

**Hoe Leong Corporation Ltd.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 199408433W)

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**INTERESTED PERSON TRANSACTION**

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**1. Introduction**

The Board of Directors (the “**Board**”) of Hoe Leong Corporation Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the following announcements:

- (a) results announcement dated 14 May 2020 in relation to the unaudited consolidated financial statement of the Group for the financial period ended 31 March 2020; and
- (b) results announcement dated 14 August 2020 in relation to the unaudited consolidated financial statement of the Group for the financial period ended 30 June 2020.

(collectively, the “**Results Announcements**”)

Rule 905(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) provides that an issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets.

As disclosed in paragraph 13 of the Results Announcements, respectively, the Group, through its wholly-owned subsidiary, Kunshan Kanto Buhin Manufacturing Co., Ltd. (“**KKBM**”), has an existing interested person transaction with Hoe Leong Plastic Industry (China) Ltd (“**HL Plastic**”) for the financial year ending 31 December 2020 (“**KKBM IPT**”).

**2. Total Value of KKBM IPT**

The Board wishes to update shareholders that as at the date of this announcement, the current total value of KKBM IPT for the financial year ending 31 December 2020 and up to 31 October 2020 is approximately S\$256,000, representing approximately 3.6% of the Group's latest audited net tangible asset value for the financial year ended 31 December 2019.

**3. Details of Interested Person**

HL Plastic is a wholly-owned subsidiary of Hoe Leong Co. (Pte.) Ltd.. Hoe Leong Co. (Pte.) Ltd. is a controlling shareholder of the Company pursuant to its direct interest in 28.29% of the issued and paid-up share capital of the Company. Accordingly, HL Plastic is an associate of the controlling shareholder of the Company and is therefore an “**interested person**” as defined under Chapter 9 of the Listing Manual.

#### **4. Details of the Lease Agreement**

KKBM had, on 1 January 2020, entered into a lease agreement for a term of one year to lease a factory building located at No. 988 Kunjia Road in the People's Republic of China (the "Factory Building") for a monthly rent of RMB164,000 (excluding value-added tax). KKBM and HL Plastic entered into a supplemental lease agreement dated 1 March 2020 to revise the monthly rent to RMB118,000 (excluding value-added tax) from 1 March 2020 to 31 December 2020.

The KKBM IPT is entered into on normal commercial terms.

#### **5. Rationale for KKBM IPT and Benefit to KKBM**

The purpose of the IPT is to lease the Factory Building from HL Plastic to manufacture the Group's core products (i.e. equipment parts for both heavy equipment and industrial machinery). Accordingly, the KKBM IPT is of benefit to and in the commercial interests of the Group.

#### **6. Statement by the Audit Committee**

The Audit Committee of the Company has considered and reviewed the terms of the KKBM IPT, the rationale for and benefit of the KKBM IPT for the financial year ending 31 December 2020 and is of the view that the KKBM IPT is entered into on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

#### **7. Total Interested Person Transactions for the financial year ending 31 December 2020**

Save as disclosed above, there was no interested person transaction value of which is S\$100,000 and above entered into by the Group between 1 January 2020 and the date of this announcement.

KKBM IPT for the financial year ending 31 December 2020 is not expected to exceed the threshold of 5% prescribed under Rule 906(1) of the Listing Manual.

#### **8. Interest of Directors and Substantial Shareholders**

Save as disclosed in this announcement and other than through their respective shareholdings in the Company, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in KKBM IPT.

By Order of the Board

Liew Yoke Pheng Joseph  
Executive Chairman and Chief Executive Officer  
6 November 2020