate virtue but existential business imperative.

Management Approach

The Group's business conduct and ethics management approach combines formal systems like policies, procedures, training, monitoring, with cultural reinforcement embedding ethics into organisational identity and decision-making norms:

Category	Strategic Approach
Code of Business Conduct and Ethics	Board-approved, publicly available; sets standards for conduct, compliance, asset protection, confidentiality, and information technology use; prohibits corruption, bribery, and anti-competitive practices; includes conflict of interest disclosure and gift guidelines; reviewed periodically for relevance.
Ethics Training and Awareness	Onboarding training for all new hires; periodic refresher sessions; role-specific modules (sales, procurement, managers); communication via posters, internal messages, leadership emphasis; recognition of ethical behaviour.
Conflict of Interest Management	Annual declarations for sensitive roles; disclosure of outside interests, financial ties, family relationships; management review and mitigation (recusal, oversight, divestment); escalation to senior management/Board for significant cases.
Whistleblowing and Grievance Mechanisms	Confidential channels (email, hotline, HR, supervisors); non-retaliation policy; prompt investigations; Board oversight for independence; feedback to reporters; trend analysis for systemic improvements.

SUSTAINABILITY REPORT

Practices

The Group's current business conduct and ethics practices translate management approach into operational reality:

- Code of Business Conduct and Ethics published on company website (www.hoeleong.com) accessible to all stakeholders; physical copies posted in production facilities, warehouses, and offices ensuring visibility; available in local languages across operating jurisdictions
- New employee onboarding includes Code of Business Conduct review with acknowledgment signature confirming understanding and commitment to compliance; onboarding discussions emphasise that ethical conduct is non-negotiable expectation regardless of business pressures or competitive considerations
- Annual conflicts of interest declarations required from Executive Directors, senior management, procurement personnel, sales staff, and other employees in roles with significant discretion or external business interactions; declaration forms systematically reviewed with follow-up on disclosed situations
- Ethics posters displayed prominently in production areas, warehouses, and common spaces highlighting key principles such as workplace respect, safety commitments, quality standards, and whistleblowing contact information
- Whistleblowing email channel (whistleblowing@hoeleong.com) maintained with Board-level oversight ensuring independence; whistleblowing procedures communicated during onboarding, posted visibly, and periodically reinforced through internal communications
- Management commitment to ethical culture demonstrated through leadership messaging, resource allocation supporting ethics infrastructure, prompt investigation and appropriate response to ethical concerns, and visible accountability when violations occur
- Periodic ethics risk assessments identifying areas of heightened ethical risk based on business activities, operating environments, and stakeholder feedback; risk assessments inform targeted ethics programme enhancements

Performance

The Group's business conduct and ethics performance demonstrates sustained commitment to ethical operations and stakeholder trust:

During FY2025, the Group maintained strong ethical conduct performance with zero confirmed incidents of material ethics violations including conflicts of interest violations, confidentiality breaches, anti-competitive practices, or other serious Code of Business Conduct infractions. This performance reflects effective ethics management, employee commitment to ethical standards, and organisational culture prioritising integrity over expedience.

Whistleblowing system received zero report during FY2025. The presence of whistleblowing channel demonstrates accessibility for employee to voice concerns.

There were no conflicts of interest declared among employees required to submit declarations. Any disclosed conflicts will be reviewed and managed appropriately through disclosure transparency, decision recusal, enhanced oversight, or other measures ensuring conflicts did not compromise business judgment.

SUSTAINABILITY REPORT

Targets

The Group's business conduct and ethics targets maintain unwavering commitment to integrity while pursuing continuous improvement in ethics programme effectiveness:

Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: Serious Violations	Perpetual	Maintain zero incidents of confirmed material ethics violations including corruption, conflicts of interest compromising business decisions, anti-competitive practices, confidentiality breaches harming stakeholders, or other serious Code violations. This represents perpetual commitment rather than time-bound target, ethical conduct is non-negotiable operational imperative.	Achieved

These targets acknowledge that ethical culture transformation requires sustained commitment beyond policy implementation, genuine leadership commitment, and willingness to prioritise integrity even when commercially inconvenient. The Group commits to transparency in ethics performance reporting, honest acknowledgment when ethical challenges arise, and continuous learning from ethical successes and failures.

Anti-Corruption Practices and Zero-Tolerance Commitment

Impact on Hoe Leong

For the Group, maintaining a zero-tolerance stance towards corruption is essential to safeguarding our business integrity, market reputation, and stakeholder trust. The Group operates in sectors that, while generally less susceptible to corruption than others, still face significant risks in sales, procurement, government interactions, and supplier relationships. A robust anti-corruption approach helps mitigate threats such as bribery, kickbacks, and extortion, ensuring that operational decisions remain merit-based and transparent. This vigilance is especially crucial when operating across multiple jurisdictions, some of which may have higher corruption prevalence, requiring consistent and proactive management to uphold ethical standards.

Adhering to anti-corruption principles not only protects the Group from legal and reputational harm but also reinforces our commitment to fairness and the rule of law. By prioritising integrity over short-term gains, the Group contributes to creating a business environment where success is driven by quality, service, and efficiency, rather than unethical practices. This collective commitment, both within the organisation and in collaboration with broader industry and societal efforts, helps reduce corruption tolerance and strengthens the foundation for sustainable development and competitive advantage.

SUSTAINABILITY REPORT

Management Approach

The Group's anti-corruption management approach emphasises prevention through clear policies and training, detection through risk assessment and monitoring, and response through investigation and accountability when issues arise:

Category	Strategic Approach
Anti-Corruption Policy and Prohibitions	Embedded in Code of Conduct; prohibits bribery, facilitation payments, lavish gifts, entertainment, travel, employment favours, quid pro quo donations, and political contributions; mandates accurate books and records; extends compliance to third parties (agents, distributors).
Risk Assessment and Due Diligence	Periodic risk assessments by geography, customer type, and transaction; high-risk triggers enhanced due diligence (integrity checks, approval protocols, elevated thresholds); findings inform controls, training, and monitoring priorities.
Training and Awareness	Executive briefings on legal and reputational risks; role-specific training for commercial, procurement, and general employees; practical case studies; encourages questions and reporting of concerns.
Monitoring, Investigation, and Enforcement	Financial controls and transaction reviews detect anomalies; whistleblowing reports analysed; structured investigation protocols; corrective actions range from training to termination/legal referral; consistent enforcement reinforces zero-tolerance stance.

Practices

The Group's current anti-corruption practices implement management approach across operations and geographies:

- Anti-corruption policy prominently featured in Code of Business Conduct is accessible to all employees; policy explicitly prohibits bribery, facilitation payments, undisclosed commissions, and other corrupt practices with clear examples illustrating prohibited conduct
- Gifts and entertainment policy establishing clear monetary limits, approval requirements for gifts exceeding limits, prohibition on cash gifts regardless of amount, restrictions on entertainment involving government officials, and documentation requirements creating transparency and accountability
- Third-party due diligence procedures for high-risk relationships including agents, distributors, and consultants; due diligence assesses third party integrity, corruption risk indicators, and compliance capabilities; high-risk engagements require enhanced due diligence and senior management approval
- Periodic anti-corruption risk assessments evaluating corruption risks across jurisdictions, customer relationships, government interactions, and business processes
- Financial controls designed to detect corruption including dual authorisation for payments above thresholds, review of unusual payments or expenses, prohibition on off-book accounts or undocumented transactions, and periodic audits examining compliance with financial controls
- Whistleblowing system (described under Business Conduct and Ethics) enabling confidential reporting of corruption concerns with Board-level oversight ensuring independence when senior management implicated
- Consistent enforcement of anti-corruption policy through prompt investigation of concerns, appropriate disciplinary action when violations confirmed, and transparency about enforcement approach reinforcing zero-tolerance commitment

SUSTAINABILITY REPORT

Performance

The Group's anti-corruption performance demonstrates sustained zero-tolerance commitment and effective corruption prevention:

During FY2025, the Group maintained exemplary anti-corruption performance with zero confirmed incidents of corruption including bribery, facilitation payments, kickbacks, or other corrupt practices across all operations and jurisdictions. There were zero public legal cases regarding corruption involving the company or our employees. No employees were disciplined or terminated for corruption-related conduct. No business relationships were terminated due to corruption concerns, though this reflects strong due diligence preventing problematic relationships rather than absence of risks. This performance record demonstrates effective anti-corruption programme implementation, employee adherence to policies, and organisational culture that genuinely rejects corruption rather than merely articulating anti-corruption principles.

Whistleblowing system received zero report during FY2025.

Targets

The Group's anti-corruption targets maintain unwavering zero-tolerance commitment while pursuing continuous improvement in programme sophistication and effectiveness:

Key Focus	Time Horizon	Targets	Performance in FY2025
Focus 1: No-tolerance for corruption	Perpetual	Maintain zero incidents of confirmed corruption across all forms (bribery, facilitation payments, kickbacks, fraud, embezzlement) in all jurisdictions and operations. Corruption is absolutely prohibited regardless of commercial pressures, local customs, or competitive disadvantages that rejection of corruption might create.	Achieved
Focus 2: Establish anti-corruption programmes	Perpetual	Annual anti-corruption briefing for Board members and employees in high-risk roles (sales, procurement, government affairs, senior management)	In progress

These targets acknowledge that effective anti-corruption management requires sustained vigilance, continuous programme improvement, and cultural commitment extending beyond policies to genuine organisational values. The Group commits to transparency in anti-corruption performance, willingness to acknowledge challenges when they arise, and contribution to broader anti-corruption efforts benefiting society alongside protecting our business interests.

Legal and Regulatory Compliance

Impact on Hoe Leong

Legal and regulatory compliance is fundamental to responsible business, encompassing both the ethical duty to respect societal rules and the practical need to maintain operational continuity. Across jurisdictions such as Singapore, South Korea, China, Malaysia, and Australia, laws govern all areas of business, from corporate governance to employment, environmental management, product safety, data privacy, taxation, and commercial conduct. Adhering to these regulations demonstrates respect for the frameworks that underpin fair commerce and safeguard stakeholder interests.

SUSTAINABILITY REPORT

Non-compliance poses significant risks, including legal penalties, operational disruptions, reputational harm, and commercial setbacks. The Group's obligations span a wide range of domains, such as corporate law, employment standards, environmental regulations, product safety, data protection, anti-corruption measures, tax, trade compliance, and intellectual property. Given the varying legal systems across operating regions, the Group must employ robust compliance management to identify requirements, implement controls, verify adherence, and continually improve practices to address emerging risks and maintain high standards.

Management Approach

The Group's legal and regulatory compliance management approach ensures systematic identification of obligations, implementation of controls, verification of adherence, and continuous improvement:

Category	Strategic Approach
Regulatory Requirements Identification and Tracking	Maintains systems to track laws, regulations, standards, and permits across jurisdictions; monitors legislative changes; updates compliance programs; responsibilities distributed across functions with legal oversight; external advisors engaged for complex requirements.
Compliance Management Systems and Internal Controls	Embeds obligations into policies, procedures, workflows, and documentation; includes licensing, monitoring, inspections, accurate records, approval authorities, and segregation of duties; integrated with risk management and internal audit programs.
Training and Awareness	Role-specific training for finance, human resource ("HR"), operations, and commercial staff; general awareness on workplace conduct and data privacy; delivered via online modules, workshops, on-the-job guidance; effectiveness verified through tracking and assessments.
Compliance Monitoring, Audit, and Continuous Improvement	Regular monitoring (self-assessments, transaction testing, KPIs); internal audits review control design and effectiveness; external audits provide independent validation; findings drive corrective actions and systemic improvements; Board-level reporting ensures oversight.

Practices

The Group's current compliance practices provide systematic management across legal domains and jurisdictions:

- Corporate governance compliance with Singapore Exchange Listing Manual Rules including board composition requirements, independent director provisions, audit committee establishment, disclosure obligations, and periodic reporting requirements; full adherence demonstrated through timely filings, board governance structures meeting requirements, and audit committee oversight
- Financial reporting and disclosure compliance with Singapore Financial Reporting Standards and Companies Act requirements; external audit by reputable firm providing independent verification; timely submission of annual reports, financial statements, and required disclosures to authorities and stakeholders
- Employment law compliance across jurisdictions including statutory minimum wages and benefits, working hour limits, overtime provisions, leave entitlements, occupational safety requirements (detailed under OHS topic), and non-discrimination obligations; compliance verified through payroll audits, labour law reviews, and absence of material employment law violations or disputes
- Environmental regulatory compliance (detailed under Environmental Regulatory Compliance topic) maintaining zero significant environmental violations, current permits, and adherence to environmental management requirements across facilities
- Data privacy and protection compliance with Personal Data Protection Acts in Singapore and other jurisdictions; implementation of data protection policies, privacy notices, consent management, data security controls, and breach notification procedures; compliance programme maturity developing as regulatory requirements strengthen and business digitalisation increases

SUSTAINABILITY REPORT

- Tax compliance across jurisdictions including corporate income tax, goods and services tax/value-added tax, withholding taxes, property taxes, and other applicable taxes; timely filing of returns, accurate tax calculation, and payment of amounts due; external tax advisors supplement internal capabilities for complex international tax matters
- Import/export and trade compliance including customs declarations, tariff classifications, country of origin determinations, and trade restriction adherence; compliance
- facilitated through experienced logistics partners and internal controls verifying proper documentation and classification
- Product compliance and safety standards relevant to undercarriage parts for heavy machinery; adherence to applicable industry standards, quality requirements, and customer specifications ensuring products meet safety and performance requirements

Performance

The Group's legal and regulatory compliance performance demonstrates adherence to obligations across diverse legal domains and operating jurisdictions:

During FY2025, the Group maintained strong compliance performance with zero instances of significant non-compliance with laws and regulations across operating jurisdictions. Significant non-compliance encompasses violations resulting in monetary fines or penalties, formal enforcement actions or consent orders, operational restrictions such as facility closures or license suspensions, or other material sanctions. This compliance record reflects effective regulatory management, operational discipline, and organisational commitment to legal adherence across corporate governance, financial reporting, employment practices, environmental management, and other regulated domains.

Routine regulatory inspections and external audits were conducted without significant findings. Minor administrative matters identified through internal controls, or external reviews were promptly addressed through corrective actions with root cause analysis and preventive measures implemented.

Internal compliance monitoring and external audit activities completed one compliance audit or review covering financial controls and operational compliance. Audit findings, predominantly minor documentation gaps, procedural deviations, or control weaknesses not resulting in violations, were addressed systematically through management action plans with implementation tracking. The internal audit programme provides proactive identification of compliance gaps before they become violations, demonstrating mature compliance management.

Targets

The Group's legal and regulatory compliance target is unambiguous:

Perpetual Targets	Performance in FY2025
Maintain 100% compliance with all applicable laws, regulations, permit conditions, and legal obligations across all operating jurisdiction and business domains, with zero significant violations, fines, penalties, or enforcement actions.	Achieved

The targets recognise that compliance excellence requires not just technical control implementation but organisational culture genuinely valuing legal adherence, leadership commitment allocating resources supporting compliance infrastructure, and business process integration ensuring compliance informs decisions rather than existing as constraint imposed after decisions made.

SUSTAINABILITY REPORT

DISCLOSURE INDICES

GRI CONTENT INDEX

Statement of Use	Hoe Leong Corporation Ltd. has reported in accordance with the GRI Standards for the period 1 January 2025 to 31 December 2025.
GRI Used	GRI 1: Foundation 2021.
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure Content	Location
General Disclosures		
2-1	Organisational details	Annual Report FY2025 (" FY25 AR ") – Group Structure FY25 AR – Corporate Information
2-2	Entities included in the organisation's sustainability reporting	FY25 AR – Group Structure FY25 AR – Financial Statements
2-3	Reporting period, frequency and contact point	Sustainability Report (" FY25 SR ") – Reporting Scope FY25 SR – Feedback
2-4	Restatements of information	There were no restatements in the FY25 SR.
2-5	External assurance	The FY25 SR has not been externally assured.
2-6	Activities, value chain and other business relationships	FY25 AR – Corporate Profile FY25 AR – Financial Statements
2-7	Employees	FY25 SR – Employment Practices and Workforce Diversity
2-8	Workers who are not employees	Not applicable as certain manufacturing processes are outsourced but work of the vendors are not controlled by the Group.
2-9	Governance structure and composition	FY25 AR – Corporate Governance Report (" CGR ")
2-10	Nomination and selection of the highest governance body	FY25 AR – CGR
2-11	Chair of the highest governance body	FY25 AR – CGR
2-12	Role of the highest governance body in overseeing the management of impacts	FY25 SR – Sustainability Governance
2-13	Delegation of responsibility for managing impacts	FY25 SR – Sustainability Governance
2-14	Role of the highest governance body in sustainability reporting	FY25 SR – Sustainability Governance
2-15	Conflicts of interest	FY25 AR – CGR

SUSTAINABILITY REPORT

GRI Standard	Disclosure Content	Location
2-16	Communication of critical concerns	FY25 AR – CGR FY25 SR – Sustainability Governance
2-17	Collective knowledge of the highest governance body	FY25 AR – Board of Directors
2-18	Evaluation of the performance of the highest governance body	FY25 AR – CGR
2-19	Remuneration policies	FY25 AR – CGR
2-20	Process to determine remuneration	FY25 AR – CGR
2-21	Annual total compensation ratio	Information not disclosed due to confidentiality constraints.
2-22	Statement on sustainable development strategy	FY25 SR – Board Statement
2-23	Policy commitments	Our policy commitments are included throughout the FY25 SR.
2-24	Embedding policy commitments	Our policy commitments are included throughout the FY25 SR.
2-25	Processes to remediate negative impacts	FY25 SR – Stakeholder Engagement
2-26	Mechanisms for seeking advice and raising concerns	FY25 SR – Business Conduct and Ethics
2-27	Compliance with laws and regulations	FY25 SR – Legal and Regulatory Compliance
2-28	Membership associations	Not applicable as the Group does not participate in a significant role in industry associations and advocacy organisations.
2-29	Approach to stakeholder engagement	FY25 SR – Stakeholder Engagement
2-30	Collective bargaining agreements	Not applicable as no employee of the Group is covered by collective bargaining agreements.
Topic-specific Disclosures		
3-1	Process to determine material topics	FY25 SR – Materiality Assessment
3-2	List of material topics	FY25 SR – Materiality Assessment
Economic Performance		
3-3	Management of material topics	FY25 SR – Economic Performance
201-1	Direct economic value generated and distributed	FY25 SR – Economic Performance
201-2	Financial implications and other risks and opportunities due to climate change	Not applicable as climate change is not expected to result in substantial changes in operations, revenue or expenditure.
201-3	Defined benefit plan obligations and other retirement plans	FY25 AR – Financial Statements
201-4	Financial assistance received from government	FY25 AR – Financial Statements

SUSTAINABILITY REPORT

GRI Standard	Disclosure Content	Location
Business Conduct and Ethics		
3-3	Management of material topics	FY25 SR – Business Conduct and Ethics
Non-GRI Topic	N.A.	N.A.
Anti-corruption Practices		
3-3	Management of material topics	FY25 SR – Anti-corruption Practices and Zero-Tolerance Commitment
205-1	Operations assessed for risks related to corruption	Information unavailable as no formal corruption risk assessment were completed at operation-level during the Reporting Period.
205-2	Communication and training about anti-corruption policies and procedures	Information not available as no anti-corruption training was conducted during the Reporting Period.
205-3	Confirmed incidents of corruption and actions taken	FY25 SR – Anti-corruption Practices and Zero-Tolerance Commitment
Legal and Regulatory Compliance		
3-3	Management of material topics	FY25 SR – Legal and Regulatory Compliance
Non-GRI Topic	N.A.	N.A.
Data Privacy and Security		
3-3	Management of material topics	FY25 SR – Legal and Regulatory Compliance
Non-GRI Topic	N.A.	N.A.
Climate Change (GHG Emissions)		
3-3	Management of material topics	FY25 SR – Greenhouse Gas Emissions
305-1	Direct (Scope 1) GHG emissions	FY25 SR – Greenhouse Gas Emissions
305-2	Energy indirect (Scope 2) GHG emissions	FY25 SR – Greenhouse Gas Emissions
305-3	Other indirect (Scope 3) GHG emissions	Information unavailable as the Group is in the process of completing Scope 3 inventory for priority categories.
305-4	GHG emissions intensity	FY25 SR – Greenhouse Gas Emissions
305-5	Reduction of GHG emissions	Information unavailable as the Group has yet to quantify GHG emission reduced as a direct result of our reduction initiatives.
305-6	Emissions of ozone-depleting substances (ODS)	Information unavailable as the Group has yet to collect data on ODS.
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Information unavailable as the Group has yet to collect data on significant air emissions.

SUSTAINABILITY REPORT

GRI Standard	Disclosure Content	Location
Energy Consumption		
3-3	Management of material topics	FY25 – Energy Efficiency
302-1	Energy consumption within the organisation	FY25 – Energy Efficiency
302-2	Energy consumption outside the organisation	FY25 – Energy Efficiency
302-3	Energy intensity	FY25 – Energy Efficiency
302-4	Reduction of energy consumption	Information unavailable as the Group has yet to quantify energy consumption reduced as a direct result of our reduction initiatives.
302-5	Reduction in energy requirements of products and services	Not applicable as the Group's activities do not include activities intended to reduce customers' energy requirements.
Waste Management and Circular Economy		
3-3	Management of material topics	FY25 – Waste Management and Circular Economy
306-1	Waste generation and significant waste-related impacts	FY25 – Waste Management and Circular Economy
306-2	Management of significant waste-related impacts	FY25 – Waste Management and Circular Economy
306-3	Waste generated	FY25 – Waste Management and Circular Economy
306-4	Waste diverted from disposal	Information unavailable as the Group has yet to track waste diverted from disposal.
306-5	Waste directed to disposal	FY25 – Waste Management and Circular Economy
Water Management		
3-3	Management of material topics	FY25 – Water Management
303-1	Interactions with water as a shared resource	FY25 – Water Management
303-2	Management of water discharge-related impacts	Information unavailable as the Group has yet to track water discharge impacts.
303-3	Water withdrawal	FY25 – Water Management
303-4	Water discharge	Information unavailable as the Group has yet to track water discharge.
303-5	Water consumption	FY25 – Water Management

SUSTAINABILITY REPORT

GRI Standard	Disclosure Content	Location
Sustainable Sourcing		
3-3	Management of material topics	FY25 – Sustainable Sourcing
Non-GRI Topic	N.A.	N.A.
Employment Practices and Workforce Diversity		
3-3	Management of material topics	FY25 SR – Employment Practices and Workforce Diversity
401-1	New employee hires and employee turnover	FY25 SR – Employment Practices and Workforce Diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	FY25 SR – Employment Practices and Workforce Diversity
401-3	Parental leave	FY25 SR – Employment Practices and Workforce Diversity
Occupational Health and Safety		
3-3	Management of material topics	FY25 – Occupational Health and Safety
403-1	Occupational health and safety management system	FY25 – Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	FY25 – Occupational Health and Safety
403-3	Occupational health services	Information unavailable as the Group does not provide employees with occupational health services.
403-4	Worker participation, consultation, and communication on occupational health and safety	Information unavailable as the Group does not have in place a process for worker participation and consultation on occupational health and safety.
403-5	Worker training on occupational health and safety	FY25 – Occupational Health and Safety
403-6	Promotion of worker health	Information unavailable as the Group does not provide non-occupational medical and healthcare services.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Information unavailable as the Group has yet to identify occupational health and safety impacts directly linked by business relationships.
403-8	Workers covered by an occupational health and safety management system	FY25 – Occupational Health and Safety
403-9	Work-related injuries	FY25 – Occupational Health and Safety
403-10	Work-related ill health	FY25 – Occupational Health and Safety

SUSTAINABILITY REPORT

GRI Standard	Disclosure Content	Location
Training and Development		
3-3	Management of material topics	FY25 – Training and Development
404-1	Average hours of training per year per employee	FY25 – Training and Development Information on average hours of training by employee category is unavailable as the Group has yet to track this metric.
404-2	Programmes for upgrading employee skills and transition assistance programmes	FY25 – Training and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Information unavailable as the Group does not track performance and career development reviews.
Product Quality and Responsibility		
3-3	Management of material topics	FY25 – Product Quality and Responsibility
Non-GRI Topic	N.A.	N.A.

This index represents GRI disclosures addressed in our Report. For comprehensive GRI alignment assessment and detailed disclosure cross-references, stakeholders may contact our sustainability team via contact@hoeleong.com.

IFRS S2 CLIMATE-RELATED DISCLOSURES INDEX

This index maps our climate-related disclosures to IFRS S2 requirements, demonstrating comprehensive coverage of the four core pillars and specific disclosure topics

IFRS S2 Para.	Requirements	Section Reference
Governance		
5	Governance processes for managing climate risks & opportunities	IFRS S2 Climate-related Disclosures > Governance
6 (a-c)	Board oversight, frequency of updates, and integration with strategy	
7 (a-c)	Management roles, responsibilities, and reporting lines	
Strategy		
9	Identify and describe climate-related risks and opportunities	IFRS S2 Climate-related Disclosures > Strategy
11 (a-c)	Describe how climate-related risks and opportunities influence business model and strategy	
12 (a-c)	Disclose resilience of strategy to different climate scenarios	
13	Explain how climate considerations are integrated into overall business planning and decision-making	
14 (a-b)	Describe how transition and adaptation plans support strategy and targets	

SUSTAINABILITY REPORT

IFRS S2 Para.	Requirements	Section Reference
Risk Management		
15 (a–b)	Process for identifying and assessing climate-related risks	IFRS S2 Climate-related Disclosures > Risk Management
16 (a–b)	Process for prioritising and managing identified risks	
17	How climate-related processes are integrated into overall risk-management framework	
18	Connection or consistency with existing internal-control and governance systems	
Metrics and Targets		
19-21	Metrics used to assess climate-related risks and opportunities	IFRS S2 Climate-related Disclosures > Metrics and Targets
23 (a–c)	Quantified GHG emissions (Scope 1, 2, 3) and calculation methodology	
24	Cross-industry metrics (e.g. internal carbon price, remuneration linkage)	
25 – 26	Climate-related targets (unit, base year, period, progress tracking)	
27 – 28	How targets are derived, monitored, and aligned with strategy	

The Group's IFRS S2 climate-related disclosures are presented in the Environment section, with additional climate considerations integrated throughout material environmental topics. The Group is committed to progressive enhancement of climate disclosures as methodologies mature, data availability improves, and stakeholder expectations evolve.

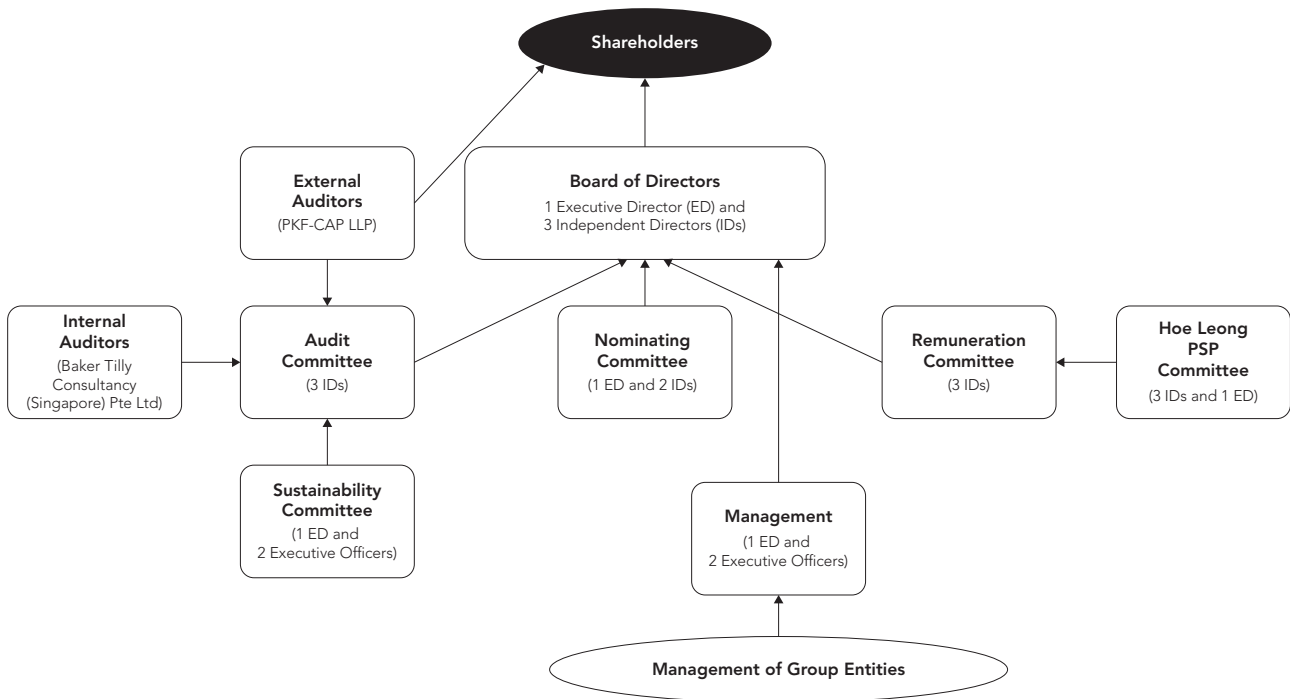
CORPORATE GOVERNANCE REPORT FY2025

Hoe Leong Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance as a cornerstone of sustainable business performance and long-term shareholder value. The Board believes that strong governance promotes accountability, transparency and responsible decision-making across the Group.

This report outlines the Company’s corporate governance practices with reference to the principles and provisions of the Code of Corporate Governance 2018 (last amended on 11 January 2023) (the “**Code**”) issued by the Monetary Authority of Singapore (“**MAS**”). Where appropriate, the accompanying Practice Guidance issued by MAS and the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual have also been taken into consideration.

The Board of Directors of the Company (the “**Board**”) is pleased to confirm that for the year ended 31 December 2025 (“**FY2025**”), the Group has adhered to the principles and provisions as set out in the Code. Where the Company’s practices vary from any provisions of the Code, we have explained the reasons for the deviations, and explained how the practices we have adopted are consistent with the intent of the relevant principle.

As at the date of this report, the Company’s corporate governance framework is as follows:



CORPORATE GOVERNANCE REPORT FY2025

BOARD MATTERS

The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

Principle 1: THE BOARD'S CONDUCT OF AFFAIRS

During FY2025 and as at the date of this report, the Board comprises 4 directors, 3 of whom are independent. The Board provides overall strategic direction and leadership to the Group and works closely with management to ensure the long-term success and sustainability of the Company.

Provision 1.1 of the Code:

Directors are fiduciaries who act objectively in the best interests of the Company

In discharging its responsibilities, the Board:

- Oversees the overall management and strategic direction of the Group
- Reviews and approves the Group's strategic plans, business plans and key operational initiatives
- Ensures that appropriate resources are in place for the Group to achieve its strategic objectives
- Reviews financial performance and monitors management's performance against agreed targets
- Approves major investments, acquisitions, disposals and funding proposals
- Oversees the adequacy and effectiveness of the Group's risk management and internal control systems
- Sets the tone at the top by establishing appropriate ethical values, corporate governance standards and policies
- Ensures compliance with applicable laws, regulations and the SGX-ST Listing Manual
- Monitors the Group's exposure to sanctions-related risks and ensures timely and accurate disclosures to relevant authorities
- Balances the interests of shareholders with those of other key stakeholders

Directors are required to promptly disclose any actual, potential or perceived conflicts of interest. Where such conflicts arise, the affected director will recuse himself or herself from deliberations and abstain from voting on the relevant matter, unless the Board determines that the Director's participation is necessary to enhance the effectiveness of the discussion. All such disclosures and recusals are properly recorded in the minutes of meetings or Board resolutions.

The Board has put in place a 'Code of Business Conduct and Ethics for Employees' which establishes the fundamental principles of professional and ethical conduct expected of all employees in the performance of their duties. It includes guidelines on matters relating to conflicts of interest.

CORPORATE GOVERNANCE REPORT FY2025

A director is required to promptly disclose any actual, potential and perceived conflict of interest and must recuse himself/herself from discussions and decisions involving the matter, unless his/her presence and participation is necessary to enhance the efficacy of such discussion. Nevertheless, he/she shall abstain from voting on resolutions in relation to the conflict-related matters. Such compliance will be recorded in the minutes of meeting or the Board resolutions.

Provision 1.2 of the Code:
Directors' duties, induction, training and development

All directors understand the Company's business. They are aware of their fiduciary duties and are committed to exercising due care and diligence in decision-making and to objectively discharge their duties and responsibilities in the best interest of the Company. Aside from their statutory duties, the key roles of different classes of directors are set out below:

- Executive directors are members of the management who are involved in the day-to-day running of the Group's business operations. They work closely with the independent directors on the long-term sustainability and success of the Group. They provide insights and recommendations on the Group's operations at the Board and Board Committee meetings.
- Independent directors do not participate in the Group's business operations and are deemed independent by the Board. They provide independent and objective advice and insights to the Board and the management. They constructively challenge the management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of the management's performance in achieving the strategic goals as well as the appointment, assessment and remuneration of the executive directors and key management personnel.

The executive directors are appointed by way of service agreements or employment contract while the independent directors are appointed by way of letters of appointment. The duties and responsibilities of directors are clearly set out in these service agreements/employment contracts and letters of appointment.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. The Directors receive appropriate training to develop individual skills in order to discharge his or her duties. The Group also provides information about its history, mission and values to the Directors. The Directors may, at any time, visit any of the Group's business operations in order to gain a better understanding of business operations. There are also update sessions to inform the Directors on new legislations and/or regulations which are relevant to the Group. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Directors' disclosure obligations, Directors are briefed at Board meetings.

The CEO also updates the Board at each meeting on business and strategic developments pertaining to the Group.

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All the Directors are informed and encouraged to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to discharge their duties as directors. The training programmes are conducted by the Singapore Institute of Directors (“**SID**”), Singapore Exchange Securities Trading Limited, and business and financial institutions and consultants.

During the financial year, some of the Directors participated in the following training opportunities to update their knowledge in specific areas:

- SID Directors Conference 2025 (SID)
- Shaping a Socially Sustainable Future for Businesses in Singapore (Singapore Business Federation (“**SBF**”))
- Singapore Regional Business Forum 2025 (SBF)
- Regional Developments and Impact on Corporate Boards (SID)
- Audit & Risks Committee Seminar (SID)
- Climate Change & Impact (EY Singapore)
- Briefing on the ASEAN Corporate Governance Scorecard (SID)
- Nominating and Remuneration Committee Seminar 2025 (SID)
- Sentinel or Sleuth: Directors’ Duties Amid Corporate Fraud (SID)

In addition, Directors may themselves search for and pursue opportunities which help them to keep pace with their areas of professional expertise.

Newly appointed Directors are briefed on the business and organisation structure of the Group and its strategic plans and objectives. Ms Linda Hoon Siew Kin, who joined the Board on 1 July 2025, has been briefed accordingly. Under the Listing Manual, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a company listed on the SGX-ST as prescribed by the SGX-ST. Ms Linda Hoon Siew Kin is not required to attend such training as she has experience as a listed company director.

Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business issues from the Management.

All directors had attended the mandatory training on sustainability matters prescribed under Rule 720(7) of the Listing Manual.

The Nominating Committee evaluates the individual directors’ competencies and recommends to the Board on training and development programmes for each director. Our directors are also encouraged to attend relevant seminar and training programmes to enhance their skills and knowledge.

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Although the day-to-day management of the Company is delegated to the executive director, there are matters which are required to be decided by the Board as a whole.

Provision 1.3 of the Code:

The Group has in place an internal guide on matters that require the Board's approval and these matters include:

Matters requiring Board's approval

- Changes to the Group's capital structure and corporate structure;
- Material investments, acquisitions and disposals of assets;
- Material operating and capital expenditure;
- Interested person transactions;
- Significant policies, strategic plans and monitor the performance of the Group;
- Recommendation/declaration of dividend;
- Annual budgets, financial statements (interim and full year), annual reports, sustainability reports, circulars to shareholders and SGXNet announcements; and
- Appointment or removal of directors, company secretary and key management personnel of the Company.

Certain important matters could be subject to the recommendation by the respective Board Committees. Matters which the Board considers suitable for delegation to a Board Committee are contained in the terms of reference of the respective Board Committees.

Board Committees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") have been established to assist the Board. Each Board Committee has its own terms of reference, setting out the composition, authorities and duties, which are approved by the Board. All Board Committees are chaired by an independent director. While these Board Committees are delegated with certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board Committees ultimately lies with the Board. The activities of the Board Committees are reported to the Board by the respective Committee Chairman after each meeting.

Provision 1.4 of the Code:
Board Committees

The terms of reference of the respective Board Committees, which are reviewed by the Board on a regular basis, as well as other relevant information on the Board Committees can be found in the subsequent sections of this report.

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Composition of Board and Board Committees

Name of director	Audit Committee	Nominating Committee	Remuneration Committee
Yeo Puay Hin (Executive Director and Chief Executive Officer)	–	Member	–
Lee Chin Chai (Independent Director)	Member	Chairman	Member
Kuan Cheng Tuck (Independent Director)	Chairman	Member	Member
Linda Hoon Siew Kin (Independent Director)	Member	–	Chairman

Profiles of the directors are set out in the 'Board of Directors' section of Annual Report 2025.

The Board meets on a quarterly basis and as and when required. Board and Board Committee meetings and annual general meeting are typically scheduled before the start of the financial year to enable the directors to plan ahead to attend these meetings. Ad-hoc meetings will be convened when the Board's guidance or approval is required, outside of the scheduled Board meetings.

In accordance with Regulation 110(2) of the Company's Constitution, a director who is unable to attend a Board meeting in person can participate in the meeting via telephone conference or other methods of simultaneous communication by electronic or telegraphic means. Important matters concerning the Group can also be put to the Board and Board Committees for decision by way of written resolutions.

The directors attend and actively participate in Board and Board Committee meetings. The independent directors contribute to the Board process by monitoring and reviewing the management's performance in meeting the Group's goals and objectives.

During FY2025, the number of Board and Board Committees meetings held and attended are set out as follows:

	Board	AC	NC	RC
Number of meetings held	4	2	1	1
Name of directors	Number of meetings attended by members			
Yeo Puay Hin	4	2*	1	1*
Lee Chin Chai	4	2	1	1
Wee Sung Leng [#]	1	1	1*	1
Kuan Cheng Tuck	4	2	1	1
Linda Hoon Siew Kin [^]	2	1	–	–

* By invitation

Mr Wee Sung Leng, who retired by rotation in accordance with Regulation 98(2) of the Constitution of the Company, was not re-elected at the Company's Annual General Meeting held on 30 April 2025.

^ Ms Linda Hoon Siew Kin was appointed on 1 July 2025.

Provision 1.5 of the Code:
Attendance and participation in Board and Board Committee meetings

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When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

The management recognises that relevant, complete and accurate information needs to be provided to the directors prior to meetings and on an on-going basis to enable the directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently. As such, the management takes initiative to brief the Board on potential business development at an early stage before formal Board approval is sought.

Provision 1.6 of the Code:
Complete, adequate and timely information to make informed decisions

The management provides the Board with quarterly financial information and relevant background information and materials relating to the matters that will be discussed at the Board and Board Committee meetings. This enables the directors to better understand the subject matters before the meetings, allowing for more time at such meetings for questions that directors may have. Any additional materials or information requested by the directors are promptly furnished. If necessary, key management personnel who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentation and address the concerns of the directors.

In respect of the annual budget of the Group, material variance between budgeted results and actual results would be disclosed and explained by the management at AC and/or Board meetings.

The management will also inform the Board of all significant events as and when they occur and circulate Board papers and/or salient information on material transactions to facilitate a robust discussion before the transactions are entered into.

The Board has separate and independent access to the management, the company secretary and external professionals, including legal counsels and auditors. Any materials or information requested by the directors to make informed decisions were promptly furnished.

Provision 1.7 of the Code:
Separate and independent access to Management, company secretary and external advisers; Appointment and removal of the company secretary

The role of the company secretary is clearly defined and includes:

- Attending Board and Board Committee meetings, ensuring that meeting procedures are adhered to and prepares meeting minutes;
- Together with the management, ensuring that the Company complies with all relevant requirements of the Companies Act, Securities and Futures Act 2001 of Singapore and the Listing Manual;
- Advising the Board on all corporate governance matters; and
- Assisting the Chairman of the Board in ensuring adequate flow of information in a timely manner within the Board and Board Committees and between the management and the Board.

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The company secretary function is outsourced to Boardroom Corporate & Advisory Services Pte Ltd.

The appointment and removal of the company secretary is subject to the approval of the Board.

During FY2025, the company secretary and/or her representative(s) attended all Board and Board Committees meetings.

The Company will seek appropriate advice or opinion from qualified professional or expert, if deemed necessary by the Board. The directors are entitled to seek independent professional advice at the expense of the Company.

The Board has an appropriate balance of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Board Independence

The Board opines that the role of the independent directors is particularly important in ensuring that the strategies proposed by management are constructively challenged, thoroughly considered and examined, and take into account the long-term interests of the Group's stakeholders, which includes shareholders, employees, customers, suppliers and regulators.

During FY2025 and as at the date of this report, the Board comprises 4 directors, 3 of whom are independent. The independent element on the Board is thus strong and enables the Board to exercise objective independent judgement on corporate affairs and provide the management with diverse and objective perspectives on issues.

The independence of each director is reviewed annually by the NC. Each independent director is required annually to complete a checklist to confirm his or her independence. The checklist is drawn up based on the guidelines provided in the Code and Rule 210(5)(d) of the Listing Manual. The NC adopts the Code's and its Practice Guidance's definitions as well as the definition set out in the Listing Rule 210(5)(d) on what constitutes an "independent" director in its review. The existence of any of the following relationships or circumstances will deem the director as not independent:

- (a) if he/she is and has been employed by the Company or any of its related corporations in the current or any of the past 3 financial years;
- (b) if he/she has an immediate family member who is or has been employed by the Company or any of its related corporations in the current or any of the past 3 financial years and whose remuneration is or was determined by the RC of the Company;
- (c) if he/she has been a director of the Company for an aggregate period of more than 9 years;

Principle 2: BOARD COMPOSITION AND GUIDANCE

Provision 2.1 of the Code:
Director independence

Provision 2.2 of the Code:
Independent directors
make up a majority of the
Board

Provision 2.3 of the Code:
Non-executive directors
make up a majority of the
Board

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- (d) if he/she, or his/her immediate family member, had provided or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting, and legal services), other than compensation for board service, in the current or immediate past financial year. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of \$50,000 should generally be deemed significant;
- (e) If he/she, or his/her immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a/an partner (with stake of 5% or more)/executive officer/director of any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of \$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question; or
- (f) if he/she is or has been directly associated with a substantial shareholder of the Company, in the current or immediate past financial year.

An independent director shall immediately disclose to the NC and/or company secretary any relationship (whether familial, business, financial, employment or otherwise) with the Company, its related corporations, substantial shareholders or officers, or circumstances that could interfere, or be reasonably perceived to interfere, with his/her independent judgement.

The NC and the Board have reviewed and ascertained that all independent directors are independent according to the Code, its Practice Guidance and the Listing Manual and noted that none of the independent directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the independent director's judgement.

The Singapore Exchange Regulation (the "SGX RegCo") has removed the two-tier vote mechanism for companies to retain independent directors who have served on boards of listed issuers for more than 9 years and will limit the tenure of independent directors to 9 years. As at the date of this report, none of the independent directors has reached the 9-year tenure.

The NC is of the view that no individual or small groups of individuals dominate the Board's decision-making processes. All matters put forth to the Board for decision need majority of the directors to approve.

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Board Diversity

The Company recognises that Board diversity enhances decision-making by bringing together a broad range of perspectives, skills and experiences. The Company has adopted a formal Board Diversity Policy which sets out its approach to achieving diversity in areas such as gender, age, professional experience, educational background and expertise.

To this end, the Board has since 1 July 2025, added a female Board member to create a balance of skills, competencies and gender diversity.

The Nominating Committee reviews the Board's composition annually to ensure that the Board continues to possess an appropriate balance of skills, experience and diversity relevant to the Group's strategic direction.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, considering the nature and scope of the Group's operations. No individual or small group of individuals dominate the Board's decision-making. The Board and Board Committees have an appropriate balance and mix of skills, knowledge and experience in the Group's core businesses and the areas of accounting and finance, legal and regulatory compliance, business management and risk management. All directors of the Company have individually more than 20 years of professional and/or corporate experience, working with employers and clients spanning diverse industries, enabling them to provide diverse and objective perspectives on the Group's business and direction. The NC will continue to assess on an annual basis the skill set of the board of directors to ensure that the skills of the directors remain relevant to the business of the Group. Profiles of the directors are set out in the 'Board of Directors' section of Annual Report 2025.

To facilitate a more effective check on the management, the independent directors meet at least once a year with the internal and external auditors without the presence of the management. The independent directors also communicate with each other from time to time without the presence of the management to discuss the performance of the management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board and/or the Chief Executive Officer (the "CEO"), as appropriate.

There is a clear division of responsibilities between the leadership of the Board and the management, and no one individual has unfettered powers of decision making.

Chairman of the Board bears responsibility for the working of the Board and, together with the rest of the board committees, ensures the integrity and effectiveness of the governance process of the Board. He is also responsible for overall strategic planning and direction of the group. The Chairman also provides overall leadership and strategic vision for the group.

Provision 2.4 of the Code:

Size and composition of the Board and Board Committee; Board diversity policy

Provision 2.5 of the Code:

Independent Directors meet regularly without the presence of the Management

**Principle 3:
CHAIRMAN AND
CHIEF EXECUTIVE
OFFICER**

Provision 3.1 of the Code:

Chairman and CEO are separate persons

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As at the date of this report, the Board has not appointed a formal Chairman. The Board collectively assumes the responsibilities typically discharged by a Chairman, including setting the Board agenda, facilitating effective discussions and ensuring that Directors receive timely and adequate information.

Provision 3.2 of the Code:
Division of responsibilities between Chairman and CEO

The Board will continue to review the leadership structure periodically and will consider the appointment of a Chairman when appropriate, taking into account the evolving needs of the Company.

The Board has not appointed a Lead Independent Director as it is satisfied that there is a strong independent element on the Board, with Independent Directors comprising the majority of the Board. The Board believes that this structure allows Independent Directors to exercise objective judgement effectively and ensures that there are adequate channels for concerns to be raised and addressed.

Provision 3.3 of the Code:
Lead Independent Director

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

**Principle 4:
BOARD MEMBERSHIP**

2 out of 3 members of the NC are independent directors. The Chairman of the NC is an independent director. The NC's responsibilities, as set out in its terms of reference, include the following:

Provision 4.1 of the Code:
NC to make recommendations to the Board on relevant matters

- Making recommendations to the Board relating to matters such as:
 - succession plans for directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
 - process and criteria for evaluation of the performance of the Board, Board Committees and directors;
 - review of training and professional development programmes for the directors;
 - appointment, re-election and re-appointment of directors;
 - composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, diversity, attributes and abilities; and
 - determine the maximum number of listed company representation which any director may hold.
- Determining annually whether or not a director is independent in accordance with the Code, the Listing Manual and any other salient factors;
- Evaluating the effectiveness of the Board, Board Committees and directors; and
- Reviewing and approving the employment of persons related to the directors, CEO or substantial shareholders and the proposed terms of their employment.

Provision 4.2 of the Code:
Composition of NC

During FY2025, the NC conducted activities in line with its foregoing terms of reference.

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The NC conducts an annual review of the appropriate balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition.

Provision 4.3 of the Code:
Process for the selection, appointment and re-appointment of Directors

Process for the Selection and Appointment of New Directors		
1	Determine selection criteria	The NC, in consultation with the Board, identifies the needs of the Board in terms of directors' skillsets and experience.
2	Search for suitable candidates	Candidates would first be sourced through the directors' and/or key management personnels' network of contacts and referrals. The NC may engage a talent acquisition firm, if necessary.
3	Assess shortlisted candidates	Suitable candidates would be shortlisted for interview by the NC and for assessment for suitability as director of the Company.
4	Appoint candidate as director	The NC would recommend the selected candidate to the Board for consideration and approval.

Process for the Re-Election of Directors		
1	Assess director	The NC assesses the performance of the director and ensures that he/she is able to contribute to the ongoing effectiveness of the Board.
2	Re-appoint director	The NC would recommend the re-appointment of the director to the Board for consideration and approval.

In recommending to the Board on appointment and re-appointment of directors, the NC considers the following factors:

- Needs of the Group, Board diversity policy, competencies and experience of the candidate and his or her commitment, contribution and performance as director of the Company, officer of other companies and/or professionals in his or her area of expertise;
- Number of public listed company directorships and other principal commitments held by the candidate;
- Whether the candidate is a fit and proper person (in accordance with the MAS' fit and proper guidelines as a reference point), which broadly considers the candidate's competence, honesty, integrity and financial soundness; and
- Independence of the candidate (for independent directors).

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The Constitution of the Company provides that one-third of the directors, or if their number is not a multiple of three, the number nearest to but not less than one-third of our directors, shall retire and subject themselves to re-election by the shareholders at every Annual General Meeting (“AGM”). In addition, all directors of the Company shall retire from office and subject themselves for re-nomination and re-appointment at least once every 3 years. The Company’s Constitution also provides that new directors appointed during the year but not appointed in a general meeting, either to fill a vacancy or as an addition to the Board, are required to submit themselves for re-election at the next AGM of the Company. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a director.

Pursuant to Regulation 98(2) of the Company’s Constitution, Mr Lee Chin Chai (“Mr Lee”) will be retiring from the Board by rotation at the forthcoming AGM. Mr Lee, being eligible for re-election, has offered himself for re-election.

Pursuant to Regulation 99 of the Company’s Constitution, Ms Linda Hoon Siew Kin (“Ms Hoon”) will be retiring from the Board at the forthcoming AGM. Ms Hoon, being eligible for re-election, has offered herself for re-election.

The NC, having considered the attendance and participation of Mr Lee and Ms Hoon at the Board and Board committee meetings and in particular, their contribution to the business and operations of the Company, has recommended their re-election. Each member of the NC/Board had abstained from participating in any deliberations of the NC/Board, making any recommendations and/or voting on any resolutions in respect of his/her re-election as a director of the Company. The Board has concurred with the NC’s recommendation to nominate Mr Lee and Ms Hoon for re-election at the Company’s forthcoming AGM.

The details of Mr Lee and Ms Hoon, who are seeking re-election as directors, as required under Rule 720(6) of the Listing Manual are set out in the ‘Disclosure of Information on Directors Seeking Re-Election’ section of Annual Report 2025.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the directors. Each independent director is required annually to complete a checklist to confirm his independence. Furthermore, an independent director shall immediately disclose to the NC and/or company secretary any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The NC is of the view that the independent directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which put the independence of the independent directors in question.

Provision 4.4 of the Code:
Circumstances affecting Director’s independence

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To address the issue of competing time commitments faced by the directors, the NC determined that the maximum number of listed company directorships and other principal commitments which each director may hold is 8. All directors have complied with this requirement.

The above guideline is reviewed by the NC annually. The NC requires each director to declare changes in listed company directorships or other principal commitments as soon as possible to enable the on-going monitoring of the commitment of the directors to the Company.

In addition to the number of listed company directorships and other principal commitments, the NC also considers the results of the annual evaluation of each director's effectiveness and the respective directors' conduct and performance at the Board and Board Committee meetings to determine whether the director is able to discharge his duties diligently.

In respect of FY2025, the NC is of the view that each director has discharged his duties diligently. The NC considered and is satisfied that the directors did not hold a significant number of listed company directorships and other principal commitments and such directorships and principal commitments did not impede their respective performance in carrying out their duties towards the Company. Please refer to the 'Board of Directors' section of Annual Report 2025 for the listed company directorships and other principal commitments of the directors.

Alternate directors would only be appointed in exceptional circumstances. No alternate director has been appointed to the Board during FY2025 and as at the date of this report.

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The NC assesses the effectiveness of the Board and Board Committees and the contribution by each director annually using evaluation checklists. Directors' responses in the evaluation checklists are consolidated by the company secretary and summarised into a report that is reviewed by the NC and tabled to the Board. The Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

In assessing the Board's and Board Committees' effectiveness, the NC considers factors such as:

- Board's and Board Committees' composition, including balance of skills;
- Board's and Board Committees' practices and conduct, including flow of information, communication with the shareholders and management and how the Board and Board Committees' chairpersons provide effective leadership to the Board and Board Committees respectively;

Provision 4.5 of the Code:
Multiple listed company directorships and other principal commitments

Principle 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2 of the Code:
Assessment of effectiveness of the Board and Board Committees and assessing the contribution by the Chairman and each Director

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- Board's contribution to formulation of strategies and in ensuring effective risk management; and
- Board Committees' contribution in facilitating effective and efficient decision-making by the Board.

In assessing the contribution by each director, the NC considers factors such as:

- Commitment demonstrated by each director, including attendance at Board and Board Committees meetings and how well each director prepares for meetings;
- Willingness and ability to constructively challenge and contribute effectively in discussions;
- Technical and business knowledge; and
- Interaction with fellow directors and management.

Where appropriate, the NC will review and make changes to the evaluation checklists to align with prevailing regulations and requirements.

Each member of the NC shall abstain from deliberating and voting on any resolutions in respect of the assessment of his/her performance or re-nomination as director.

Based on the NC's review for FY2025, the Board has been effective as a whole and each director has contributed to the effective functioning of the Board and Board Committees.

Although no external independent facilitator had been engaged for performance assessment, the NC has full authority to do so, if the need arises.

REMUNERATION MATTERS

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises all 3 independent directors of the Company. In FY2025, the RC conducted activities in line with its terms of reference as disclosed hereunder.

The RC's responsibilities, as set out in its terms of reference, include the following:

- Review and recommend to the Board in relation to remuneration policy and guidelines for remuneration of directors and key management personnel;
- Determine specific remuneration packages for each director and key management personnel;

Principle 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provision 6.1 of the Code:
RC to recommend remuneration framework and packages

Provision 6.2 of the Code:
Composition of RC

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- Review the Company's obligations arising in the event of termination of service contracts entered into between the Group and the executive directors and key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous and avoid rewarding poor performance;
- If necessary, seek expert advice within and/or outside the Company on remuneration matters and ensure that relationships between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- Periodically review remuneration packages of the directors and key management personnel in order to maintain the attractiveness of the remuneration packages so as to retain and motivate the directors and key management personnel; and
- Ensure that remuneration of directors and key management personnel are adequately disclosed, in particular those required by regulatory bodies such as the SGX-ST.

The recommendations of the RC shall be submitted for endorsement by the Board. Each RC member/board member shall abstain from reviewing, deliberating and voting on any resolution in respect of his/her remuneration package or that of any employees who are related to him/her.

The RC ensures that formal and transparent procedures for determination of remuneration packages of directors and key management personnel are in place. All aspects of remuneration (including director's fees, salaries, allowances, bonuses, share-based compensation, benefits in kind and termination terms) of directors and key management personnel (including employees who have family relationship with any director and/or substantial shareholder) are reviewed for fairness by the RC annually. Recommendations of the RC are then tabled at Board meeting for approval. The above procedures are reviewed periodically to ensure that they remain relevant.

Provision 6.3 of the Code:
RC to consider and ensure all aspects of remuneration are fair

Employment contracts signed between the Company and the executive director and key management personnel can be terminated by the Company without prejudice by providing notice of 2 to 3 months. These employment contracts do not contain onerous termination clauses and are reviewed periodically.

The independent directors do not have service agreements with the Company and receive directors' fees in accordance with their contributions and considering factors such as effort and time spent and their responsibilities. The directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the annual general meeting.

The RC members are familiar with remuneration matters as they hold/had held key executive positions with remuneration responsibilities, and they are regularly updated of market practices. During FY2025, the Company did not engage any remuneration consultant to seek advice on remuneration matters.

Provision 6.4 of the Code:
Expert advice on remuneration

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The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Remuneration of 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. The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the directors and the key management personnel of the required experience and expertise.

Contractual provision to reclaim incentive components of remuneration

Having reviewed the variable component in the remuneration packages of the executive director and key management personnel, the RC is of the view that it is not necessary to institute contractual provisions to reclaim incentive components of remuneration from the executive director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events.

Long-term incentive scheme

The RC recognises that long-term incentive schemes reinforce the delivery of long-term growth and shareholder value and recommended the Hoe Leong Corporation Performance Share Plan (the "**Hoe Leong PSP**"). Hoe Leong PSP was approved by the shareholders on 10 August 2022 and provides employees and directors the opportunity to participate in equity of the Company upon the fulfilment of performance condition(s). Details of the Hoe Leong PSP are set out in disclosures under Provision 8.3 of this report.

Principle 7: LEVEL AND MIX OF REMUNERATION

Provisions 7.1 and 7.3 of the Code:
Remuneration of Executive Directors and key management personnel are appropriately structured to encourage good stewardship and promote long-term success of the Company

CORPORATE GOVERNANCE REPORT FY2025

The independent directors are paid directors' fees which take into consideration of their contribution, effort, time spent and responsibilities. They are not overly remunerated to the extent that their independence may be compromised. Executive directors are not paid directors' fees.

The independent directors are remunerated according to the following structure:

Fee per year as:	Board \$	AC \$	NC \$	RC \$
Chairman	–	30,000	10,000	10,000
Lead independent director	Not stipulated	–	–	–
Member	20,000	5,000	5,000	5,000

Provision 7.2 of the Code:
Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

Breakdown of independent directors' fee for FY2025 is as follows:

Independent directors	Board/Board Committees appointments	FY2025 \$
Lee Chin Chai	NC Chairman AC and RC member	40,000
Wee Sung Leng*	RC Chairman AC member	11,667
Kuan Cheng Tuck	AC Chairman NC and RC member	60,000
Linda Hoon Siew Kin#	RC Chairman AC member	17,500

* Mr Wee Sung Leng, who retired by rotation in accordance with Regulation 98(2) of the Constitution of the Company, was not re-elected at the Company's Annual General Meeting held on 30 April 2025.

Ms Linda Hoon Siew Kin was appointed on 1 July 2025.

For FY2026, the RC had recommended to the Board an amount of \$135,000 as directors' fees to be paid to the independent directors. The Board had concurred with the RC's recommendation. These recommendations will be tabled for shareholders' approval at the Company's forthcoming AGM. Each of the RC/Board members had abstained from deliberating and voting on his/her own remuneration.

On 10 August 2022, the Company adopted the Hoe Leong PSP which the independent directors can participate in. As at the date of this report, no award of performance shares was granted to any independent director.

CORPORATE GOVERNANCE REPORT FY2025

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A separate annual remuneration report is not prepared as the matters which need to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

In view of confidentiality of remuneration policies of the Group, sensitive nature of remuneration matters and competitive pressures in the talent market, the Board is of the view that it is in the best interest of the Company to disclose the remuneration of its key management personnel in salary bands as such disclosure will help to retain and nurture the Group's talent pool, given the sensitive nature of remuneration matter, the Company's operating environment and the competition for talents.

A breakdown showing the band and mix of each director's and the CEO's remuneration for FY2025 is as follows:

Remuneration band and name of director	Salary, allowance and CPF \$	Directors' fee \$	Total \$
Yeo Puay Hin	218,000	–	218,000
Lee Chin Chai	–	40,000	40,000
Wee Sung Leng*	–	11,667	11,667
Kuan Cheng Tuck	–	60,000	60,000
Linda Hoon Siew Kin#	–	17,500	17,500

* Mr Wee Sung Leng, who retired by rotation in accordance with Regulation 98(2) of the Constitution of the Company, was not re-elected at the Company's Annual General Meeting held on 30 April 2025.

Ms Linda Hoon Siew Kin was appointed on 1 July 2025.

Total remuneration of the directors for FY2025 amounted to \$347,167 (FY2024: \$366,000).

Principle 8: DISCLOSURE ON REMUNERATION

Provisions 8.1 and 8.3 of the Code: Remuneration disclosures of Directors and key management personnel; Details of employee share schemes

CORPORATE GOVERNANCE REPORT FY2025

A breakdown showing the band and mix of each of the executive officer's remuneration for FY2025 is as follows:

Remuneration band and name of key management personnel ⁽¹⁾	Designation	Salary, allowance and CPF (%)	Variable or performance-related bonus (%)	Other benefits (%)	Total (%)
Below \$250,000:					
Low Chuan Jee	Group Financial Controller	100	–	–	100
\$250,000 to below \$500,000					
Chin Yon Fei	Director of Sales and Marketing	71	17	12	100

Notes:

(1) Given the size of the Group's operations, the abovenamed executive officers are the only key management personnel of the Group, excluding the executive director.

The total remuneration paid to the abovenamed key management personnel of the Group (who are not directors or the CEO of the Company) in FY2025 amounted to \$412,000 (FY2024: \$394,000).

The above remuneration of the executive directors and executive officers for FY2025 has been approved by the Board.

During FY2025, no termination and post-employment benefits were granted to the directors, the CEO and the key management personnel.

Except as disclosed in this report, no other payments and benefits were paid by the Company and its subsidiaries to the directors and key management personnel of the Company for FY2025.

Hoe Leong Corporation Performance Share Plan

Unless otherwise defined, all terms not defined herein shall be as defined in the rules of the Hoe Leong Corporation PSP. Please refer to the Company's Circular dated 26 July 2022.

The Hoe Leong PSP is intended to give the Company greater flexibility in tailoring reward and incentive packages for its directors and employees and aligning their interest with those of the Company's shareholders.

Awards granted under the Hoe Leong PSP will be principally: (i) performance-based; and/or (ii) loyalty-based. The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Plan Committee, which shall take into account criteria such as rank, job performance and potential for future development, his contribution to the success and development of the Group and the extent of effort with which the Performance Condition may be achieved within the Performance Period.

CORPORATE GOVERNANCE REPORT FY2025

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued Shares excluding treasury shares and subsidiary holdings (if any) on the day preceding that date.

The Hoe Leong PSP was approved by the shareholders of the Company at the Extraordinary General Meeting held on 10 August 2022, and is administered by the Plan Committee, comprising the Remuneration Committee and the CEO, appointed by the Board.

Name of members of the Plan Committee:

Linda Hoon Siew Kin	Chairman
Lee Chin Chai	Member
Kuan Cheng Tuck	Member
Yeo Puay Hin	Member

Participants in the Hoe Leong PSP will receive awards which represent the right to receive fully paid shares of the Company free of charge, upon satisfying the Performance Condition (determined at the discretion of the Plan Committee) and provided that the relevant Participant has continued to be a Group executive from the Award Date to the end of the Performance Period. Employees who are Controlling Shareholders or Associates of Controlling Shareholders shall not participate in the Hoe Leong PSP.

During FY2025, the number of performance shares granted, vested and cancelled under the Hoe Leong PSP are as follow:

Grant date	Number of Hoe Leong performance share				
	As at 1 January 2025 ('000)	Granted during the year ('000)	Vested during the year ('000)	Cancelled/ lapsed during the year ('000)	As at 31 December 2025 ('000)
1 September 2022	8,333	–	(8,333)	–	–
16 August 2023	5,000	–	–	(5,000)	–
4 January 2024	121,000	–	(40,333)	(16,667)	64,000

As at the date of this annual report, no Award was granted to any directors of the Company. No employee in the Group has received shares which, in aggregate, represent 5% or more of the aggregate of the total number of shares available under the Hoe Leong PSP. Controlling shareholders of the Company and their associates are not eligible to participate in the Hoe Leong PSP.

CORPORATE GOVERNANCE REPORT FY2025

The following employee is a substantial shareholder (and an immediate family member of substantial shareholders of the Company) and whose remuneration exceeded \$100,000 during FY2025:

Name of related employee	Designation in the Company	Relationship
\$200,000 to \$299,000:		
Yeo Puay Hin	9 January 2023 to present: Executive Director and CEO	Mr Yeo, along with Mr Lew Chee Beng (father-in-law) and Mdm Lew Puay Ling (spouse), are substantial shareholders of the Company.

Provision 8.2 of the Code:
Remuneration disclosure of related employees

ACCOUNTABILITY AND AUDIT

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board has overall responsibility for the governance of risk and for determining the nature and extent of significant risks that the Group is willing to take in achieving its strategic objectives. The Board ensures that management maintains a sound system of risk management and internal controls to safeguard the Group's assets and shareholders' interests.

The Audit Committee assists the Board in overseeing the effectiveness of the Group's risk management framework and internal control systems. The framework includes structured processes for identifying, assessing and monitoring key risks across the Group's operations.

Risk Management

Risk analysis and management is undertaken within the Group as a source of sustainable business benefit and competitive advantage. The Board had assessed and decided that the AC (instead of a separate Board Risk Committee) shall oversee the Group's risk management framework and policies. The AC assists the Board in providing oversight of risk management in the Company. The AC is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance (including sanctions-related risks) and information technology controls and report to the Board its observations on the matters as it considers necessary and makes recommendations to the Board.

Principle 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1 of the Code:
Board determines the nature and extent of significant risks

CORPORATE GOVERNANCE REPORT FY2025

The Company has in place an enterprise risk management (“**ERM**”) framework which includes a set of processes to ensure that the Group is aware of, and attends to, current and emerging risks. The management is expected to constantly review the business operations and environment to identify significant risks and ensure that mitigating measures, including preventive, detective and corrective controls, are promptly implemented to address these risks. These significant risks and mitigating measures taken, together with the risk owners and action plans to address any gaps, are documented in a risk register.

The AC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group’s risk management and internal control systems, including financial, operational, compliance (including sanctions-related risk) and information technology controls.

The internal auditor, Baker Tilly Consultancy (Singapore) Pte Ltd, has carried out internal audit according to standards set out by the Institute of Internal Auditors on the system of internal controls and reported the findings to the AC. The external auditor, PKF-CAP LLP, has also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors’ recommendations raised during the audits.

Internal Controls

Based on the internal control systems established and maintained by the Group, the work performed by the internal and external auditors, reviews conducted by management, the Audit Committee and the Board, and the written assurances received from the CEO and the Group Financial Controller, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group’s internal controls and risk management systems were adequate and effective as at 31 December 2025.

Provision 9.2 of the Code:

Assurance from CEO, CFO and other key management personnel

Sanctions-Related Risks

As a member of the United Nations, Singapore implements the Resolutions passed by the United Nations Security Council (“**UNSC**”) through Singapore laws. Activities which contravene the decisions of the UNSC in their resolutions are prohibited.

On 5 March 2022, the Ministry of Foreign Affairs of Singapore issued a statement detailing the sanctions and measures that Singapore will take in response to Russia’s military operations in Ukraine.

The Group sells undercarriage parts to a limited number of customers in Russia, representing approximately 3.6% of total sales in FY2025. The goods sold do not fall within the categories which are subject to Singapore’s export control measures. The Group’s Russian sales are conducted on a cross-trade basis, with shipments made directly from factories in Korea and China to customers in Russia, and there is no export, transshipment or transit from Singapore hence this also does not fall under Singapore’s export controls measures on Russia.

CORPORATE GOVERNANCE REPORT FY2025

The Group does not transact with any party in other sanctioned nations. The Group does not have a physical presence in any sanctioned nation and no substantial shareholder, director or executive officer is located in a sanctioned nation. Considering the above factors, the Board confirms that the Company's exposure to sanctions-related risks is not material.

The Board and the AC will continue to be: (i) responsible for monitoring the Company's risk of becoming subject to, or violating any sanctions law; and (ii) ensuring accurate disclosures to the SGX-ST and other relevant authorities in a timely manner.

The Board and the AC will continue to monitor and ensure disclosure to the SGX-ST and other relevant authorities of any material changes to the risk of the Group in a timely manner.

As at the date of this report, based on report from management, the AC and the Board confirm that there has been no material change in its risk of being subject to any sanctions law.

The Board has an AC which discharges its duties objectively.

The AC comprises all 3 independent directors of the Company.

All members of the AC, including the AC Chairman, are appropriately qualified and have recent and relevant accounting or related financial management expertise and experience. They are not former partners or directors of the Company's auditing firm, PKF-CAP LLP, and do not hold any financial interest in the firm.

During FY2025, the AC conducted activities in line with its term of reference and its statutory duties prescribed under Section 201B(5) of the Companies Act.

The AC's responsibilities, as set out in its terms of reference, include the following

- review with the external auditors and management:
 - the audit plan;
 - their evaluation of the system of internal accounting controls and effectiveness of the Company's audit function;
 - significant financial reporting issues and judgements;
 - audit report issued by the external auditors; and
 - management letter issued by the external auditors and the management's response;
- review the financial statements of the Company including quarterly, half yearly and full-year results before submission to the Board for approval;

Principle 10: AUDIT COMMITTEE

Provision 10.1 of the Code:

Duties of AC

Provision 10.2 of the Code:

Composition of AC

Provision 10.3 of the Code:

AC does not comprise former partners or directors of the Company's auditing firm

CORPORATE GOVERNANCE REPORT FY2025

- meet with the internal auditors and external auditors at least once a year in the absence of management to discuss issues arising from the audit, including the assistance given by the management to the auditors;
- review the independence of external auditors annually and the aggregate amount of fees paid to the external auditors for the financial year and a breakdown of the fees paid for audit and non-audit services;
- consider and recommend to the Board, the appointment/re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance (including sanctions-related risks) and information technology controls (such review to be carried out internally or with the assistance of any competent third parties);
- review the internal audit plan and report, adequacy, effectiveness and independence of the internal audit function and monitor management's responsiveness to the internal audit findings and recommendation;
- review the appointment, removal, evaluation and compensation of the internal audit function;
- review interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- review the Group's whistleblowing and fraud detection procedures and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- monitor the Company's risk of becoming subject to, or violating, any Sanctions Law and ensure that disclosures to/via the SGX-ST and other relevant authorities are made accurately and in a timely manner and monitoring continuously the validity of information provided to shareholders and the SGX-ST;
- assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to sanctions-related risks that apply to the Company;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising;
- review the Company's sustainability report and sustainability practices; and
- undertake such other functions and duties as may be required by statute or the Listing Manual.

CORPORATE GOVERNANCE REPORT FY2025

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and co-operation of, the Management. The AC has full discretion to invite any director, executive officer or management personnel to attend its meetings and has access to reasonable resources, including independent professional advice, to enable it to discharge its functions.

The Group has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of external auditor. The aggregate amount of fees paid/payable to the external auditor, PKF-CAP LLP, for audit services for FY2025 were \$216,000 and \$5,500 for non-audit services. The AC, having reviewed the scope and value of the audit and non-audit services provided by PKF-CAP LLP, is satisfied that the independence and objectivity of PKF-CAP LLP is not impaired.

The AC had evaluated the performance of PKF-CAP LLP based on the key indicators of audit quality set out in the "Audit Quality Indicators Disclosure Framework" published by ACRA.

Fees paid/payable to the external auditors for FY2025	Audit fees \$'000	Non-audit fees \$'000
External auditors of the Company (PKF-CAP LLP)	124	6
Overseas PKF entities	92	–
Total	216	6

In recommending the re-appointment of PKF-CAP LLP as external auditor for the financial year ending 31 December 2026, the AC considered the adequacy of their resources, training and quality control, experience of the engagement team and the firm as a whole and quality of work carried out by the external auditor.

The Company has outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte Ltd, a corporate member of the Institute of Internal Auditors Singapore. The primary reporting line of the internal auditors is to the AC on any material non-compliance and internal control weaknesses identified in the course of audit. The hiring, removal, evaluation of the internal auditors and compensation to be paid to them is recommended by the AC and approved by the Board.

The internal audit team have unrestricted access to the Company's documents, records, properties and personnel. The internal audit team is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews. The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. The AC is satisfied that the internal auditors is independent, effective, have adequate resources to perform its functions and have appropriate standing within the Group. The internal audit plan for FY2025 was reviewed and approved by the AC before commencement of the audit.

Provision 10.4 of the Code:
 Primary reporting line of the internal audit function is to AC;
 Internal audit function has unfettered access to Company's documents, records, properties and personnel

CORPORATE GOVERNANCE REPORT FY2025

During FY2025, 2 AC meetings were convened. The Group Financial Controller attended all the meetings, while the external and internal auditors attended 2 and 1 of the meetings respectively.

The AC meets at least once a year with the internal and external auditors without the presence of the management so that any concern and/or issue can be raised directly and privately.

Provision 10.5 of the Code:
AC meets with the auditors without the presence of Management annually

SIGNIFICANT ACCOUNTING MATTERS

In the review of the financial statements for FY2025, the AC has discussed with the management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The following key audit matters were discussed between the management and the external auditor and were reviewed by the AC. The key audit matters are included in the independent auditor's report for FY2025.

Key audit matters	How the matters were addressed by the AC
1. Valuation of inventories	The AC reviewed the management's approach, methodology and judgement applied to the estimate of impairment allowance for slow-moving and obsolete inventories and management's plan to realise such inventories and concurred with the management's conclusion that as at 31 December 2025, valuation of inventories are reasonably stated and allowance for impairment of inventories are adequately made.
2. Valuation of trade receivables	The AC reviewed the management's approach, methodology and judgement pertaining to the recognition of revenue and trade receivables and estimates of impairment allowance and concurred with the management's conclusion that as at 31 December 2025, trade receivables are valid and allowance for impairment of trade receivables are adequately made.
3. Litigations and claims	The AC reviewed and concurred with the management's conclusion that the provision relating to legal and related expenses to be supportable, taking into consideration the legal and financial opinions/confirmation obtained, and recent development on the ongoing material litigations and possible course of actions to be taken.

CORPORATE GOVERNANCE REPORT FY2025

WHISTLEBLOWING POLICY

The Company has established a Whistleblowing policy and procedures which provide employees and other stakeholders with accessible channels to report concerns regarding possible improprieties, misconduct or violations of policies. Reports may be made in confidence directly to the Audit Committee.

The Company is committed to protecting whistleblowers from retaliation and ensuring that all reports are treated confidentially and investigated appropriately.

Possible improprieties such as suspected fraud, corruption, dishonest practices and other significant matters can be reported to the AC via email (whistleblowing@hoeleong.com).

During FY2025 and up to the date of this report, no significant matter was raised through the Group's whistleblowing channels.

SHAREHOLDER RIGHTS AND ENGAGEMENT

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board ensures that the shareholders are treated fairly and equitably. All material information which would likely affect the price or value of the Company's shares shall be disclosed adequately and in a timely manner. Presentations to shareholders will be made available on SGXNet and the Company's website.

In presenting the Group's financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

The Company's principal form of dialogue with shareholders takes place at general meetings. Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders and provide shareholders with the opportunity to voice their views and direct their questions to the Board regarding the Company.

Shareholders will also be briefed during the general meetings on voting procedures of the general meetings. Voting procedures will also be documented in the notices of general meetings.

Principle 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Provision 11.1 of the Code:
Company provides shareholders with the opportunity to participate effectively and vote at general meetings

CORPORATE GOVERNANCE REPORT FY2025

The Board notes that the best practice is to have separate resolutions on each substantially separate issue. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

Provision 11.2 of the Code:
Separate resolution on each substantially separate issue

All directors and the relevant key management personnel shall attend general meetings to address shareholders' queries and receive feedback from shareholders.

Provision 11.3 of the Code:
All Directors attend general meetings

The external auditor of the Company shall also be invited to attend the AGMs and shall assist in addressing queries from the shareholders relating to the conduct of the audit and the preparation and content of the independent auditor's report.

The Chairman of the general meeting will facilitate constructive dialogue between shareholders and the Board, management, external auditors and other relevant professionals.

All general meetings held during FY2025 were attended by all directors of the Company.

The Company's Constitution allows all shareholders to appoint not more than 2 proxies to attend and vote on their behalf and provides that a proxy need not be a shareholder of the Company. A relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than 2 proxies to participate in shareholders' meetings. Investors who hold shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his/her vote(s) at the general meetings in person. CPF and SRS Investors shall inform their CPF Agent Banks or SRS Operators of their intention to attend general meeting and they would be appointed as proxies of the intermediaries to attend and vote in the general meeting. CPF and SRS Investors who are unable to attend the general meeting but would like to vote, should approach their CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the general meeting.

Provision 11.4 of the Code:
Company's Constitution allow for absentia voting of shareholders

The Company's Constitution does not permit voting in absentia except only by appointment of proxy. As the authenticity of shareholders' identity information and other related integrity issues still remain a concern, the Company has decided not to amend its Constitution for the time being, to allow voting in absentia by mail or electronic means.

CORPORATE GOVERNANCE REPORT FY2025

Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and the relevant key management personnel will be available to shareholders upon their written request.

The minutes will be published on SGXNet and the Company's website within 1 month of the general meetings.

All resolutions proposed at general meetings shall be put to vote by way of a poll. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings. Electronic polling is not used due to the small turnout at general meetings. The votes from the proxy forms received from the shareholders will be counted and validated by an independent scrutineer.

The Company does not have a formal dividend policy. The form, frequency and amount of future dividend of the Company's shares will depend on the earnings, financial position, results of operations, cash flows, capital needs, general business conditions, terms of borrowing arrangements (if any), plans for expansion, and other factors as the Board may deem appropriate.

No dividend was declared during/recommended for FY2025 in view of the Company's accumulated losses.

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Company is committed to treating all shareholders fairly and equitably and keep all its shareholders and other stakeholders promptly informed of its corporate activities which would likely to materially affect the price or value of its shares. The Company does not practise selective disclosure. Information is mainly communicated to shareholders via SGXNet announcements and the Company's annual reports. Announcements released on the SGXNet include the half yearly and full year results, material transactions and other developments of the Group which require disclosure. Other announcements are also made on an ad-hoc basis where applicable as soon as possible to ensure dissemination of the information to shareholders in a timely manner.

The investor relations function is overseen by the CEO who leads the Investor Relations team which comprises the executive directors and executive officers of the Company. The Investor Relations team takes an active role in communications with shareholders and the investment community to address their queries or concerns and to update them on the latest corporate development.

Provision 11.5 of the Code:

Minutes of general meetings are published on the Company's corporate website as soon as practicable

Provision 11.6 of the Code:

Dividend policy

Principle 12: ENGAGEMENT WITH SHAREHOLDERS

Provision 12.1 of the Code:

Company provides avenues for communication between the Board and shareholders and discloses steps taken to solicit and understand the views of shareholders

CORPORATE GOVERNANCE REPORT FY2025

The Company has in place an investor relations policy which promotes the dissemination of relevant information to the Company's shareholders and prospective investors in a timely manner to enable them to make well-informed investment decisions and to ensure a level playing field. The Company's investor relations policy is available at the Company's website. The dedicated website link for investor relations is: www.hoeleong.com/investor-relations/.

Shareholders and the investment community can contact the Company's Investor Relations team by telephone at +65 6561 6353 or email at contact@hoeleong.com.

MANAGING STAKEHOLDERS RELATIONSHIPS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company endeavours to communicate effectively and regularly with our stakeholders. Our engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the 'Sustainability Report' which forms part of Annual Report 2025.

The Group seizes opportunities to engage our stakeholders and welcomes feedback on our sustainability report. The Company's Sustainability Committee, which comprises the executive director and all executive officers of the Company, can be contacted via email (contact@hoeleong.com).

Stakeholders who wish to know more about the Group and our business can visit our website (www.hoeleong.com) as it has a dedicated section on investor relations where the Group's latest financial results, annual report, SGXNet announcements, group structure, key policies and investor relations contacts are disclosed.

DEALINGS IN SECURITIES

The Company has put in place policy on dealings in the Company's securities by the Company, its directors, officers and employees of the Company and its subsidiaries.

The Company prohibits its directors, officers and employees from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company and all its directors, officers and employees of the Group are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first 3 quarters of its financial year (where applicable) and 1 month before the announcement of the Company's half year and full year financial statements.

The Company's officers and employees are also expected to observe insider trading laws at all times. Directors are required to report all dealings in securities of the Company to the company secretary immediately.

Provisions 12.2 and 12.3 of the Code:

Company has in place an investor relations policy; Investor relations policy sets out mechanism of communication between the shareholders and the Company

Principle 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2 of the Code:

Engagement with material stakeholder groups

Provision 13.3 of the Code:

Corporate website to engage stakeholders

CORPORATE GOVERNANCE REPORT FY2025

INTERESTED PERSON TRANSACTIONS (“IPTs”)

The Group has adopted a policy in respect of any transactions with interested persons and requires all such transactions to be at arm’s length, on normal commercial terms and not prejudicial to the Company and its minority shareholders. All IPTs are documented and submitted periodically to the AC for their review. During FY2025, there were no IPTs which exceeds \$100,000 in value.

No IPT mandate has been obtained by the Company.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that there was no material contracts and loans of the Company and its subsidiaries involving the interests of the CEO, each director or controlling shareholder, either still subsisting at the end of FY2025 or, if not then subsisting, entered into since the end of FY2024.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

We are pleased to present the accompanying consolidated financial statements of Hoe Leong Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2025.

In our opinion:

- (a) the financial statements are drawn up to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this report are as follows:

Yeo Puay Hin
Lee Chin Chai
Kuan Cheng Tuck
Linda Hoon Siew Kin (Appointed on 1 July 2025)
Wee Sung Leng (Retired on 30 April 2025)

Directors' interests

Directors who held office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company or of related corporations as recorded in the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), except as follows:

Name of director and corporation in which interests are held	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ordinary shares of the Company				
Yeo Puay Hin	–	16,800,000	8,219,178,081	8,219,178,081

Except as disclosed above, there were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2026.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Directors' interests (cont'd)

Hoe Leong Corporation Performance Share Plan

The Hoe Leong Corporation Performance Share Plan (the "Hoe Leong PSP" or the "Plan") was approved by the Company's shareholders at an Extraordinary General Meeting held on 10 August 2022.

The Hoe Leong PSP is intended to give the Company greater flexibility in tailoring reward and incentive packages for its directors and employees and aligning their interest with those of the Company's shareholders.

Awards granted under the Hoe Leong PSP will be principally (i) performance-based; and/or (ii) loyalty-based. The number of shares which are the subject of each award to be granted to a participant in accordance with the Plan shall be determined at the absolute discretion of the Plan Committee, which shall take into account criteria such as rank, job performance and potential for future development, his/her contribution to the success and development of the Group and the extend of effort with which the performance condition may be achieved within the performance period.

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plan on any date, when aggregated with the aggregate number of shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares excluding treasury shares and subsidiary holdings (if any) on the day preceding that date.

The Hoe Leong PSP is administered by the Plan Committee, comprising the Remuneration Committee and the Chief Executive Officer, appointed by the Board.

Name of members of the Plan Committee:

Linda Hoon Siew Kin	Chairman
Lee Chin Chai	Member
Kuan Cheng Tuck	Member
Yeo Puay Hin	Member

Participants in the Hoe Leong PSP will receive awards which represent the right to receive fully paid shares of the Company free of charge, upon satisfying the performance condition (determined at the discretion of the Plan Committee) and provided that the relevant participant has continued to be a Group executive from the award date to the end of the performance period. Employees who are controlling shareholders or associates of controlling shareholders shall not participate in the Hoe Leong PSP.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Directors' interests (cont'd)

Hoe Leong Corporation Performance Share Plan (cont'd)

During the reporting year ended 31 December 2025, the number of performance share awards granted, vested and cancelled under the Hoe Leong PSP are as follow:

Grant date	Number of shares under Hoe Leong PSP awards				
	As at 1 January 2025 (‘000)	Granted during the year (‘000)	Vested during the year (‘000)	Cancelled/ lapsed during the year (‘000)	As at 31 December 2025 (‘000)
1 September 2022	8,333	–	(8,333)	–	–
16 August 2023	5,000	–	–	(5,000)	–
4 January 2024	121,000	–	(40,333)	(16,667)	64,000

No performance shares awards were granted to any directors of the Company during the financial year ended 31 December 2025. No employee in the Group has received shares which, in aggregate, represent 5% or more of the aggregate of the total number of shares available under the Hoe Leong PSP.

Audit Committee

The members of the Audit Committee at the date of this report are:

- Kuan Cheng Tuck (Chairman), Independent Director
- Lee Chin Chai, Independent Director
- Linda Hoon Siew Kin, Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Code of Corporate Governance.

The Audit Committee has held two meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The Company's internal audit function has been outsourced and the Audit Committee has discussed the scope of the work with the appointed firm, the results of their examination and their evaluation of the Group's internal accounting system, where appropriate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Auditor

PKF-CAP LLP has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Yeo Puay Hin
Director

13 April 2026

Kuan Cheng Tuck
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOE LEONG CORPORATION LTD.
(COMPANY REGISTRATION NO. 199408433W)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hoe Leong Corporation Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 24 (A) to the financial statements which describes the ongoing litigation involving the Group. The High Court awarded damages of approximately \$6.4 million (RM20 million) against the Company, and the Company has filed an appeal. As part of the stay of execution, the Company deposited approximately \$3 million (RM9.3 million) subsequent to year end. The outcome of the appeal is uncertain and may result in significant cash outflows. These conditions, together with other matters disclosed in Note 2.4, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concerns. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOE LEONG CORPORATION LTD.
(COMPANY REGISTRATION NO. 199408433W)

Report on the audit of the financial statements (cont'd)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters reported above in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories (\$19,234,000) (Refer to Note 8 to the financial statements)	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Inventories represented 46% of the Group's total assets as at 31 December 2025.</p> <p>The write down to net realisable value for slow-moving and obsolete inventories requires management to exercise judgement in assessing slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required and adequacy of the provision for slow-moving and obsolete inventories.</p>	<p>We reviewed and evaluated the management's analyses and assessments on the net realisable value of inventories by comparing the cost of inventories against recent and subsequent selling prices.</p> <p>We reviewed management's assessment on the allowance for slow moving and obsolete inventories and evaluated the reasonableness of the allowance made.</p> <p>We reviewed adequacy of the disclosure in the financial statements.</p>
2. Valuation of trade receivables (\$9,876,000) (Refer to Note 9 to the financial statements)	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Trade receivables represented 24% of the Group's total assets as at 31 December 2025.</p> <p>In accordance with SFRS(I) 9 <i>Financial Instruments</i>, the Group is required to recognise loss allowances for expected credit losses ("ECL") on financial assets. In formulating the ECL model, the Group considers both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. Such an assessment involves judgement and use of estimates which are inherently subjective.</p>	<p>We reviewed the credit evaluation and monitoring process activities.</p> <p>We reviewed and assessed the appropriateness of the assumptions applied in the ECL model by comparing against the Group's historical default rates, checking subsequent debt collections from debtors and evaluating the forward-looking factors.</p> <p>We reviewed adequacy of the disclosure in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOE LEONG CORPORATION LTD.
(COMPANY REGISTRATION NO. 199408433W)

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

3. Litigations and claims (Refer to Note 24 (A) to the financial statements)	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 24 (A), the Kuala Lumpur High Court ruled in favour of the Plaintiff and awarded damages against the Company totalling approximately \$6.4 million (RM20 million) in December 2025. Based on advice by the Company's legal counsel, the Board of directors is of the opinion that no provision of the abovementioned damages should be made at reporting date as while the judgement of minority oppression is definitive and cannot be appealed, the award of damages was considered unfair and unreasonable given that there was no loss to the Plaintiff caused by the actions of the Company. As a result, the Company is appealing against the quantum if any, in respect of the abovementioned damages awarded to the Plaintiff by the Kuala Lumpur High Court.</p> <p>According to the Board of directors, as the amount cannot be reliably estimated at this juncture, a provision should not be made at reporting date as not all the conditions set out in SFRS(I) 1 – 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> have been met.</p> <p>As the amount involved is material and requires significant management judgement not to provide for the damages at the reporting date, this is included as a KAM.</p>	<p>We obtained and perused the grounds of judgement issued by the Kuala Lumpur High Court and the Memorandum of Appeal from the Company's lawyer.</p> <p>We held discussions with the Company's management and its external legal counsel on their grounds of appeal against the damages awarded in favour of the Plaintiff.</p> <p>We assessed management's basis for not making the provision of damages at reporting date including review of correspondences between the Company and its legal counsel on their discussion of the matter.</p> <p>We held discussions with management and reviewed relevant correspondence and/or agreements between the parties involved in the on-going litigations and claims.</p> <p>We obtained confirmation letters from the Company's external legal counsel, and evaluated their legal view to support management's judgement and stand on the likelihood of succeeding in appealing against the damages against the Company.</p> <p>We reviewed adequacy of the disclosure in the financial statements.</p>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOE LEONG CORPORATION LTD.
(COMPANY REGISTRATION NO. 199408433W)

Report on the audit of the financial statements (cont'd)

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOE LEONG CORPORATION LTD.
(COMPANY REGISTRATION NO. 199408433W)

Report on the audit of the financial statements (cont'd)

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ang Kok Keong.

PKF-CAP LLP

Public Accountants and Chartered Accountants

Singapore

13 April 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Assets					
Property, plant and equipment	4	7,876	7,817	2,337	2,559
Investments in subsidiaries	5	–	–	14,298	10,298
Net defined benefit asset	6	104	111	–	–
Deferred tax assets	7	374	567	–	–
Non-current assets		8,354	8,495	16,635	12,857
Inventories	8	19,234	19,042	–	–
Trade and other receivables	9	10,548	14,631	6,695	10,274
Cash and bank balances	10	3,355	2,517	181	389
Current assets		33,137	36,190	6,876	10,663
Total assets		41,491	44,685	23,511	23,520
Equity					
Share capital	11	128,908	128,810	128,908	128,810
Treasury shares		(55)	(55)	(55)	(55)
Currency translation reserve	12	(3,147)	(3,031)	–	–
Other reserves		106	166	106	166
Accumulated losses		(99,989)	(100,462)	(106,561)	(107,483)
Total equity		25,823	25,428	22,398	21,438
Liabilities					
Loans and borrowings	13	2,799	3,284	–	–
Non-current liabilities		2,799	3,284	–	–
Trade and other payables	15	5,291	6,767	630	1,366
Loans and borrowings	13	7,095	8,638	–	168
Other provisions	14	483	542	483	542
Income tax payable		–*	26	–*	6
Current liabilities		12,869	15,973	1,113	2,082
Total liabilities		15,668	19,257	1,113	2,082
Total equity and liabilities		41,491	44,685	23,511	23,520

* Denotes amount less than \$1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group	
		2025 \$'000	2024 \$'000
			(Restated#)
Revenue	16	38,532	44,010
Cost of sales		(28,928)	(34,003)
Gross profit		9,604	10,007
Other income	18	309	714
Distribution expenses		(3,016)	(3,223)
Administrative expenses		(4,183)	(4,620)
Other expenses		(1,723)	(1,604)
Net reversal of/(allowance for) impairment losses	18	189	(111)
Results from operating activities		1,180	1,163
Finance costs	17	(508)	(566)
Profit before income tax	18	672	597
Income tax (expense)/credit	19	(199)	130
Profit for the year attributable to owners of the Company		473	727
Earnings per share:			
Basic (cents)	20	-*	-*
Diluted (cents)	20	-*	-*

See Note 26

* Less than 0.01 cent

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group	
	2025 \$'000	2024 \$'000
Profit for the year attributable to owners of the Company	<u>473</u>	<u>727</u>
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences arising from foreign operations	<u>(116)</u>	<u>(929)</u>
Other comprehensive loss, net of income tax	<u>(116)</u>	<u>(929)</u>
Total comprehensive income/(loss) for the year attributable to the owners of the Company	<u>357</u>	<u>(202)</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	
Group						
At 1 January 2025	128,810	(55)	(3,031)	166	(100,462)	25,428
Vesting of performance shares	98	-	-	(98)	-	-
Equity-settled share-based expenses	-	-	-	38	-	38
Total comprehensive (loss)/income for the year	-	-	-	-	-	-
Profit for the year	-	-	-	-	473	473
Other comprehensive loss/(income)						
Foreign currency translation differences arising from foreign operations	-	-	(116)	-	-	(116)
Total comprehensive (loss)/income for the year	-	-	(116)	-	473	357
At 31 December 2025	128,908	(55)	(3,147)	106	(99,989)	25,823
At 1 January 2024	128,772	(55)	(2,102)	22	(101,189)	25,448
Vesting of performance shares	22	-	-	(22)	-	-
Share-based payment	16	-	-	-	-	16
Equity-settled share-based expenses	-	-	-	166	-	166
Total comprehensive (loss)/income for the year	-	-	-	-	-	-
Profit for the year	-	-	-	-	727	727
Other comprehensive loss/(income)						
Foreign currency translation differences arising from foreign operations	-	-	(929)	-	-	(929)
Total comprehensive (loss)/income for the year	-	-	(929)	-	727	(202)
At 31 December 2024	128,810	(55)	(3,031)	166	(100,462)	25,428

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group	
		2025 \$'000	2024 \$'000 (Restated#)
Cash flows from operating activities			
Profit before income tax		672	597
Adjustments for:			
Depreciation of property, plant and equipment	4	1,054	1,088
Interest expense on loans and borrowings	17	476	528
Interest expense on financial liabilities measured at amortised cost	17	26	38
Gain on disposal of property, plant and equipment	18	(38)	(98)
Inventories written off	18	52	73
Bad debts written off – Trade receivables	18	1	44
(Reversal of)/Allowance for impairment of trade receivables, net	18	(272)	602
Reversal of other provisions		(59)	(16)
Payables written off/(back)	18	1	(13)
Equity-settled share-based expenses		38	166
(Reversal of)/Provision for warranty	15	(10)	171
Property, plant and equipment written off	18	29	1
Reversal of impairment loss on property, plant and equipment	4	–	(596)
Operating cash flows before working capital changes		1,970	2,585
Changes in working capital:			
Inventories		(244)	1,127
Trade and other receivables		4,380	(3,184)
Trade and other payables		(1,469)	1,188
Contribution/(benefits paid) to retirement benefits		3	(71)
Cash generated from operations		4,640	1,645
Income taxes paid		(58)	(17)
Net cash generated from operating activities		4,582	1,628
Cash flows from investing activities			
Purchase of property, plant and equipment ⁽¹⁾		(452)	(541)
Proceeds from disposal of property, plant and equipment		107	118
Net cash used in investing activities		(345)	(423)
Cash flows from financing activities			
Interest paid		(502)	(566)
Proceeds from bills payable and trust receipts	13	2,295	7,349
Repayment of bills payable and trust receipts	13	(3,660)	(6,742)
Payment of lease liabilities	13	(624)	(760)
Proceeds from bank borrowings	13	4,375	2,810
Repayment of bank borrowings	13	(5,125)	(2,921)
Placement of pledged fixed deposit with a bank		–	(17)
Net cash used in financing activities		(3,241)	(847)
Net increase in cash and cash equivalents		996	358
Cash and cash equivalents at beginning of the year		2,500	3,445
Effect of exchange rate fluctuations		(158)	(1,303)
Cash and cash equivalents at end of the year	10	3,338	2,500

See Note 26

⁽¹⁾ Excluded right-of-use asset.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements were authorised for issue by the Board of Directors on 13 April 2026.

1 Domicile and activities

Hoe Leong Corporation Ltd. (the "Company") is incorporated in the Republic of Singapore. The Company's registered office is at 100G Pasir Panjang Road #08-16, Interlocal Centre, Singapore 118523.

The principal activities of the Group are those relating to designing, manufacturing and distribution of heavy equipment parts (Note 5). The Company is an investment holding company.

The financial statements of the Group for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars ("S\$" or "SGD"), which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Going concern assumption

As disclosed in Note 24(A), in Dec 2025, the High Court in Kuala Lumpur delivered its judgment in favour of the Plaintiff and awarded damages against the Company. The Company has since filed an appeal against the High Court's decision. As part of the conditions for the stay of execution, the Company deposited approximately RM9.3 million (equivalent to approximately \$3 million) into its solicitors' client account as stakeholder in March 2026.

These matters indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Notwithstanding the above, the financial statements have been prepared on a going concern basis after taking into consideration the following factors:

- (a) In March 2026, the Company obtained an interest-bearing loan of \$3 million from a related party, who is also the controlling shareholder of the Company, to provide additional working capital. The loan is repayable in 36 equal monthly instalments, commencing 24 months from the date of drawdown; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation (cont'd)

2.4 Going concern assumption (cont'd)

- (b) The Company has received legal advice that the appeal is brought on good and arguable grounds and that it is more likely than not that the appeal will succeed, resulting in a significant reduction in the quantum of damages ultimately payable.

The Company believes that, based on the above, the Group will have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements do not include any adjustments that may be required if the Group and the Company were unable to continue as a going concern.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – Measurement of depreciation and recoverable amounts of property, plant and equipment.
- Note 5 – Measurement of recoverable amounts of investments in subsidiaries.
- Note 8 – Measurement of net realisable value of inventories.
- Note 9 – Measurement of expected credit loss allowance for trade receivables.
- Note 24 – Judgement not to provide for damages awarded in favour of the plaintiff.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation (cont'd)

2.6 Changes in accounting policies

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2025. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 <i>Financial Instruments</i> and SFRS(I) 7 <i>Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvement to SFRS(I)s Volume 11	1 January 2026
Amendments to SFRS(I) 9 <i>Financial Instruments</i> and FRS 107 <i>Financial Instruments: Disclosures: Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
SFRS(I) 1-18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
SFRS(I) 1-19: <i>Subsidiaries and Small Entities without Public Accountability</i>	1 January 2027
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application except for SFRS(I) 1-18: *Presentation and Disclosure in Financial Statements*.

SFRS(I) 1-18 introduces new requirements for presentation within the statement of profit or loss, including specific totals and subtotals. Furthermore, the Group is required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires disclosure of newly define management-defined performance measures, subtotals of income and expenses and, includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

3 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.1 Basis of consolidation

(i) Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. There were no business combinations during the financial year.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.2 Foreign currency (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI"). However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost. Non-derivative financial assets are categorised as follows:

<u>Financial assets</u>	<u>Conditions to be met</u>	<u>Subsequent measurement</u>
Amortised cost	<ul style="list-style-type: none">• Business model to hold assets to collect contractual cash flows; and• Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	<ul style="list-style-type: none">• Measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.• Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.• Any gain or loss on derecognition is recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Non-derivative financial assets: Assessment whether of contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Non-derivative financial assets: Assessment whether of contractual cash flows are solely payments of principal and interest (cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.3 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequently, they are measured at the higher of the amount of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.3 Financial instruments (cont'd)

(vii) Intra-group financial guarantees in the separate financial statements (cont'd)

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2017, the Group's date of transition to SFRS(I), was determined with reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.4 Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold building	–	50 years
Office equipment and fittings	–	5 to 10 years
Material handling equipment	–	5 to 10 years
Computers	–	3 years
Motor vehicles	–	1 to 5 years
Right-of-use assets	–	1 to 3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.6 Impairment

(i) Non-derivative financial assets and contract assets

- The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost; and
- intra-group financial guarantee contracts ("FGC").

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each financial year end date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

General approach (cont'd)

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses ("ECLs")

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each financial year end date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

General approach (cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds the estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and are tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.7 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Defined benefit plan

In accordance with labour regulations in Korea, the estimated amount of retirement benefits to be paid in the event that all employees who have worked for more than one year as of the end of reporting period retire at once.

The Group operates a funded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme, calculated using Projected Unit Cost Method, is determined based on actuarial computations by independent actuaries. That benefit is discounted in order to determine its present value.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.9 Revenue (cont'd)

Goods and services sold (cont'd)

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.10 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.10 Leases (cont'd)

(i) As a lessee (cont'd)

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.10 Leases (cont'd)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

3.11 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.12 Finance costs

The Group's finance costs include interest expense that is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.12 Finance costs (cont'd)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 Material accounting policy information (cont'd)

3.13 Tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of dilutive potential ordinary shares, which comprise convertible loan note, share options and convertible bond.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman and Chief Executive Officer (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Property, plant and equipment

Group Cost	Freehold land \$'000	Freehold buildings \$'000	Office equipment and fittings \$'000	Material handling equipment \$'000	Computers \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Right-of-use assets \$'000	Total \$'000
At 1 January 2024	2,583	4,872	939	9,435	383	465	–	2,812	21,489
Additions	–	–	102	107	11	174	147	189	730
Disposals	–	–	(27)	(5)	–	(80)	–	(215)	(327)
Written off	–	–	–	–	(10)	–	–	–	(10)
Transfer	–	–	(2)	–	2	–	–	–	–
Reclassification	1	–	–	(1,084)	1	290	–	(505)	(1,297)
Translation differences on consolidation	(142)	(279)	(26)	(680)	(2)	(43)	–	87	(1,085)
At 31 December 2024	2,442	4,593	986	7,773	385	806	147	2,368	19,500
Additions	–	–	98	196	10	147	1	888	1,340
Disposals	–	–	(1)	(63)	–	(77)	–	(1,710)	(1,851)
Written off	–	–	(213)	–	(64)	(10)	–	–	(287)
Transfer	–	–	1	100	–	–	(101)	–	–
Translation differences on consolidation	(43)	(84)	103	(163)	3	2	(5)	(89)	(276)
At 31 December 2025	2,399	4,509	974	7,843	334	868	42	1,457	18,426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Property, plant and equipment (cont'd)

	Freehold land \$'000	Freehold buildings \$'000	Office equipment and fittings \$'000	Material handling equipment \$'000	Computers \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Right-of-use assets \$'000	Total \$'000
Group									
Accumulated depreciation and impairment loss									
At 1 January 2024	350	1,754	819	8,225	332	454	-	1,629	13,563
Depreciation	-	(16)	52	265	14	56	-	717	1,088
Disposals	-	-	(9)	(5)	-	(79)	-	(194)	(287)
Written off	-	-	-	-	(9)	-	-	-	(9)
Transfer	-	-	(2)	-	2	-	-	-	-
Reversal of impairment	(58)	(538)	-	-	-	-	-	-	(596)
Reclassification	-	(1)	1	(999)	2	228	-	(528)	(1,297)
Translation differences on consolidation	-	(71)	(23)	(638)	(2)	(42)	-	(3)	(779)
At 31 December 2024	292	1,128	838	6,848	339	617	-	1,621	11,683
Depreciation	-	111	61	210	13	71	-	588	1,054
Disposals	-	-	(1)	(41)	-	(73)	-	(1,668)	(1,783)
Written off	-	-	(184)	-	(64)	(10)	-	-	(258)
Translation differences on consolidation	-	(23)	10	(146)	3	3	-	7	(146)
At 31 December 2025	292	1,216	724	6,871	291	608	-	548	10,550
Carrying amounts									
At 1 January 2024	2,233	3,118	120	1,210	51	11	-	1,183	7,926
At 31 December 2024	2,150	3,465	148	925	46	189	147	747	7,817
At 31 December 2025	2,107	3,293	250	972	43	260	42	909	7,876

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Property, plant and equipment (cont'd)

	Freehold land \$'000	Freehold building \$'000	Material handling equipment \$'000	Computers \$'000	Right-of-use assets \$'000	Total \$'000
Company						
Cost						
At 1 January 2024	1,136	2,013	206	13	988	4,356
Additions	–	–	–	–	53	53
Disposals	–	–	–	–	(103)	(103)
At 31 December 2024	1,136	2,013	206	13	938	4,306
Disposals	–	–	–	–	(938)	(938)
At 31 December 2025	1,136	2,013	206	13	–	3,368
Accumulated depreciation and impairment loss						
At 1 January 2024	350	1,069	206	12	549	2,186
Depreciation	–	(71)	–	1	330	260
Disposals	–	–	–	–	(103)	(103)
Reversal of impairment	(58)	(538)	–	–	–	(596)
At 31 December 2024	292	460	206	13	776	1,747
Depreciation	–	60	–	–	139	199
Disposals	–	–	–	–	(915)	(915)
At 31 December 2025	292	520	206	13	–	1,031
Carrying amounts						
At 1 January 2024	786	944	–	1	439	2,170
At 31 December 2024	844	1,553	–	–	162	2,559
At 31 December 2025	844	1,493	–	–	–	2,337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Property, plant and equipment (cont'd)

Details of the right-of-use assets included in property, plant and equipment are as follow:

	Land and buildings \$'000	Material handling equipment \$'000	Motor vehicles \$'000	Total \$'000
Group – Carrying amounts				
At 1 January 2024	1,074	4	105	1,183
Additions	137	–	52	189
Depreciation	(617)	(22)	(78)	(717)
Disposals	–	–	(21)	(21)
Reclassification	2	23	(2)	23
Translation differences on consolidation	28	41	21	90
At 31 December 2024	624	46	77	747
Additions	717	–	171	888
Depreciation	(445)	(18)	(125)	(588)
Disposals	(24)	–	(18)	(42)
Translation differences on consolidation	(140)	1	43	(96)
At 31 December 2025	732	29	148	909
	Land and buildings \$'000	Motor vehicles \$'000	Total \$'000	
Company – Carrying amounts				
At 1 January 2024	428	11	439	
Additions	–	53	53	
Depreciation	(295)	(35)	(330)	
At 31 December 2024	133	29	162	
Depreciation	(110)	(29)	(139)	
Disposal	(23)	–	(23)	
At 31 December 2025	–	–	–	

Carrying amount of property, plant and equipment pledged as security to secure credit facilities is as follows:

	2025 \$'000	2024 \$'000
Group		
Freehold land and buildings	5,400	5,568
Material handling equipment	532	160
Motor vehicles	5	47
	5,937	5,775

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 Property, plant and equipment (cont'd)

During the year, the Group acquired machinery amounting to \$1,000 (FY2024: \$147,000) as part of the construction-in-progress for a subsidiary's factory advancement project. The machinery will be assembled and integrated into the project, which remains ongoing as of the reporting date.

During last year, the Group performed an impairment assessment and noted that the recoverable amount of its freehold land and freehold building was higher than their carrying amount. Accordingly, an impairment reversal of \$596,000 had been recognised in profit or loss. The determination of the recoverable amount of the relevant assets was based on value-in-use. The discount rate used in assessment was 7.5% (pre-tax).

Assets are depreciated on a straight-line basis over their estimated useful lives. As changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, future depreciation charges could be revised. The Group performed an impairment assessment of its property, plant and equipment. The estimated recoverable amounts are mainly based on fair value less costs of disposal using external valuation reports obtained from independent professional valuers, with appropriate recognised professional qualifications and experience in the assets being valued. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the fair value.

5 Investments in subsidiaries

	Company	
	2025	2024
	\$'000	\$'000
Investments in subsidiaries		
Unquoted equity shares, at cost	21,481	21,481
Additions	4,000	–
Accumulated impairment losses	(11,183)	(11,183)
Carrying amount	14,298	10,298

Movements in accumulated impairment losses:

	2025	2024
	\$'000	\$'000
At 1 January and 31 December	11,183	11,183

During the financial year, the Company has subscribed for 4,000,000 new ordinary shares at \$1 per share in the capital of an indirect wholly-owned subsidiary, credited as issued and paid up for a total consideration of \$4,000,000 to be satisfied by way of capitalisation of an amount of \$4,000,000 owing by its indirect wholly owned subsidiary.

Investments in subsidiaries are reviewed at each financial year end date to determine whether there is any indication of impairment by assessing the factors that affect the recoverable amount of an investment, and the financial health of and business outlook for the investee. These include factors such as industry and sector performance, changes in technology, and operating and financing cash flows. Any change in the business environment and estimates of the recoverable amounts of the subsidiaries can impact the carrying amounts of the investments in the subsidiaries. Based on management review of the recoverable amounts of its investments in its subsidiaries in accordance with the accounting policy stated in Note 3.6 (ii), no further impairment loss is required to be recognised in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5 Investments in subsidiaries (cont'd)

The information of subsidiaries are as follows:

Name of subsidiaries and principal activities	Country of incorporation	Effective equity held by the Group	
		2025 %	2024 %
Trackspares Global Pte. Ltd. ⁽¹⁾ Investment holding	Singapore	100	100
Ho Leong Tractors Sdn. Bhd. ⁽²⁾ Distribution of heavy equipment parts	Malaysia	100	100
Kunshan Kanto Buhin Manufacturing Co., Ltd ⁽³⁾ Manufacturing and distribution of heavy equipment parts	People's Republic of China	100	100
PT Trackspare Dormant	Indonesia	99	99
Hoe Leong Crawler Parts Pte. Ltd. ⁽¹⁾ Distribution of heavy equipment parts	Singapore	53*	–
<u>Held through Trackspares Global Pte. Ltd.:</u>			
Hoe Leong Crawler Parts Pte. Ltd. ⁽¹⁾ Distribution of heavy equipment parts	Singapore	47*	100
Trackspares (Australia) Pty. Ltd. ⁽⁴⁾ Sales and servicing of heavy machinery and equipment parts	Australia	100	100
Korea Crawler Track Ltd. ⁽⁵⁾ Manufacturing and distribution of heavy equipment parts	South Korea	100	100
Jiangsu Trackspares Manufacturing Co., Ltd ⁽³⁾ Manufacturing, import, export and distribution of heavy equipment parts	People's Republic of China	100	100
Kunshan Trackspares Trading Co., Ltd ⁽³⁾ Trading, import, export and distribution of heavy equipment parts.	People's Republic of China	100	100
<u>Held through Trackspares (Australia) Pty. Ltd.:</u>			
Trackex Pty. Ltd. ⁽⁴⁾ Servicing of heavy equipment and machinery	Australia	100	100

(1) In compliance with Rule 715(1) of the SGX-ST Listing Manual, all Singapore-incorporated subsidiaries are audited by the Company's auditors, PKF-CAP LLP.

(2) Audited by PKF Malaysia, an affiliated firm of PKF-CAP LLP.

(3) Audited by Zhongxing Caiguanghua Certified Public Accountants.

(4) Audited by PKF Brisbane, an affiliated firm of PKF-CAP LLP.

(5) Audited by PKF Korea, an affiliated firm of PKF-CAP LLP.

* On 14 November 2025, the Company announced that it has subscribed for 4,000,000 new ordinary shares in its indirect wholly owned subsidiary, Hoe Leong Crawler Parts Pte Ltd ("HLCP") at \$1 per share credited as issued and paid up for total consideration of \$4,000,000 to be satisfied by way of capitalisation of an amount of \$4,000,000 due from HLCP, to it. As a result of this transaction, Trackspares Global Pte Ltd's shareholding in HLCP has been decreased from 100% to 46.67%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 Net defined benefit asset

The Group contributes to the post-employment defined benefit plan in Korea. The assets of the plan are held separately from those of the Group and is fully funded by a Group's subsidiary. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk. The defined benefit obligations are presented net of the carrying amount of the plan assets, as net defined benefit asset or liability, as the case may be.

The Group's obligation in respect of its defined benefit in the retirement benefit plan is as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Present value of defined benefit obligations	(1,018)	(893)	-	-
Fair value of plan assets	1,122	1,004	-	-
Net assets arising from defined benefit obligation	104	111	-	-

Movements in the present value of defined benefit obligations in the year are as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Beginning of financial year	893	856	-	-
Contributions	194	232	-	-
Benefits paid	(36)	(102)	-	-
Effect of movement in exchange rates	(33)	(93)	-	-
End of financial year	1,018	893	-	-

Movements in the fair value of plan assets in the year are as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Beginning of financial year	1,004	907	-	-
Contributions	220	271	-	-
Benefits paid	(65)	(70)	-	-
Effect of movement in exchange rates	(37)	(104)	-	-
End of financial year	1,122	1,004	-	-

The most recent actuarial valuations of the plan assets to determine the present value of the defined benefit liability was carried out at 31 December 2025. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit cost method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 Net defined benefit asset (cont'd)

The principal assumptions used for the purposes of the actuarial valuation are as follows:

	Group Valuation at	
	2025	2024
	%	%
Discount rate	4.21	3.86
Expected rate of salary increases	4.11	3.94
Mortality rate	<u>KIDI 2023</u>	<u>KIDI 2023</u>

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate, expected salary increase and mortality rate. The South Korea's mortality rate is referenced to the Korea Insurance Development Institute (KIDI), particularly within the insurance industry. KIDI2023 refers to the mortality table published by the Korea Insurance Development Institute in 2023, which is used to estimate employee life expectancy in the actuarial valuation of defined benefit obligations.

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial year, while holding all other assumptions constant.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
	\$'000	\$'000	\$'000	\$'000
Discount rate (1% movement)	(46)	74	1	131
Future salary growth (1% movement)	<u>74</u>	<u>(47)</u>	<u>132</u>	<u>(1)</u>

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the financial year are as follows:

	At 1 January 2024 \$'000	Recognised in profit or loss (Note 19) \$'000	Exchange differences \$'000	At 31 December 2024 \$'000	Recognised in profit or loss (Note 19) \$'000	Exchange differences \$'000	At 31 December 2025 \$'000
Group							
Deferred tax assets							
Provisions	401	187	(32)	556	(198)	5	363
Others	11	–	–	11	–	–	11
	<u>412</u>	<u>187</u>	<u>(32)</u>	<u>567</u>	<u>(198)</u>	<u>5</u>	<u>374</u>
Deferred tax liabilities							
Property, plant and equipment	(1)	1	–	–	–	–	–

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are included in the statements of financial position as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Deferred tax assets	<u>374</u>	<u>567</u>	<u>–</u>	<u>–</u>

Deferred tax assets have been recognised in respect of provisions to the extent that these balances will reverse in the foreseeable future and to the extent that their realisation through future taxable profits is probable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 Inventories

	Group	
	2025 \$'000	2024 \$'000
Raw materials	917	964
Work-in-progress	4,657	4,177
Finished goods	15,699	18,616
Goods-in-transit	103	1,356
Less: allowance for inventory obsolescence	(2,142)	(6,071)
	19,234	19,042

In 2025, the amount of inventory recognised in cost of sales was \$26,419,000 (2024: \$31,789,000). In addition, an allowance for slow-moving inventories of \$3,978,000 (2024: \$411,000) previously made was written back due to the inventories being sold above their carrying amounts.

Work-in-progress consists primarily of raw materials and allocated overhead costs.

Inventories have been written down to lower of cost and estimated net realisable value to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. These estimates take into consideration market demand, the age of the inventories, competition, selling price and events occurring after the end of the financial year to the extent that such events confirm conditions that existed at the financial year end date.

The Group recognises allowance on obsolete inventories when inventory items are identified as obsolete. Obsolescence is based on the physical and functional conditions of inventory items and is established when these inventory items are no longer marketable. Obsolete inventory items when identified are written off to profit or loss. In addition to an allowance for specifically identified obsolete inventory, allowances are also estimated based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year.

	Group	
	2025 \$'000	2024 \$'000
At 1 January	6,071	6,526
Reversal during the year	(3,978)	(411)
Translation difference	49	(44)
At 31 December	2,142	6,071

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Trade and other receivables

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Trade receivables due from:				
– third parties	10,503	13,885	–	–
– subsidiaries	–	–	4,773	10,890
Less: allowance for impairment losses				
– third parties	(627)	(897)	–	–
– subsidiaries	–	–	(2,538)	(3,813)
Net trade receivables	9,876	12,988	2,235	7,077
Other receivables due from subsidiaries	–	–	4,454	3,072
Advances to suppliers	42	544	–	–
Deposits	92	217	2	122
Tax recoverable	35	8	–	–
Sundry receivables	407	798	–	–
Prepayments	96	76	4	3
Total other receivables	672	1,643	4,460	3,197
Total trade and other receivables	10,548	14,631	6,695	10,274

Non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

Management estimated the impairment loss allowance on credit-impaired receivables based on the age of the trade receivables, their future collectability, credit-worthiness of customers, the historical default rate, and various other factors. The Group estimated the expected credit loss (“ECL”) for trade receivables using the allowance matrix to measure the ECLs of trade receivables from individually significant customers and groups of customers with common characteristics. The historical credit loss rates were determined based on historical credit losses in relation to aggregated balances over a period of 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Trade and other receivables (cont'd)

A summary of the Group's and Company's exposures to credit risk for trade receivables is as follows:

	Not credit- impaired \$'000	2025 Credit- impaired \$'000	Gross carrying amount \$'000	Not credit- impaired \$'000	2024 Credit- impaired \$'000	Gross carrying amount \$'000
Group						
<i>Trade receivables measured at lifetime ECL</i>						
Trade receivables	10,065	438	10,503	13,730	155	13,885
Total gross carrying amount	10,065	438	10,503	13,730	155	13,885
Allowance for impairment losses on trade receivables	(189)	(438)	(627)	(742)	(155)	(897)
Total	9,876	-	9,876	12,988	-	12,988
Company						
<i>Trade receivables measured at lifetime ECL</i>						
Trade receivables	2,235	2,538	4,773	7,077	3,813	10,890
Total gross carrying amount	2,235	2,538	4,773	7,077	3,813	10,890
Allowance for impairment losses on trade receivables	-	(2,538)	(2,538)	-	(3,813)	(3,813)
Total	2,235	-	2,235	7,077	-	7,077

Movements in the allowance for impairment in respect of trade and other receivables:

	Group Lifetime ECL \$'000	Company Lifetime ECL \$'000
At 1 January 2024	294	4,419
Impairment loss recognised	725	-
Impairment loss utilised or reversed	(123)	(606)
Translation differences	1	-
At 31 December 2024	897	3,813
Impairment loss utilised or reversed	(272)	(1,275)
Translation differences	2	-
At 31 December 2025	627	2,538

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Trade and other receivables (cont'd)

Expected credit loss assessment

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on observed default rates according to days past due of trade receivables of the respective group entities. The Group also incorporate forward looking information such as forecast of economic conditions especially if the gross domestic product growth is expected to deteriorate over the next year, leading to higher likelihood of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at the financial year end date:

	Gross carrying amount \$'000	Allowance for impairment losses \$'000
	<u> </u>	<u> </u>
Group		
2025		
Not past due	5,870	74
Past due 0 to 30 days	1,072	35
Past due 31 to 60 days	310	–
Past due 61 to 90 days	730	64
Past due 91 to 150 days	537	81
Past due more than 150 days	1,984	373
	<u>10,503</u>	<u>627</u>
Group		
2024		
Not past due	9,185	310
Past due 0 to 30 days	1,528	60
Past due 31 to 60 days	335	171
Past due 61 to 90 days	467	20
Past due 91 to 150 days	310	21
Past due more than 150 days	2,060	315
	<u>13,885</u>	<u>897</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 Trade and other receivables (cont'd)

Expected credit loss assessment (cont'd)

	Gross carrying amount \$'000	Allowance for impairment losses \$'000
Company		
2025		
Not past due	211	–
Past due 0 to 90 days	265	–
Past due 91 to 150 days	39	–
Past due more than 150 days	<u>4,258</u>	<u>2,538</u>
	4,773	2,538
2024		
Not past due	–	–
Past due 0 to 90 days	832	–
Past due 91 to 150 days	–	–
Past due more than 150 days	<u>10,058</u>	<u>3,813</u>
	10,890	3,813

10 Cash and bank balances

The fixed deposit was pledged to a financial institution as security for a subsidiary's rental deposit.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Cash and bank balances	<u>3,355</u>	2,517	<u>181</u>	389
Fixed deposit placed with a bank	<u>(17)</u>	(17)	<u>–</u>	–
Cash and cash equivalents	3,338	2,500	181	389

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 Share capital

	Group and Company	
	Number of shares issued '000	Share capital \$'000
As at 1 January 2024	15,070,875	128,772
Issue of ordinary shares arising from:		
Vesting of performance shares	10,833	22
Share-based payment	16,477	16
As at 31 December 2024	15,098,185	128,810
Issue of ordinary shares arising from:		
Vesting of performance shares	48,667	98
At 31 December 2025	15,146,852	128,908

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

On 13 May 2024, the Company issued and allotted 16,477,270 ordinary shares at an issue price of \$0.001 per share in satisfaction of a portion of the remuneration of the former Executive Chairman, from 1 January 2023 to 31 October 2023 amounting to \$17,000.

On 16 August 2024 and 2 September 2024, the Company issued and allotted 2,500,000 and 8,333,334 ordinary shares at \$0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan respectively.

On 6 January 2025 and 1 September 2025, the Company issued and allotted 40,333,333 and 8,333,333 ordinary shares at \$0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan respectively.

470,000 treasury shares were held as at 31 December 2025 and 31 December 2024. There is no sale, transfer, cancellation and or use of treasury shares during FY2025 and FY2024.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as profit for the year divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity, when required.

There were no changes in the Group's approach to capital management in 2025 and 2024.

Certain of the Group's banking facilities are subject to fulfilment of covenants relating to certain balance sheet ratios and minimum level of net worth.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 Currency translation reserve

The currency translation reserve of the Group comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currency is in a foreign currency, as well as from the translation of receivables denominated in foreign currencies, which form part of the Company's net investment in the foreign operations.

13 Loans and borrowings

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Non-current liabilities				
Secured bank loan B	627	849	-	-
Secured bank loan C	445	-	-	-
Unsecured bank loan D	417	1,408	-	-
Unsecured bank loans E	801	912	-	-
Lease liabilities	509	115	-	-
	2,799	3,284	-	-
Current liabilities				
Secured bank loans A	885	2,182	-	-
Secured bank loan B	235	232	-	-
Secured invoice financing	319	414	-	-
Unsecured bank loan D	991	984	-	-
Unsecured bank loans E	82	-	-	-
Unsecured bank loan F	-	1,250	-	-
Unsecured bank loans G	3,331	3,112	-	-
Unsecured bank loans H	919	-	-	-
Lease liabilities	333	464	-	168
	7,095	8,638	-	168
Total loans and borrowings	9,894	11,922	-	168

(i) The secured bank loans A, B and secured invoice financing are granted to subsidiaries for working capital purposes and are secured by legal mortgages over the freehold land and building and certain plant and equipment of the Company and Group entities (Note 4).

(ii) Corporate guarantees are provided by the Company for invoice financing, secured bank loans B and unsecured bank loans D and F granted to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13 Loans and borrowings (cont'd)

(iii) Repayment terms of the relevant loans and borrowings are as follows:

<u>Loans and borrowings</u>	<u>Repayment terms</u>
Secured bank loans A	Loans are subject to renewal annually.
Secured bank loan B	Repayable via monthly principal instalment. Loan is rolled over every 5 years and due for rollover in December 2029.
Secured bank loan C	The tenure of loans is 2.5 years. These loans shall be repaid in lump sum at maturity date or over the tenure of the loan.
Secured invoice financing	Subject to renewal at each 12 months' interval.
Unsecured bank loan D	Repayable via monthly principal instalment.
Unsecured bank loans E	The tenure of loans is between 1 and 3 years. These loans shall be repaid in lump sum at maturity date or over the tenure of the loan.
Unsecured bank loan F	Repayable 180 days from the date of each drawdown.
Unsecured bank loans G	Loans are subject to renewal annually.
Unsecured bank loan H	The tenure of loans is 1 year. These loans shall be repaid in lump sum at maturity date or over the tenure of the loan.

Lease liabilities

Lease liabilities are payable as follows:

	<u>Total contractual cash flow \$'000</u>	<u>Interest \$'000</u>	<u>Present value of minimum lease payments \$'000</u>
Group			
2025			
Within 1 year	350	(17)	333
Between 1 and 5 years	525	(16)	509
	<u>875</u>	<u>(33)</u>	<u>842</u>
2024			
Within 1 year	472	(8)	464
Between 1 and 5 years	116	(1)	115
	<u>588</u>	<u>(9)</u>	<u>579</u>
Company			
2025			
Within 1 year	-	-	-
2024			
Within 1 year	169	(1)	168

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13 Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Year of maturity	2025		2024	
		Face Value \$'000	Carrying amount \$'000	Face Value \$'000	Carrying amount \$'000
<u>SGD floating rate loans:</u>					
Unsecured bank loan D	2027	1,408	1,408	2,541	2,392
Unsecured bank loan F	2025	–	–	1,341	1,250
<u>KRW floating rate loan:</u>					
Secured bank loans A	2026	900	885	2,224	2,182
Secured bank loans C	2028	487	445	–	–
Unsecured bank loans E	2026 to 2028	928	883	1,017	912
Unsecured bank loans G	2026	3,411	3,331	3,200	3,112
<u>AUD floating rate loan:</u>					
Secured bank loan B	2029	1,005	862	1,253	1,081
Secured invoice financing	2026	402	319	426	414
Lease liabilities	2026 to 2027	875	842	588	579
<u>RMB floating rate loan</u>					
Unsecured bank loan H	2026	945	919	–	–
		10,361	9,894	12,590	11,922
Company					
Lease liabilities	2025	–	–	169	168

The SGD floating rate loans bear interest ranging from 3.0% to 6.8% (2024: 3.7% to 7.3%) per annum.

The KRW floating rate loans bear interest ranging from 2.9% to 5.4% (2024: 3.0% to 8.4%) per annum and is repriced on a quarterly basis.

The AUD floating rate loans bear interest of approximately 8.4% (2024: 7.7%) per annum and are repriced on a monthly basis.

The RMB floating rate loans bear interest of approximately 2.9% (2024: Nil) per annum and are repriced on a monthly basis.

The Group shall comply with certain financial covenants, which is (i) to maintain a minimum consolidated tangible net worth of \$18 million and (ii) to maintain a leverage ratio of not more than 5.0. There is no breach of bank covenants as at 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13 Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other loans and borrowings \$'000	Lease liabilities \$'000	Total \$'000
Balance at 1 January 2025	11,343	579	11,922
Changes from financing cash flows			
Proceeds from bills payables and trust receipts	2,295	–	2,295
Proceeds from bank borrowings	4,375	–	4,375
Repayment of bills payables and trust receipts	(3,660)	–	(3,660)
Repayment of bank borrowings	(5,125)	–	(5,125)
Payment of lease liabilities	–	(624)	(624)
Finance costs paid	(476)	(26)	(502)
Total changes from financing cash flows	(2,591)	(650)	(3,241)
The effect of changes in foreign exchange rates	(176)	(1)	(177)
Other changes			
Liability-related			
Interest expense	476	26	502
New leases	–	888	888
Total liability-related other changes	476	914	1,390
Balance at 31 December 2025	9,052	842	9,894
Balance at 1 January 2024	11,541	1,149	12,690
Changes from financing cash flows			
Proceeds from bills payables and trust receipts	7,349	–	7,349
Proceeds from bank borrowings	2,810	–	2,810
Repayment of bills payables and trust receipts	(6,742)	–	(6,742)
Repayment of bank borrowings	(2,921)	–	(2,921)
Payment of lease liabilities	–	(760)	(760)
Finance costs paid	(528)	(38)	(566)
Total changes from financing cash flows	(32)	(798)	(830)
The effect of changes in foreign exchange rates	(694)	–	(694)
Other changes			
Liability-related			
Interest expense	528	38	566
New leases	–	190	190
Total liability-related other changes	528	228	756
Balance at 31 December 2024	11,343	579	11,922

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 Other provisions

	Group and Company	
	2025	2024
	\$'000	\$'000
At 1 January	542	558
Reversal during the year	(59)	(16)
At 31 December	483	542

Other provisions cover estimated legal liabilities and costs arising from material ongoing litigation and appeal (Note 24).

As permitted under paragraph 92 of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case are not disclosed in order not to prejudice the Group's legal position in the proceedings.

15 Trade and other payables

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Trade payables due to:				
– Third parties	2,829	3,137	–	–
Accrued expenses	2,121	3,282	630	1,366
Provision*	341	348	–	–
Total trade, provision and other payables	5,291	6,767	630	1,366

* Provision has been recognised by the Group for estimated warranty claims in respect of products sold which are still under warranty as at 31 December 2025.

Movements in provision for warranty were as follows:

	Group	
	2025	2024
	\$'000	\$'000
At 1 January	348	177
Provision during the year	344	321
Utilisation during the year	(354)	(150)
Effect of movement in exchange rate	3	–
At 31 December	341	348

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Revenue

Revenue represents sales of goods less discounts and returns and income from rendering of services.

	Group	
	2025 \$'000	2024 \$'000
Sales of goods	37,215	42,763
Rendering of services	1,317	1,247
	38,532	44,010

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of goods

Nature of goods or services	Sales and distribution of machinery parts
When revenue is recognised	Revenue is recognised at a point in time when goods are received at the customers' warehouse or when goods are delivered onto the carrier at the port depending on the shipping terms.
Significant payment terms	Varies from 30 to 90 days after invoice date.
Obligations for returns and refunds, if any	Customers do not have right of return except for faulty parts.
Obligations for warranties	Faulty parts are exchanged on one-for-one basis.

Rendering of services

Nature of goods or services	Revenue from repairing and refurbishment services
When revenue is recognised	Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.
Significant payment terms	Varies from 30 to 60 days after invoice date

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 Revenue (cont'd)

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets.

	2025 \$'000	2024 \$'000
Primary geographical markets		
Australia	14,004	14,430
North America	9,231	12,388
Asia	8,080	11,445
Europe	2,481	2,438
Middle East	2,526	1,466
Rest of World	2,210	1,843
Total	<u>38,532</u>	<u>44,010</u>

17 Finance costs

	Group	
	2025 \$'000	2024 \$'000
Interest expense on:		
– Loans and borrowings	476	528
– Financial liabilities measured at amortised cost	26	38
– Others	6	–
	<u>508</u>	<u>566</u>

18 Profit before income tax

The following items have been included in arriving at profit before income tax:

		Group	
	Note	2025 \$'000	2024 \$'000
			(Restated#)
Fees paid and payable to auditor of the Company			
– Audit fee		124	127
– Non-audit fees		6	12
Audit fees paid and payable to other auditors		94	107
Depreciation	4	1,054	1,088
Foreign exchange gain (net), included in other income		–	(424)
Foreign exchange loss (net), included in other expenses		231	–
		<u>231</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 Profit before income tax (cont'd)

	Note	Group	
		2025 \$'000	2024 \$'000 (Restated#)
Other income			
Gain on sale of scrap metals		79	117
Gain on disposal of property, plant and equipment, net		38	98
Government grant income		106	12
Interest income		2	3
Other income		84	60
Foreign exchange gain, net		–	424
		309	714
Employee benefits expense			
Staff costs		3,660	3,734
Contributions to defined contribution plans		336	337
		3,996	4,071
Net reversal of/(allowance for) impairment losses			
Reversal of/(Allowance for) impairment of trade receivables		272	(602)
Bad debts written off – trade receivables		(1)	(44)
		271	(646)
Inventories written off		(52)	(73)
Payables written (off)/back		(1)	13
Property, plant and equipment written off		(29)	(1)
Reversal of impairment loss on property, plant and equipment	4	–	596
		189	(111)

See Note 26

19 Income tax expense/(credit)

	Group	
	2025 \$'000	2024 \$'000
Current tax expense		
Current year	10	28
(Over) /Under provision in respect of prior years	(9)	30
	1	58
Deferred tax (credit)/expense		
Origination and reversal of temporary differences (Note 7)	198	(188)
Total income tax expense/(credit)	199	(130)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 Income tax expense/(credit) (cont'd)

	Group	
	2025 \$'000	2024 \$'000
Reconciliation of effective tax rate		
Profit before income tax	672	597
Tax using the Singapore tax rate of 17% (2024: 17%)	114	101
Effect of tax rates in foreign jurisdictions	52	76
Non-deductible expenses	537	392
Non-taxable income	(42)	(192)
Effect of tax incentives and rebates	(4)	(73)
Utilisation of deferred tax assets not recognised previously	(500)	(464)
Deferred tax assets not recognised	48	–
(Over) /Under provision in respect of prior years	(9)	30
Others	3	–
	199	(130)

As the end of the reporting period, the Group has unutilised tax losses and capital allowances of approximately \$22,287,625 (2024: \$22,386,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the unpredictability of the Group to generate future profits. The use of these tax losses is subject to the agreement of the tax authorities in the jurisdictions which the companies operate.

20 Earnings per share

	Group	
	2025 \$'000	2024 \$'000
Basic earnings per share (cents):	_*	_*
Diluted earnings per share (cents)	_*	_*

* Less than 0.01 cent

The basic and diluted earnings per share is calculated based on:

	Group	
	2025 \$'000	2024 \$'000
Profit attributable to owners of the Company	473	727

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20 Earnings per share (cont'd)

	Group	
	2025 '000	2024 '000
Issued ordinary shares at 1 January	15,098,655	15,071,345
Effect of treasury shares held	(470)	(470)
Effect of ordinary shares issued	42,567	14,452
Weighted average number of ordinary shares used in the calculation of basic earnings per share for the financial year	<u>15,140,752</u>	<u>15,085,327</u>

The weighted average number of ordinary shares refers to shares in issue outstanding during the financial year.

The basic earnings per share is based on the weighted average number of ordinary shares outstanding during each financial year.

The dilutive effect derives from share option and convertible loan note. Dilutive effect of performance shares (Refer to directors' statement for disclosures on performance share awards) is not significant. The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each financial year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the financial year and (2) shares of ordinary share issuable upon assumed exercise of share options which (if any) would have a dilutive effect. Where there are convertible loan notes, the average number of ordinary shares assumed to be outstanding during the financial year are as if the convertible loan notes had been converted into ordinary shares and the profit or loss is after giving effect to the elimination of interest expense (if any), net of tax benefit, applicable to the convertible loan notes.

21 Operating segments

The Group has two operating and reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Executive Chairman and Chief Executive Officer reviews internal management reports at least on a quarterly basis. The Group's reportable segments and scope of operations are as follows:

(i) Design and manufacture

Design, manufacture and sale of equipment parts for both heavy equipment and industrial machinery under in-house brand names, "KBJ", "ROSSI" and "MIZU".

(ii) Trading and distribution

Trading and distribution of an extensive range of equipment parts for both heavy equipment and industrial machinery sourced from third parties.

(iii) Investment holding

Investment holding relates to the holding of long-term investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21 Operating segments (cont'd)

Business segments and reconciliations

Information about reportable segments

	Design and manufacture		Trading and distribution		Investment holding		Total	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
External revenue	24,746	30,033	13,786	13,977	–	–	38,532	44,010
Finance costs	(373)	(462)	(128)	(95)	(7)	(9)	(508)	(566)
Depreciation [#]	(360)	(269)	(495)	(559)	(199)	(260)	(1,054)	(1,088)
Reportable segment profit/ (loss) before income tax	424	1,144	1,764	521	(1,516)	(1,068)	672	597
Other material non-cash items:								
Bad debts written off – Trade receivables	–*	(30)	(1)	(14)	–	–	(1)	(44)
Reversal of/(Allowance for) impairment of trade receivables	256	(539)	16	(63)	–	–	272	(602)
Payables written (off)/back	–	11	(1)	2	–	–	(1)	13
Reversal of impairment loss on property, plant and equipment	–	–	–	–	–	596	–	596
Capital expenditure:								
Purchase of property, plant and equipment [#]	(226)	(381)	(226)	(160)	–	–	(452)	(541)
Additions to right-of-use assets	(223)	(137)	(665)	–	–	(52)	(888)	(189)
Reportable segment assets	24,130	25,845	14,811	15,741	2,550	3,099	41,491	44,685
Reportable segment liabilities	10,123	12,920	4,427	4,250	1,118	2,087	15,668	19,257

[#] Depreciation consists of amount taken up in "cost of sales" and "other expenses".

* Denotes amount less than \$1,000

Information about major customers

Revenue of approximately \$4,148,000 (2024: \$3,263,000) is derived from a single external customer which individually contributed approximately 11% (2024: 7%) of the Group's revenue and is attributable to the design and manufacture segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21 Operating segments (cont'd)

Geographical segments

The design and manufacture and trading and distribution are presented by geographical segment below.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Revenue		Non-current assets (excluding deferred tax assets and net defined benefit asset)	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Australia	14,004	14,430	3,277	3,207
North America	9,231	12,388	–	–
Asia	8,080	11,445	4,599	4,610
Europe	2,481	2,438	–	–
Middle East	2,526	1,466	–	–
Rest of World	2,210	1,843	–	–
	38,532	44,010	7,876	7,817

22 Financial instruments

General

The Group has a system of controls in place to create an acceptable balance between the potential loss from risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by an outsourced Internal Audit function. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The financial risk management is described below:

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The credit limit of each customer is established after taking into account the financial position of, and past experience with, the customer.

Refer to Note 9 to the financial statements for disclosures relating to the Group's credit risk exposures and ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Financial instruments (cont'd)

Credit risk (cont'd)

Cash and bank balances

Cash and fixed deposits are placed with banks and approved financial institutions.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank balances was negligible.

Financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries. Financial guarantees provided by the Company to its subsidiaries are eliminated in preparing the consolidated financial statements.

Financial guarantees were computed based on the expected payment to reimburse the holder less any amount that the Company expected to recover. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates. Financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to \$2,589,000 (2024: \$5,137,000).

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as defaults by certain major customers.

The Group's operations are financed mainly through equity and bank borrowings. As disclosed in Note 13, the Group shall comply with certain financial covenants, which is (i) maintain a minimum consolidated tangible net worth of \$18 million and (ii) maintain a leverage ratio of not more than 5.0. There is no breach of bank covenants as at 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Financial instruments (cont'd)

Liquidity risk (cont'd)

The following are the remaining contractual maturities of non-derivative financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	1 to 2 years \$'000	2 to 5 years \$'000	More than 5 years \$'000
Group						
31 December 2025						
Secured loans	2,511	(2,596)	(1,481)	(958)	(157)	-
Unsecured bank loan	6,541	(6,693)	(5,348)	(1,345)	-	-
Lease liabilities	842	(875)	(350)	(518)	(7)	-
Trade and other payables*	4,940	(4,940)	(4,940)	-	-	-
	14,834	(15,104)	(12,119)	(2,821)	(164)	-
31 December 2024						
Secured loans	3,677	(3,903)	(2,958)	(286)	(463)	(196)
Unsecured bank loan	7,666	(8,099)	(5,679)	(1,152)	(1,268)	-
Lease liabilities	579	(588)	(473)	(112)	(3)	-
Trade and other payables*	6,397	(6,397)	(6,397)	-	-	-
	18,319	(18,987)	(15,507)	(1,550)	(1,734)	(196)
Company						
31 December 2025						
Trade and other payables*	620	(620)	(620)	-	-	-
Recognised financial liabilities	620	(620)	(620)	-	-	-
Intra-group financial guarantees	-	(2,589)	(2,589)	-	-	-
	620	(3,209)	(3,209)	-	-	-
31 December 2024						
Lease liabilities	168	(169)	(169)	-	-	-
Trade and other payables*	1,344	(1,344)	(1,344)	-	-	-
Recognised financial liabilities	1,512	(1,513)	(1,513)	-	-	-
Intra-group financial guarantees	-	(5,137)	(5,137)	-	-	-
	1,512	(6,650)	(6,650)	-	-	-

* Excluding GST/VAT payables and provision for warranty

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Financial instruments (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to risk of change in cash flows due to changes in interest rates relates primarily to the Group's variable-rate borrowings with financial institutions. Short-term receivables and payables are not exposed to interest rate risk.

Exposure to interest rate risk

At the end of the financial year, the interest rate profile of the Group's and Company's interest-bearing financial instruments was as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Variable rate instruments				
Loans and borrowings	9,052	11,343	-	-

Sensitivity analysis

Under the assumption of changes in market interest rates affecting the interest income or finance charges of variable interest financial instruments, an increase or decrease in market interest rates will result of (decrease)/increase in profit before tax as a result of hypothetical increase in interest rates by 50 basis points with all other variables held constant:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Decrease in profit before tax	(45)	(57)	-	-
Increase in profit before tax	45	57	-	-

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings, including inter-company sales, purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The functional currencies of Group entities are primarily the Singapore dollar, United States dollar ("USD"), Australian dollar ("AUD"), Korean Won ("KRW"), Renminbi ("RMB") and Malaysian Ringgit ("MYR").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Financial instruments (cont'd)

Foreign currency risk (cont'd)

The Group's and Company's exposures to foreign currency risk are as follows:

	USD \$'000	AUD \$'000	KRW \$'000	RMB \$'000	MYR \$'000
2025					
Group					
Trade and other receivables (before impairment)	6,560	1,543	354	559	1,931
Cash and bank balances	1,923	434	164	260	320
Trade and other payables	(140)	(1,368)	(1,747)	(869)	(129)
Loans and borrowings	(618)	(1,423)	(4,926)	(1,346)	(13)
Net exposure	<u>7,725</u>	<u>(814)</u>	<u>(6,155)</u>	<u>(1,396)</u>	<u>2,109</u>
Company					
Cash and bank balances	17	-	-	-	-
Net exposure	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	USD \$'000	AUD \$'000	KRW \$'000	RMB \$'000	MYR \$'000
2024					
Group					
Trade and other receivables (before impairment)	9,709	2,225	446	787	1,936
Cash and bank balances	1,212	52	147	244	441
Trade and other payables	(413)	(1,408)	(1,880)	(870)	(309)
Loans and borrowings	(1,446)	(1,692)	(4,761)	(129)	(86)
Net exposure	<u>9,062</u>	<u>(823)</u>	<u>(6,048)</u>	<u>32</u>	<u>1,982</u>
Company					
Cash and bank balances	18	-	-	-	-
Net exposure	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
USD	773	906	2	2
AUD	(81)	(82)	-	-
KRW	(616)	(605)	-	-
RMB	(140)	3	-	-
MYR	<u>211</u>	<u>198</u>	<u>-</u>	<u>-</u>

A 10% weakening of the Singapore dollar against the above currencies would have an equal but opposite effect on equity and profit or loss by the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Financial instruments (cont'd)

Measurement of fair values

The following summarises the significant methods and assumptions used in measuring the fair values of financial instruments of the Group and the Company.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, trade and other payables and interest-bearing borrowings) are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy

The table below analyses fair value measurements for assets and liabilities, by the levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Accounting classification and fair values

The carrying amounts and fair values of financial assets and financial liabilities are as summarised below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Note	Group	
		Amortised cost	
		2025	2024
		\$'000	\$'000
Financial assets			
Trade and other receivables [#]	9	10,066	13,860
Cash and bank balances	10	3,355	2,517
		13,421	16,377

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 Financial instruments (cont'd)

Accounting classification and fair values (cont'd)

	Note	Group	
		Amortised cost	
		2025	2024
		\$'000	\$'000
Financial liabilities			
Loans and borrowings	13	(9,894)	(11,922)
Trade and other payables*	15	(4,940)	(6,397)
		(14,834)	(18,319)

	Note	Company	
		Amortised cost	
		2025	2024
		\$'000	\$'000
Financial assets			
Trade and other receivables#	9	6,691	10,271
Cash and bank balances	10	181	389
		6,872	10,660
Financial liabilities			
Loans and borrowings	13	–	(168)
Trade and other payables*	15	(620)	(1,344)
		(620)	(1,512)

Excluding GST/VAT receivables and prepayments

* Excluding GST/VAT payables and provision for warranty

23 Leases

Leases as lessee

The Group leases office space, motor vehicle and office equipment. The leases typically run for a period of two to three years, and may have an option to renew the lease after that date. Lease payments are renegotiated every three years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group also leases certain motor vehicle with contract term of one year. These leases are short term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

23 Leases (cont'd)

Amounts recognised in profit or loss

	Group	
	2025 \$'000	2024 \$'000
Interest on financial liabilities measured at amortised cost (Note 17)	26	38
Depreciation (Note 4)	588	717
Expenses relating to short-term leases	270	283

Amounts recognised in statement of cash flows

	Group	
	2025 \$'000	2024 \$'000
Total cash outflow for leases	624	760

Extension options

Some property leases may contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

24 Contingencies

A. Kuala Lumpur High Court – Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd and 5 Others

Auspicious Journey Sdn Bhd (the "Plaintiff"), a minority shareholder of a former subsidiary, Ebony Ritz Sdn Bhd ("Ebony Ritz"), filed a suit on 6 June 2013 against the Company, being the majority shareholder in Ebony Ritz Sdn Bhd, for conducting the affairs of Ebony Ritz Sdn Bhd in a manner that is oppressive to the Plaintiff.

On 3 August 2016, the High Court issued an order partially in favour of the Plaintiff and ordered that:

- (a) a declaration that the Company has conducted the affairs of Ebony Ritz in a manner that is oppressive to the Plaintiff be made;
- (b) Ebony Ritz is to be wound up and the Official Receiver be appointed as the liquidator of Ebony Ritz;
- (c) The Company is to pay general damages with interest to the Plaintiff, to be assessed by the Court through an assessment process; and
- (d) the Company has paid costs of RM300,000 to the Plaintiff.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Contingencies (cont'd)

A. Kuala Lumpur High Court – Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd and 5 Others (cont'd)

Subsequent to the High Court Order dated 3 August 2016, the Plaintiff appealed against the winding-up remedy and the Company appealed against the finding of oppression. Both appeals were dismissed by the Court of Appeal. The Plaintiff then appealed to the Federal Court against the winding-up remedy and sought for a buy-out of its shareholding in Ebony Ritz Sdn Bhd whilst the Company did not appeal further.

On 9 March 2021, the Federal Court dismissed the Plaintiff's appeal and directed for the assessment of damages by a High Court Judge. The outcome of the Federal Court appeal was updated to the High Court on 12 March 2021 during a case management for the assessment of damages proceeding. During subsequent case management sessions, date of trial and submission of respective affidavits were fixed and postponed.

On 11 December 2025, the High Court delivered its ruling verbally in favour of the Plaintiff during the assessment of damages proceedings and awarded the following sums against the Company (subsequently, the written grounds of judgement were issued on 23 February 2026):

- (a) RM18.673 million in general damages;
- (b) SGD164,918.82 and RM31,800 in relation to legal expenses;
- (c) interest on the judgement at the rate of 5% per annum from date of the High Court judgement at the liability stage on 3 August 2016;
- (d) costs of RM300,000; and
- (e) the Plaintiff's expert's expenses of RM450,000

On 24 December 2025, the Company filed a notice of appeal against the High Court's decision dated 11 December 2025. The Company also filed a stay of execution of the award granted by the High Court.

On 11 February 2026, the High Court allowed the Company's application for a stay of execution application and imposed the following conditions ("Conditional Stay Order"):

- (a) the Company shall deposit an amount equivalent to half of the general damages awarded, being RM9,276,500, into its solicitors' interest-bearing client account as stakeholder, within 30 days from the date of the order (i.e., by 13 March 2026); and
- (b) the Company shall pay costs of RM750,000 (being items (d) and (e) above) to the Plaintiff's solicitors.

On 11 March 2026, the Court of Appeal confirmed the Conditional Stay Order, and awarded costs of RM10,000 to the Plaintiff. Pursuant to the Conditional Stay Order, the Company made the requisite payments on 12 March 2026.

The Company has been advised by its external legal counsel that the appeal is brought on good and arguable grounds and that it is more likely than not that the appeal will succeed, resulting in a significant reduction in the quantum of damages ultimately payable. In the light of this legal advice and given that the final amount of damages (if any) cannot be measured reliably as at the date of these financial statements, no provision for damages has been recognised at the reporting date, in accordance with the requirements of SFRS(I) 1 – 37 *Provisions, Contingent Liabilities and Contingent Assets*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 Contingencies (cont'd)

B. Kuala Lumpur High Court – Tan Sri Halim Bin Saad vs Hoe Leong Corporation Ltd. and 5 Others

On 20 June 2019, Tan Sri Halim Bin Saad (“Tan Sri Halim”) commenced a civil suit against the Company and other defendants, claiming for, in essence, alleged fraud and conspiracy. Tan Sri Halim is seeking, among others, general damages against the Company.

The Company filed its defence against the said suit on 4 November 2019 and filed an application to strike out the said suit. The striking out application was dismissed by the High Court and the Court of Appeal on 8 December 2020 and 20 October 2021 respectively.

On 29 October 2021, Tan Sri Halim filed an application to amend his statement of claim (the “Amendment Application”). On 1 July 2022, the High Court allowed the Amendment Application with no order as to costs and allowed the defendants to amend their respective defences after receiving Tan Sri Halim’s amended statement of claim.

On 14 November 2025, the Court ruled in the Company’s favour and dismissed the Tan Sri Halim’s claim. In this regard, the Court directed that Tan Sri Halim is to pay costs of RM200,000 to the 1st, 2nd, 3rd, and 5th defendants and RM150,000 to the 6th defendant. The 1st, 2nd, 3rd, and 5th defendants’ minor counterclaim is dismissed with costs of RM20,000 to be paid to Tan Sri Halim.

25 Related party transactions

Other than those disclosed elsewhere in the financial statements, transactions with related parties on terms agreed between the parties concerned are as follows:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Rental income – subsidiaries	–	–	269	482
Management fee – subsidiaries	–	–	874	795
Interest expense paid to a director	6	–	6	–

Key management personnel compensation

Key management personnel of the Group are persons having the authority and responsibility for planning, directing and controlling the activities of Group entities. The directors and certain key executives are considered as key management personnel of the Group.

	Group	
	2025 \$'000	2024 \$'000
Key management personnel compensation comprised:		
Directors’ fee	129	135
Salaries and other short-term employee benefits	585	580
Defined contribution plan	45	44
	759	759

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26 Reclassifications and comparative figures

In preparing the financial statements for the year ended 31 December 2025, the Group made reclassifications in the presentation and disclosures of certain transactions and balances in the previously issued financial statements for the year ended 31 December 2024.

The reclassifications were made to be consistent with the current year's presentation, and to better reflect the nature of the transactions. The prior year reclassification made is to reclassify the reserve for retirement allowance from current liability to non-current asset so as to include it in determining the net defined benefit asset. The reclassifications have no impact on the Group's financial performance for the year ended 31 December 2024 or financial position as at 31 December 2024.

Consequently, the Group's consolidated statement of profit or loss and other comprehensive income as at 31 December 2024, and the statement of cash flows for the year ended 31 December 2024, as well as certain explanatory notes have been restated to reflect the above reclassifications.

The impact of the prior year reclassification on the relevant accounts' captions of the Group's comparative financial information is summarised below:

Year ended 31 December 2024	As previously reported \$'000	Reclassification \$'000	As reclassified \$'000
Consolidated statement of profit of loss and other comprehensive income			
Cost of sales	(34,414)	411	(34,003)
Net reversal of impairment losses	300	(411)	(111)
Other income	290	424	714
Other expenses	(1,180)	(424)	(1,604)
Consolidated statement of cash flows			
<i>Operating activities</i>			
Reversal of allowance for inventory obsolescence (net)	(411)	411	–
Operating cash flows before working capital changes	2,174	411	2,585
<u>Changes in working capital:</u>			
Inventories	1,538	(411)	1,127

27 Event occurring after the reporting date

In March 2026, the Company took out an interest-bearing loan of \$3 million from a related party (who is also the controlling shareholder of the Company) for additional working capital purposes. The loan is repayable in 36 monthly instalments, commencing 24 months after drawdown.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2026

Class of shares	:	Ordinary and fully paid
Voting rights	:	One vote per share
Number of shares (excluding treasury shares)	:	15,178,851,992
Number of treasury shares	:	470,000

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	42	2.29	591	–*
100 – 1,000	120	6.55	72,299	–*
1,001 – 10,000	313	17.08	2,163,622	0.02
10,001 – 1,000,000	1,074	58.59	223,693,798	1.47
1,000,001 and above	284	15.49	14,952,921,682	98.51
Total	1,833	100.00	15,178,851,992	100.00

* Less than 0.01%

REGISTER OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

	Direct Interest		Deemed Interest	
	Number of shares	%	Number of shares	%
Shing Heng Holding Pte. Ltd.	8,219,178,081	54.15	–	–
Lew Chee Beng ⁽¹⁾	133,454,770	0.88	8,219,178,081	54.15
Yeo Puay Hin ⁽¹⁾⁽³⁾	16,800,000	0.11	8,219,178,081	54.15
Lew Puay Ling ⁽¹⁾	–	–	8,219,178,081	54.15
Hoe Leong Co. (Pte.) Ltd.	1,325,196,177	8.73	–	–
Kuah Geok Lin ⁽²⁾	15,506,617	0.10	1,325,196,177	8.73
Kuah Geok Khim ⁽²⁾	17	–*	1,325,196,177	8.73
Quah Yoke Hwee ⁽²⁾	15,314,117	0.10	1,325,196,177	8.73
Mdm Kuah Geok Khim ⁽²⁾	4,000,092	0.03	1,325,196,177	8.73

Notes:

- (1) Lew Chee Beng, Yeo Puay Hin and Lew Puay Ling are deemed to be interested in the shares of the Company held by Shing Heng Holding Pte. Ltd. by virtue of Section 7(4) of the Companies Act 1967.
- (2) Kuah Geok Lin, Kuah Geok Khim, Quah Yoke Hwee and Mdm Kuah Geok Khim are deemed to be interested in the shares of the Company held by Hoe Leong Co. (Pte.) Ltd. by virtue of Section 7(4) of the Companies Act 1967.
- (3) Yeo Puay Hin is an executive director of the Company.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2026

20 LARGEST SHAREHOLDERS

No.	Name of Shareholder	Number of Shares	%
1	SHING HENG HOLDING PTE LTD	8,219,178,081	54.15
2	HOE LEONG CO. (PTE.) LTD.	1,325,196,177	8.73
3	PHILLIP SECURITIES PTE LTD	742,517,223	4.89
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	662,589,093	4.37
5	RHB BANK NOMINEES PTE LTD	458,449,139	3.02
6	SING INVESTMENTS & FINANCE LTD	413,091,146	2.72
7	CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	406,559,350	2.68
8	RYAN HO WEN XI	262,000,000	1.73
9	KOH YEW CHOO	180,507,300	1.19
10	LEW CHEE BENG	133,454,770	0.88
11	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	117,358,450	0.77
12	NG KIM CHOON	104,074,955	0.69
13	TAN KOH YOUNG	100,000,000	0.66
14	DBS NOMINEES PTE LTD	82,939,326	0.55
15	FENG ZHIMING	70,000,000	0.46
16	UOB KAY HIAN PTE LTD	60,149,800	0.40
17	GOH CHAI SIANG	42,000,000	0.28
18	WONG HAN YEW	40,000,000	0.26
19	LIM WEI LOONG NOGA	40,000,000	0.26
20	OCBC SECURITIES PRIVATE LTD	38,352,016	0.25
	TOTAL	13,498,416,826	88.94

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

35.90% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Hoe Leong Corporation Ltd. (the "**Company**") will be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, #01-04, Singapore 609607 on Wednesday, 29 April 2026 at 9:30 am to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2025 together with the Auditors' Report thereon.
Resolution 1
2. To re-elect Mr Lee Chin Chai, a director retiring pursuant to Regulation 98(2) of the Constitution of the Company.
(see *Explanation Note 1*)
Resolution 2
3. To re-elect Ms Linda Hoon Siew Kin, a director retiring pursuant to Regulation 99 of the Constitution of the Company:
(see *Explanation Note 2*)
Resolution 3
4. To approve the payment of Directors' fees of \$135,000 as Directors' fees for the financial year ending 31 December 2026 (FY2025: \$135,000).
Resolution 4
5. To re-appoint PKF-CAP LLP as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to fix their remuneration.
Resolution 5
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

- (i) new shares arising from the conversion or exercise of convertible securities outstanding or subsisting at the time this resolution is passed;
- (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
- (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(see *Explanatory Note 3*)

Resolution 6

8. Authority to grant awards and issue shares under the Hoe Leong Performance Share Plan

That authority be and is hereby given to the Directors of the Company to offer and grant awards in accordance with the provisions of the Hoe Leong Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of ordinary shares of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of awards under the Plan, provided always that:

- (i) the aggregate number of Shares which may be issued or delivered pursuant to all awards granted under the Plan when aggregated with the number of Shares over which options or awards granted under any other share option schemes or share plans of the Company, shall not exceed 15% of the total number of all issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the aggregate number of Shares which may be issued or delivered pursuant to awards granted under the Plan on any date, when aggregated with (a) the total number of new Shares allotted and issued and/or to be allotted and issued Shares (including treasury Shares) delivered and/or to be delivered pursuant to awards already granted under the Plan; and (b) the total number of Shares subject to any other share option or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time on the day preceding the grant of the relevant new awards.

(see Explanatory Note 4)

Resolution 7

BY ORDER OF THE BOARD

Ngiam May Ling
Company Secretary

Singapore
14 April 2026

Explanatory Notes:

- Ordinary Resolution 2:** Mr Lee Chin Chai is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. If re-elected, Mr Lee will remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Key information on Mr Lee can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-election" of this Annual Report.
- Ordinary Resolution 3:** Ms Linda Hoon Siew Kin is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. If re-elected, Ms Hoon will remain as Chairman of the Remuneration Committee and a member of the Audit Committee. Key information on Ms Hoon can be found under the sections titled "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-election" of this Annual Report.
- Ordinary Resolution 6:** This resolution, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next AGM to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

For the purpose of Resolution 6, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- Ordinary Resolution 7:** The Plan was approved by shareholders at the extraordinary general meeting held on 10 August 2022. This resolution, if passed, will authorise and empower the Directors of the Company from the date of this AGM to the next AGM to offer and grant awards under the Plan and to allot and issue shares, provided that the aggregate number of Shares which may be issued or delivered pursuant to awards granted under the Plan shall not exceed the limits as set out in sub paragraphs (i) and (ii) under Ordinary Resolution 7 stated above.

Important Notice of Shareholders Regarding the Conduct of the Company's AGM

- The AGM will be held in a wholly physical format. **There will be no option for shareholders and members to participate virtually.** This Notice of AGM, the accompanying proxy form and request form will be sent to shareholders and members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://www.hoeleong.com>. Only printed copies of this Notice of AGM, the accompanying proxy form and the request form will be despatched to shareholders and members. Shareholders who wish to receive a printed copy of the FY2025 Annual Report are required to complete the Request Form and return it to the Company by post or by email by 22 April 2026.

NOTICE OF ANNUAL GENERAL MEETING

2. Shareholders and members, including CPF investors and SRS investors, may participate in the AGM by:

- (a) attending the AGM in person;
- (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
- (c) voting at the AGM (i) themselves; or (ii) through their duly appointed proxy(ies).

For the avoidance of doubt, CPF investors and SRS investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote at the AGM on their behalf.

CPF and SRS investors:

- (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on **20 April 2026**, being seven (7) working days prior to the date of the AGM.

3. Persons who hold shares through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the AGM by:

- (a) attending the AGM in person;
- (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
- (c) voting at the AGM (i) themselves; or (ii) appointing the Chairman of the AGM as proxy in respect of the Company's shares held by such relevant intermediary on their behalf,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

4. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

“relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Shareholders and members, including CPF and SRS investors, and (where applicable) duly appointed proxies attending the AGM in person, should bring along your NRIC/passport so as to enable the Company to verify your identity. Shareholders and members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell.

6. A proxy need not be a member of the Company.

7. Shareholders and members may appoint the Chairman of the AGM as proxy but this is not mandatory.

8. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

- (a) **by post to the registered address of the Company at 100G Pasir Panjang Road, #08-16 Interlocal Centre, Singapore 118523; or**
- (b) **by sending a scanned PDF copy via email to the Company at contact@hoeleong.com, in each case, by 9:30 a.m. on 26 April 2026** being not less than seventy-two (72) hours before the time set for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

9. Shareholders' Questions and Answers

Shareholders and members, including CPF and SRS investors, may submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by 22 April 2026 (at least seven (7) calendar days after the date of the Notice of AGM):

(a) **by email to contact@hoeleong.com; or**

(b) **by post to the registered address of the Company at 100G Pasir Panjang Road, #08-16 Interlocal Centre, Singapore 118523.**

Please state your question(s), your full name, NRIC/Passport/Company Registration No., number of shares held and whether you are a shareholder or a proxy or a corporate representative of a corporate shareholder. All questions without these identification details will not be entertained.

Please note that responses from the Board and management of the Company on substantial and relevant questions received from shareholders and members will be published on the SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://www.hoeleong.com> prior to the AGM.

We will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after the 22 April 2026 cut-off time at the AGM itself.

The minutes of the AGM will be published on the SGXNET and Company's corporate website within one (1) month after the conclusion of the AGM.

10. Documents for the AGM

Documents relating to the business of the AGM which comprise the Company's Annual Report for the financial year ended 31 December 2025, as well as the Notice of AGM and the accompanying proxy form have been published and may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://www.hoeleong.com> from 14 April 2026.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Lee Chin Chai and Ms Linda Hoon Siew Kin are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2026 ("AGM") ("Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	LEE CHIN CHAI	LINDA HOON SIEW KIN
Date of appointment	1 November 2019	1 July 2025
Date of last re-appointment	30 April 2024	Not applicable
Age	53	62
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>Refer to the disclosures set out under "Board Diversity" and "Process for the selection, appointment and re-appointment of Directors" of the Corporate Governance Report in this Annual Report.</p> <p>The Board concurred with the Nominating Committee's recommendation for the re-appointment of Mr Lee Chin Chai ("Mr Lee") at the AGM.</p>	<p>Refer to the disclosures set out under "Board Diversity" and "Process for the selection, appointment and re-appointment of Directors" of the Corporate Governance Report in this Annual Report.</p> <p>The Board concurred with the Nominating Committee's recommendation for the re-appointment of Ms Linda Hoon Siew Kin ("Ms Hoon") at the AGM.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Nominating Committee Chairman Remuneration Committee Member Audit Committee Member	Independent Director Remuneration Committee Chairman Audit Committee Member
Professional qualifications	Bachelor of Science Degree, National University Singapore, Executive Masters of Science from Baruch College, City University of New York and Member of the Singapore Institute of Directors	Bachelor of Laws (Second Class Upper Honours) Degree, National University of Singapore, Masters of Law, National University of Singapore, Completed The General Manager Program at Harvard Business School, Cambridge MA, U.S.A., Masters of Science in Management, Essec Business School, Asia Pacific, Singapore

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	LEE CHIN CHAI	LINDA HOON SIEW KIN
Working experience and occupation(s) during the past 10 years	<p>2025 to present: President, World Serving Leaders Asia Pte. Ltd.</p> <p>2023 to 2025: Managing Director, Center for Serving Leadership Asia Pte Ltd</p> <p>2019 to 2022: Executive Director, iConnecx Pte Ltd</p> <p>2017 to 2019: Chief Executive Officer, AWWA</p> <p>2014 to 2016: Managing Director of Microsoft</p>	<p>2025 to Present: General Counsel and Head of Regulatory Affairs, Risk & Compliance, Specialist Risk Group Asia Pacific Pte Ltd</p> <p>2024 to present: Adjunct Faculty, Undergrad programs for BBA and Accountancy, National University of Singapore, School of Business</p> <p>2022 to February 2024: TMF Group (Netherlands HQ) Head of Legal for Singapore, Malaysia, Australia</p> <p>2018 to 2022: Chief Legal Officer & Group Company Secretary/Chief Compliance Officer, SingPost Limited (listed on SGX)</p> <p>2015 to 2018: Group Head of Risk Management, IHH Healthcare Berhad (listed on KLSE & SGX)</p>
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	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) Or Appendix 7H (Catalist Rule 704(6))	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries?	No	No
Shareholding Details	Not applicable	Not applicable

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	LEE CHIN CHAI	LINDA HOON SIEW KIN
<p>Other Principal Commitments* including directorships</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<p>Refer to the Director's profile of Mr Lee disclosed under the section titled "Board of Directors" of this Annual Report.</p>	<p>Refer to the Director's profile of Ms Hoon disclosed under the section titled "Board of Directors" of this Annual Report.</p>
<p>Information required pursuant to Listing Rule 704(7) under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual</p>	<p>Mr Lee's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".</p>	<p>Ms Hoon's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".</p>

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018

HOE LEONG CORPORATION LTD.

(Company Registration No.: 199408433W)

(Incorporated in the Republic of Singapore)

PROXY FORM

FOR ANNUAL GENERAL MEETING

IMPORTANT:

1. Arrangements relating to attendance at the AGM by shareholders and members, including CPF and SRS investors, submission of questions by shareholders and members, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by shareholders and members, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the AGM Notice.
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies).
3. Pursuant to Section 181(1C) of the Companies Act 1967, relevant intermediaries may appoint more than two proxies to attend, speak and vote at the AGM.
4. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS investors. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 20 April 2026.
5. Persons who hold shares through relevant intermediaries, other than CPF and SRS investors, and who wish to appoint the Chairman of the AGM as proxy, should approach the relevant intermediary to submit their votes.

(PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

I/We _____ (Name) _____ (*NRIC/Passport/Co Reg No.)

of _____ (Address)

being a member/members of **HOE LEONG CORPORATION LTD.** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting (the "**AGM**") as *my/our proxy/proxies to attend, speak or vote for *me/us on *my/our behalf at the AGM of the Company to be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, #01-04, Singapore 609607 on Wednesday, 29 April 2026 at 9:30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or to abstain from voting on the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

Resolution No.	Ordinary Resolutions	For	Against	Abstain
Resolution 1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2025 together with the Auditors' Report there on			
Resolution 2	Re-election of Mr Lee Chin Chai as a director of the Company			
Resolution 3	Re-election of Ms Linda Hoon Siew Kin as a director of the Company			
Resolution 4	Approval of Directors' fee of \$135,000 for the financial year ending 31 December 2026			
Resolution 5	Re-appointment of PKF-CAP LLP as Auditor			
Resolution 6	Authority to issue shares			
Resolution 7	Authority to grant awards and issue shares under the Hoe Leong Corporation Performance Share Plan			

Please indicate your vote "**For**" or "**Against**" with a tick [✓] within the box provided for each resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a tick [✓] in the "Abstain" box provided in respect of that resolution.

Signed this _____ day of _____ 2026.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or Common Seal

*Delete accordingly

IMPORTANT:

Please read the notes overleaf.



Notes:

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act 1967 of Singapore ("**Companies Act**"), a member of the Company entitled to attend, speak and vote at the Annual General Meeting ("**AGM**") is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.
5. A proxy need not be a member of the Company.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act.
8. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) by post to the registered address of the Company at 100G Pasir Panjang Road, #08-16 Interlocal Centre, Singapore 118523; or
 - (b) by sending a scanned PDF copy via email to the Company at contact@hoeleong.com,in each case, by 9:30 a.m. on 26 April 2026, being not less than seventy-two (72) hours before the time set for holding the AGM.
9. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
11. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
12. For purposes of the appointment of a proxy(ies) and/or representative(s), the member(s)' and the proxy(ies)' or representative(s)' full name and full NRIC/passport number will be required for verification purposes, and the proxy(ies)' or representative(s)' NRIC/passport will need to be produced for sighting upon registration at the AGM. This is so as to ensure that only duly appointed proxy(ies)/representative(s) attend, speak and vote at the AGM. The Company reserves the right to refuse admittance to the AGM if the proxy(ies)' or representative(s)' identity cannot be verified accurately.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

OUR OFFICES



Ho Leong Tractors Sdn. Bhd.

Kuala Lumpur branch: 7A Jalan 1/57D Off Jalan Segambut 51200 Kuala Lumpur
T: 03-6257 1448 / 03-6257 1449
E: yaw@hoeleong.com

Sibu branch: Lot 1163, Block 19, S.L.D., Lorong Teng Kung Suk 3, Upper Lanang Industrial Estate, 96000 Sibu, Sarawak
T: 084-212228/ 084-253498
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Kunshan Kanto Buhin Manufacturing Co., Ltd Jiangsu Trackspares Manufacturing Co., Ltd Kunshan Trackspares Trading Co., Ltd

No. 88 Zhonghua Road, Bacheng Town, Kunshan City, Jiangsu, PRC
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E: sales@trackspares.com.au

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HOE LEONG CORPORATION LTD.

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