



## HOE LEONG CORPORATION LTD.

(Registration No. 199408433W)  
(Incorporated in the Republic of Singapore)

### **MATERIAL DIFFERENCES BETWEEN AUDITED AND UNAUDITED FINANCIAL STATEMENTS**

The Board of Directors of Hoe Leong Corporation Ltd. (the “Company”) refers to the announcement released by the Company on 27 February 2014 with regards to the unaudited financial statements for the financial year ended 31 December 2013 (“FY2013”).

Further reference is made to the audited financial statements of the Company for FY2013 which was issued today.

The Board wishes to announce that, pursuant to the Rule 704 (6) of SGX-ST Listing Manual, the following adjustments have been made following the finalization of the audit. The differences relate mainly to the Group’s share of results of associates and joint ventures, and are due solely to adjustments made to the unaudited financial results of the Group’s associates, Semua International Sdn Bhd and its subsidiaries, for the Group’s equity accounting purposes. In addition, the reclassification of long term and short term loan was made due to misclassification of short term loan as long term loan under the unaudited financial statements.

#### **A. GROUP’S STATEMENT OF COMPREHENSIVE INCOME**

|   | <b>Audited</b>  | <b>Unaudited</b> | <b>Difference</b> |
|---|-----------------|------------------|-------------------|
|   | <b>\$'000</b>   | <b>\$'000</b>    | <b>\$'000</b>     |
| <b>Revenue</b>                                    | 70,962          | 70,962           | -                 |
| Cost of sales                                     | (56,963)        | (56,963)         | -                 |
| <b>Gross profit</b>                               | <b>13,999</b>   | <b>13,999</b>    | -                 |
| Other income                                      | 3,476           | 3,476            | -                 |
| Profit earned from construction of property       | 152             | 152              | -                 |
| Distribution expenses                             | (5,385)         | (5,385)          | -                 |
| Administrative expenses                           | (7,993)         | (7,993)          | -                 |
| Other expenses                                    | (7,835)         | (7,835)          | -                 |
| <b>Results from operating activities</b>          | <b>(3,586)</b>  | <b>(3,586)</b>   | -                 |
| Finance income                                    | 45              | 45               | -                 |
| Finance costs                                     | (1,585)         | (1,585)          | -                 |
| <b>Net finance costs</b>                          | <b>(1,540)</b>  | <b>(1,540)</b>   | -                 |
| Share of results of associates and joint ventures | (10,726)        | (9,514)          | (1,212)           |
| <b>Loss before income tax</b>                     | <b>(15,852)</b> | <b>(14,640)</b>  | (1,212)           |
| Income tax expense                                | 64              | 64               | -                 |
| <b>Loss for the year</b>                          | <b>(15,788)</b> | <b>(14,576)</b>  | (1,212)           |
| <b>Attributable to:</b>                           |                 |                  |                   |
| Owners of the Company                             | (13,441)        | (12,460)         | (981)             |
| Non-controlling interests                         | (2,347)         | (2,116)          | (231)             |
| <b>Loss for the year</b>                          | <b>(15,788)</b> | <b>(14,576)</b>  | (1,212)           |

**GROUP'S STATEMENT OF COMPREHENSIVE INCOME (continued)**

|  | <b>Audited</b>         | <b>Unaudited</b>       | <b>Difference</b> |
|--|------------------------|------------------------|-------------------|
|  | <b>\$'000</b>          | <b>\$'000</b>          | <b>\$'000</b>     |
| <b>Loss for the year</b>   | <b>(15,788)</b>        | <b>(14,576)</b>        | (1,212)           |
| <b>Other comprehensive income</b>  |                        |                        |                   |
| Foreign currency translation differences arising from foreign operations | 1,449                  | 1,415                  | (34)              |
| Other comprehensive income for the year, net of tax                      | <u>1,449</u>           | <u>1,415</u>           | (34)              |
| <b>Total comprehensive income for the year</b>                           | <u><b>(14,339)</b></u> | <u><b>(13,161)</b></u> | (1,178)           |
| <b>Attributable to :</b>   |                        |                        |                   |
| Owners of the Company  | (12,060)               | (11,105)               | (955)             |
| Non-controlling interests  | (2,279)                | (2,056)                | (223)             |
| <b>Total comprehensive income for the year</b>                           | <u><b>(14,339)</b></u> | <u><b>(13,161)</b></u> | (1,178)           |

## B. GROUP'S STATEMENT OF FINANCIAL POSITION

|   | Group                 |                       |               |
|---|-----------------------|-----------------------|---------------|
|   | Audited               | Unaudited             | Difference    |
|   | <u>\$'000</u>         | <u>\$'000</u>         | <u>\$'000</u> |
| <b>Non-current assets</b>                               |                       |                       |               |
| Property, plant and equipment                           | 45,585                | 45,585                | -             |
| Investments in associates and joint ventures            | 12,549                | 13,727                | (1,178)       |
| Deferred tax assets                                     | 624                   | 624                   | -             |
|   | <u>58,758</u>         | <u>59,936</u>         | (1,178)       |
| <b>Current assets</b>                                   |                       |                       |               |
| Inventories   | 32,226                | 32,226                | -             |
| Trade and other receivables                             | 50,534                | 50,534                | -             |
| Cash and cash equivalents                               | 10,983                | 10,983                | -             |
| Non-current assets held for disposal                    | 21,291                | 21,291                | -             |
|   | <u>115,034</u>        | <u>115,034</u>        | -             |
| <b>Total assets</b>                                     | <u><b>173,792</b></u> | <u><b>174,970</b></u> | (1,178)       |
| <b>Equity attributable to owners of the Company</b>     |                       |                       |               |
| Share capital   | 53,897                | 53,897                | -             |
| Treasury shares   | (40)                  | (40)                  | -             |
| Currency translation reserve                            | (4,102)               | (4,128)               | (26)          |
| Share-based compensation reserve                        | 322                   | 322                   | -             |
| Accumulated profits                                     | 17,855                | 18,836                | (981)         |
|   | <u>67,932</u>         | <u>68,887</u>         | (955)         |
| <b>Non-controlling interests</b>                        | (1,106)               | (883)                 | (223)         |
| <b>Total equity</b>                                     | <u><b>66,826</b></u>  | <u><b>68,004</b></u>  | (1,178)       |
| <b>Non-current liabilities</b>                          |                       |                       |               |
| Financial liabilities                                   | 21,187                | 29,181                | (7,994)       |
| Loans from non-controlling shareholders of subsidiaries | 3,397                 | 3,397                 | -             |
| Deferred income   | 7,537                 | 7,537                 | -             |
| Deferred tax liabilities                                | 774                   | 774                   | -             |
|   | <u>32,895</u>         | <u>40,889</u>         | (7,994)       |
| <b>Current liabilities</b>                              |                       |                       |               |
| Trade and other payables                                | 20,749                | 20,749                | -             |
| Financial liabilities                                   | 48,136                | 40,142                | 7,994         |
| Current tax payable                                     | (10)                  | (10)                  | -             |
| Deferred income   | 5,196                 | 5,196                 | -             |
|   | <u>74,071</u>         | <u>66,077</u>         | 7,994         |
| <b>Total liabilities</b>                                | <u><b>106,966</b></u> | <u><b>106,966</b></u> | -             |
| <b>Total equity and liabilities</b>                     | <u><b>173,792</b></u> | <u><b>174,970</b></u> | (1,178)       |

**EARNINGS PER ORDINARY SHARE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

| Earnings per share of the Group:                           | Group         |               |               |
|--|---------------|---------------|---------------|
|  | Audited       | Unaudited     | Difference    |
| (a) Profit attributable to owners of the Company (\$'000)  | (13,441)      | (12,460)      | (981)         |
| Weighted average number of ordinary shares ('000)          | 290,105       | 290,105       | -             |
| <b>Basic earnings per share (cents)</b>                    | <b>(4.65)</b> | <b>(4.29)</b> | <b>(0.36)</b> |
| (b) Profit attributable to owners of the Company (\$'000)  | (13,441)      | (12,460)      | (981)         |
| Adjusted weighted average number of ordinary shares ('000) | 290,105       | 290,105       | -             |
| <b>Diluted earnings per share (cents)</b>                  | <b>(4.65)</b> | <b>(4.29)</b> | <b>(0.36)</b> |

**NET ASSET VALUE PER ORDINARY SHARE  
AS AT 31 DECEMBER 2013**

|   | Group       |             |               |
|---|-------------|-------------|---------------|
|   | Audited     | Unaudited   | Difference    |
| Net assets (\$'000)                               | 66,826      | 68,004      | (1,178)       |
| Number of ordinary shares ('000)                  | 289,384     | 289,384     | -             |
| <b>Net asset value per ordinary share (cents)</b> | <b>23.1</b> | <b>23.5</b> | <b>(0.41)</b> |

**ON BEHALF OF THE BOARD**

Kuah Geok Lin  
Chairman and CEO

04 April 2014