



## HOE LEONG CORPORATION LTD.

(Registration No. 199408433W)

### Full-year financial statements and related announcement for the financial year ended 31 December 2016

The Board of Directors of Hoe Leong Corporation Ltd. (the “Company”) is pleased to announce the consolidated results for the financial year ended 31 December 2016. The figures presented below have not been audited or reviewed by the auditors of the Company.

#### UNAUDITED FINANCIAL STATEMENTS

##### 1(a)(i) Statement of comprehensive income (the Group)

Note	Full Year		
	2016	2015	Increase / (decrease)
	\$'000	\$'000	%
Revenue	57,896	74,383	(22.2)%
Cost of sales	(48,206)	(54,976)	(12.3)%
<b>Gross profit</b>	<b>9,690</b>	<b>19,407</b>	<b>(50.1)%</b>
Other income	1,254	3,642	(65.6)%
Distribution expenses	(4,201)	(5,231)	(19.7)%
Administrative expenses	(7,896)	(7,817)	1.0 %
Other expenses	(42,925)	(5,151)	733.3 %
<b>Results from operating activities</b>	<b>(44,078)</b>	<b>4,850</b>	<b>(1,008.8)%</b>
Finance income	4	1,604	(99.8)%
Finance costs	(3,259)	(2,448)	33.1 %
<b>Net finance costs</b>	<b>(3,255)</b>	<b>(844)</b>	<b>285.7 %</b>
Share of results of associates and joint ventures, net of tax	-	-	N.M.
<b>(Loss) / Profit before income tax</b>	<b>(47,333)</b>	<b>4,006</b>	<b>(1,281.6)%</b>
Income tax credit / (expense)	425	(300)	(241.7)%
<b>(Loss) / Profit for the year</b>	<b>(46,908)</b>	<b>3,706</b>	<b>(1,365.7)%</b>
<b>(Loss) / Profit attributable to:</b>			
Owners of the Company	(46,908)	3,718	(1,361.6)%
Non-controlling interests	-	(12)	N.M.
<b>(Loss) / Profit for the year</b>	<b>(46,908)</b>	<b>3,706</b>	<b>(1,365.7)%</b>

N.M. - Not meaningful

**1(a)(i) Statement of comprehensive income (the Group)**

	Full Year		
	2016	2015	Increase / (decrease)
	\$'000	\$'000	%
<b>(Loss) / Profit for the year</b>	<b>(46,908)</b>	<b>3,706</b>	<b>(1,365.7)%</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences arising from foreign operations	252	2,004	(87.4)%
Other comprehensive income, net of tax	<u>252</u>	<u>2,004</u>	(87.4)%
<b>Total comprehensive income for the year</b>	<b><u>(46,656)</u></b>	<b><u>5,710</u></b>	<b>(917.1)%</b>
<b>Total comprehensive income attributable to :</b>			
Owners of the Company	(46,716)	5,288	(983.4)%
Non-controlling interests	60	422	(85.8)%
<b>Total comprehensive income for the year</b>	<b><u>(46,656)</u></b>	<b><u>5,710</u></b>	<b>(917.1)%</b>

**1(a)(ii) Breakdown and explanatory notes to the statement of comprehensive income**

**Note 1** Finance incomes comprise the following:

	Full Year		
	2016	2015	Increase / (decrease)
	\$'000	\$'000	%
<b>Finance income:-</b>			
- Bank deposit	4	91	(95.6)%
- Interest on loan to associate	1,475	1,513	(2.5)%
- Impairment loss	(1,475)	-	N.M.
<b>Total</b>	<b><u>4</u></b>	<b><u>1,604</u></b>	

**1(a)(ii) Breakdown and explanatory notes to the statement of comprehensive income (continued)**

**Note 1** Finance costs comprise the following:

	Full Year		
	2016	2015	Increase / (decrease)
	\$'000	\$'000	%
<b>Interest paid and payable on:-</b>			
- Trust receipts	(235)	(235)	- %
- Bank loans	(2,360)	(1,963)	20.2 %
- Finance leases	(12)	(17)	(29.4)%
Others	(652)	(233)	179.8 %
<b>Total</b>	<b>(3,259)</b>	<b>(2,448)</b>	

**Note 2** (Loss) / Profit before income tax is stated after (charging) / crediting the following:

	Full Year		
	2016	2015	Increase / (decrease)
	\$'000	\$'000	%
(Allowance)/ written back for slow moving inventories	(23)	1,242	(101.9)%
Inventories (written-off) / written-back	(287)	53	(641.5)%
Allowance (charged) / written-back for doubtful debts	(53)	7	(857.1)%
Gain/(loss) on disposal of other plant and equipment	10	19	(47.4)%
Property, plant and equipment written-off	-	(1)	N.M.
Impairment loss of other receivables	(29,796)	-	N.M.
Impairment loss of property, plant and equipment	(7,684)	(2,000)	284.2 %
Depreciation of property, plant and equipment	(5,739)	(6,047)	(5.1)%
Foreign exchange gain / (loss), net	(1,019)	302	(437.4)%
Operating lease expenses	(3,339)	(5,796)	(42.4)%
Amortisation of deferred income	2,340	5,196	(55.0)%
Rental income	948	2,057	(53.9)%
Cost-sharing of marketing expenses with Key Suppliers	-	1,404	N.M.

1(b)(i) Statement of financial position (the Group and the Company)

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
Property, plant and equipment	67,563	79,396	2,163	3,346
Investments in subsidiaries	-	-	14,451	23,797
Investments in associates	-	-	-	-
Deferred tax assets	560	458	-	-
<b>Non-current assets</b>	<b>68,123</b>	<b>79,854</b>	<b>16,614</b>	<b>27,143</b>
Inventories	25,106	27,834	-	9,297
Trade and other receivables	26,652	61,469	54,316	104,729
Cash and cash equivalents	3,287	3,128	857	508
<b>Current Assets</b>	<b>55,045</b>	<b>92,431</b>	<b>55,173</b>	<b>114,534</b>
<b>Total assets</b>	<b>123,168</b>	<b>172,285</b>	<b>71,787</b>	<b>141,677</b>
<b>Equity</b>				
Share capital	69,490	69,490	69,490	69,490
Treasury shares	(55)	(55)	(55)	(55)
Currency translation reserve	(1,629)	(1,821)	-	-
Share-based compensation reserve	171	345	171	345
Accumulated losses	(48,142)	(1,234)	(53,678)	(2,503)
<b>Equity attributable to owners of the Company</b>	<b>19,835</b>	<b>66,725</b>	<b>15,928</b>	<b>67,277</b>
<b>Non-controlling interests</b>	<b>(1,127)</b>	<b>(1,187)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>18,708</b>	<b>65,538</b>	<b>15,928</b>	<b>67,277</b>
<b>Liabilities</b>				
Financial liabilities #	5,605	33,865	22	10,813
Loans from non-controlling shareholders of subsidiaries	-	2,901	-	-
Deferred tax liabilities	20	655	20	19
<b>Non-current liabilities</b>	<b>5,625</b>	<b>37,421</b>	<b>42</b>	<b>10,832</b>
Trade and other payables	20,104	16,822	31,682	20,988
Financial liabilities #	75,070	50,039	24,135	40,240
Loans from non-controlling shareholders of subsidiaries	3,489	-	-	-
Current tax payable	172	125	-	-
Deferred income	-	2,340	-	2,340
<b>Current liabilities</b>	<b>98,835</b>	<b>69,326</b>	<b>55,817</b>	<b>63,568</b>
<b>Total liabilities</b>	<b>104,460</b>	<b>106,747</b>	<b>55,859</b>	<b>74,400</b>
<b>Total equity and liabilities</b>	<b>123,168</b>	<b>172,285</b>	<b>71,787</b>	<b>141,677</b>

# Financial Liabilities amounting to approximately S\$43,700,000 have been reclassified from Non-Current Liabilities to Current Liabilities due to non-compliance with certain financial ratios imposed by banks. The Group expects to receive waivers from all its banks in the near future.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

As at 31 Dec 2016		As at 31 Dec 2015		As at 31 Dec 2016	As at 31 Dec 2015
Secured	Unsecured	Secured	Unsecured	Current	Current
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
53,825	21,245	9,473	40,566	75,070	50,039

As at 31 Dec 2016		As at 31 Dec 2015		As at 31 Dec 2016	As at 31 Dec 2015
Secured	Unsecured	Secured	Unsecured	Non-current	Non-current
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
5,605	-	22,029	11,836	5,605	33,865

**Total**

As at 31 Dec 2016		As at 31 Dec 2015		As at 31 Dec 2016	As at 31 Dec 2015
Secured	Unsecured	Secured	Unsecured		
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
59,430	21,245	31,502	52,402	80,675	83,904

Details of any collateral:-

Secured borrowings at 31 December 2016 are secured by:-

- (a) Legal mortgages over the barge and vessels of subsidiaries and corporate guarantees provided by the Company;
- (b) Legal mortgages over the freehold land and buildings, and certain plant and equipment of the Group.
- (c) Personal guarantees provided by executive directors for certain banking facilities; and
- (d) Motor vehicles of the Company under finance leases.

**1(c)Statement of cash flows (the Group)**

	<b>Group</b>	
	<b>Full Year</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
(Loss) / Profit before income tax	(47,333)	4,006
<b>Adjustments for:</b>		
Amortisation of deferred income	(2,340)	(5,196)
Depreciation of property, plant and equipment	5,739	6,047
Property, plant and equipment written off	-	1
(Gain)/ Loss on disposal of other plant and equipment	(10)	(19)
Finance income	(1,479)	(1,604)
Impairment loss on finance income	1,475	-
Finance costs	3,259	2,448
Impairment loss of other receivables	29,796	-
Impairment loss of property, plant and equipment	7,684	2,000
Equity-settled share-based compensation	(174)	3
<b>Operating cash flows before changes in working capital</b>	<b>(3,383)</b>	<b>7,686</b>
<b>Change in working capital:</b>		
Inventories	2,728	4,279
Trade and other receivables	5,030	(13,807)
Trade and other payables	3,945	(6,384)
<b>Cash flows from /(used in) operations</b>	<b>8,320</b>	<b>(8,226)</b>
Income taxes paid	(225)	(118)
<b>Cash flows from/ (used in) operating activities</b>	<b>8,095</b>	<b>(8,344)</b>
<b>Investing activities</b>		
Finance income received	4	91
Purchase of property, plant and equipment	(1,167)	(1,043)
Proceeds from disposal of property, plant and equipment	13	57
<b>Cash flows (used in) investing activities</b>	<b>(1,150)</b>	<b>(895)</b>
<b>Financing activities</b>		
Purchase of treasury shares	-	(5)
Finance costs paid	(3,259)	(2,448)
(Repayment of) / Proceeds from bills payable and trust receipts	(6,451)	1,446
Proceeds from finance lease liabilities	51	-
Payment of finance lease liabilities	(92)	(129)
Proceeds from interest-bearing borrowings	41,932	30,854
Repayment of interest-bearing borrowings	(38,672)	(30,055)
Proceeds from issuance of shares, net	-	5,620
<b>Cash flows (used in)/from financing activities</b>	<b>(6,491)</b>	<b>5,283</b>
<b>Net decrease in cash and cash equivalents</b>	<b>454</b>	<b>(3,956)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,179</b>	<b>6,043</b>
<b>Effect of exchange rates fluctuations</b>	<b>(295)</b>	<b>92</b>
<b>Cash and cash equivalents at end of the year **</b>	<b>2,338</b>	<b>2,179</b>
Note : **		
Cash and cash equivalents in the statements of financial position	3,287	3,128
Bank Overdraft used for cash management purpose	(949)	(949)
Cash and cash equivalents in the statement of cash flows	2,338	2,179

**1(d)(i) Statement of changes in equity (the Group and the Company)**

Group	Share capital \$'000	Treasury shares \$'000	Share-based compensation reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
<b>2016</b>								
<b>At 1 January 2016</b>	69,490	(55)	345	(1,821)	(1,234)	66,725	(1,187)	65,538
<b>Total comprehensive income for the year</b>								
Loss for the year	-	-	-	-	(46,908)	(46,908)	-	(46,908)
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	192	-	192	60	252
<b>Total comprehensive income for the year</b>	-	-	-	192	(46,908)	(46,716)	60	(46,656)
<b>Transactions with owners, recorded directly in equity</b>								
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Own shares acquired	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	(174)	-	-	(174)	-	(174)
<b>Total transactions with owners</b>	-	-	(174)	-	-	(174)	-	(174)
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-
<b>At 31 December 2016</b>	<b>69,490</b>	<b>(55)</b>	<b>171</b>	<b>(1,629)</b>	<b>(48,142)</b>	<b>19,835</b>	<b>(1,127)</b>	<b>18,708</b>

Group	Share capital \$'000	Treasury shares \$'000	Share-based compensation reserve \$'000	Currency translation reserve \$'000	Accumulated Profits/ losses \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
<b>2015</b>								
<b>At 1 January 2015</b>	63,870	(50)	342	(3,391)	(4,952)	55,819	(1,609)	54,210
<b>Total comprehensive income for the period</b>								
Profit for the year	-	-	-	-	3,718	3,718	(12)	3,706
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	1,570	-	1,570	434	2,004
<b>Total comprehensive income for the year</b>	-	-	-	1,570	3,718	5,288	422	5,710
<b>Transactions with owners, recorded directly in equity</b>								
Issuance of ordinary shares	5,620	-	-	-	-	5,620	-	5,620
Own shares acquired	-	(5)	-	-	-	(5)	-	(5)
Share-based compensation expense	-	-	3	-	-	3	-	3
<b>Total transactions with owners</b>	<b>5,620</b>	<b>(5)</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>5,618</b>	<b>-</b>	<b>5,618</b>
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-
<b>At 31 December 2015</b>	<b>69,490</b>	<b>(55)</b>	<b>345</b>	<b>(1,821)</b>	<b>(1,234)</b>	<b>66,725</b>	<b>(1,187)</b>	<b>65,538</b>

**1(d)(i) Statement of changes in equity (the Group and the Company) (continued)**

Company	Share capital \$'000	Treasury Shares \$'000	Share-based compensation reserve \$'000	Accumulated (losses) / profits \$'000	Total equity \$'000
<b>2016</b>					
<b>At 1 January 2016</b>	69,490	(55)	345	(2,503)	67,277
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	-	(51,175)	(51,175)
Total comprehensive income for the year	-	-	-	(51,175)	(51,175)
<b>Transactions with owners, recorded directly in equity</b>					
Issuance of shares	-	-	-	-	-
Share-based compensation expense	-	-	(174)	-	(174)
Total transactions with owners	-	-	(174)	-	(174)
<b>At 31 December 2016</b>	<b>69,490</b>	<b>(55)</b>	<b>171</b>	<b>(53,678)</b>	<b>15,928</b>
<b>2015</b>					
<b>At 1 January 2015</b>	63,870	(50)	342	2,225	66,387
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	(4,728)	(4,728)
Total comprehensive income for the year	-	-	-	(4,728)	(4,728)
<b>Transactions with owners, recorded directly in equity</b>					
Issuance of ordinary shares	5,620	(5)	-	-	5,615
Share-based compensation expense	-	-	3	-	3
Total transactions with owners	5,620	(5)	3	-	5,618
<b>At 31 December 2015</b>	<b>69,490</b>	<b>(55)</b>	<b>345</b>	<b>(2,503)</b>	<b>67,277</b>



- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

There was no change in the Company's share capital during the financial period.

Share Options

Outstanding share options to subscribe for ordinary shares are as follows:

Grant date	Expiry date	Exercise price	Number outstanding as at	
			31-Dec-16	31-Dec-15
13 April 2010	12 April 2020	S\$ 0.34	250,000	250,000
27 April 2010	26 April 2020	S\$ 0.39	350,000	350,000
27 April 2010	26 April 2020	S\$ 0.31	130,000	130,000
5 May 2011	4 May 2021	S\$ 0.23	50,000	50,000
31 May 2012	30 May 2022	S\$ 0.15	231,000	231,000
			1,011,000	1,011,000

Share Awards

All of the 722,200 share awards granted to controlling shareholders and their associates since commencement of the scheme have been voluntarily waived.

Treasury shares

Treasury shares held as at 31 December 2016 is 470,000 shares (31 December 2015: 470,000 shares).

There were no transactions relating to sale, transfer, disposal, cancellation and/or use of treasury shares during the period ended 31 December 2016.

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

**Issued Share Capital**

	Number of shares
<b>Issued and paid-up share capital as at 31 December 2015</b>	<b>623,150,724</b>
Total number of shares held as treasury	(470,000)
<b>Issued and paid-up share capital as at 31 December 2016 net of treasury shares</b>	<b>622,680,724</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Please refer to note 1 (d) (ii).

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the auditors of the Company.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the Group's audited financial statements for the financial year ended 31 December 2015.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The effect of the adoption of the new/revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS that are effective for the financial year beginning on 1 January 2016 has no material impact.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>Full Year</b>	
	<b>2016</b>	<b>2015</b>
<b>Earnings per share of the Group:</b>		
(a) (Loss) / Profit attributable to owners of the Company (S\$'000)	<b>(46,908)</b>	3,718
Weighted average number of ordinary shares ('000)	<b>622,681</b>	567,467
<b>Basic earnings per share (cents)</b>	<b>(7.53)</b>	0.66
(b) (Loss) / Profit attributable to owners of the Company (S\$'000)	<b>(46,908)</b>	3,718
Adjusted weighted average number of ordinary shares ('000)	<b>622,681</b>	567,467
<b>Diluted earnings per share (cents)</b>	<b>(7.53)</b>	0.66

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Net assets (S\$'000)	<b>18,708</b>	66,725	<b>15,928</b>	67,277
Number of ordinary shares ('000)	<b>622,681</b>	622,681	<b>622,681</b>	622,681
<b>Net asset value per ordinary share (cents)</b>	<b>3.0</b>	10.7	<b>2.6</b>	10.8

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### **Statement of Comprehensive Income**

#### ***Results for FY2016:***

The Group reported loss after tax of S\$46.9 million for the year ended 31 December 2016 ("FY 2016") as compared to profit after tax of S\$3.7 million for the year ended 31 December 2015 ("FY 2015") due to the following factors:

Total revenue decreased by S\$16.5 million, or 22.2%, to S\$57.9 million in FY 2016 as compared to S\$74.4 million in FY 2015. The decrease in total revenue was due to decrease in revenue from the Group's Vessel Chartering segment of S\$4.8 million and the Group's Equipment segment of S\$11.7 million.

Sales revenue from the Equipment segment decreased by S\$11.7 million, or 20.4%, to S\$45.5 million in FY 2016 as compared to S\$57.2 million in FY 2015 mainly due to lower sales of equipment parts to our customers.

Charter revenue from the Vessel Chartering segment decreased by S\$4.8 million, or 28.0%, to S\$12.4 million in FY 2016 as compared to S\$17.2 million in FY 2015. The decrease in charter revenue was due mainly to lower utilisation rate for our Arkstar fleet.

Total cost of sales decreased by S\$6.8 million, or 12.3%, to S\$48.2 million in FY 2016 as compared to S\$55.0 million in FY 2015 mainly due to decrease in cost of sales of equipment parts by S\$6.5 million, or 15.3%, to S\$36.0 million and Vessel Chartering segment by S\$0.3 million, or 2.1%, to S\$12.2 million, in FY 2016 respectively. The decrease in cost of sales was mainly due to decrease in sales of equipment parts in Equipment segment and lower vessel operating cost in the Vessel Chartering segment.

Overall gross profit margin decreased to 16.7% in FY 2016 as compared to 26.1% in FY 2015. Gross profit margin for Equipment segment decreased by S\$5.2 million, and Vessel Chartering segment gross profit margin decreased by S\$4.5 million in FY 2016.

Other income decreased by S\$2.4 million, or 65.6% mainly due a decrease in rental income and cost sharing of marketing expenses with key suppliers.

Distribution expenses decreased by S\$1.0 million, or 19.7%, to S\$4.2 million in FY 2016 which was mainly due to decreased in sales commission.

Administrative expenses increased by S\$0.1 million, or 0.1%, to S\$7.9 million in FY 2016 which was mainly due to increase in legal and professional fees.

Other expenses increased by S\$37.8 million, or 733.3% to S\$42.9 million in FY 2016 mainly due to impairment of other receivables relating to Semua Group of S\$29.8 million, impairment of property, plant and equipment of \$7.7 million, higher repair and maintenance expenses of S\$0.5 million.

Finance costs increased by S\$0.8 million, or 33.1%, to S\$3.3 million in FY2016 mainly due to higher loan interest from bank borrowings

***Other comprehensive income for FY 2016:***

Foreign currency translation gain of S\$0.2 million arising from foreign operations in FY 2016 related mainly to the Group's net investment in foreign operations which are denominated in United States Dollar ("USD"), as the USD appreciated against the Singapore Dollar ("SGD") in FY 2016.

**Statement of Financial Position**

Property, plant and equipment decreased by S\$11.8 million, or 14.9%, to S\$67.6 million as at 31 December 2016 mainly due to impairment loss of S\$7.7 million and depreciation expense for FY 2016 of S\$5.7 million offset against additional fixed assets of S\$1.2 million and foreign currency translation gain of S\$0.5 million gain arising from the translation of USD denominated property, plant and equipment of certain subsidiaries into SGD as a result of the appreciation of the USD against the SGD in FY 2016 .

Trade and other receivables decreased by S\$34.8 million, or 56.6%, to S\$26.7 million as at 31 December 2016 mainly due to the impairment of other receivables of S\$29.8 million relating to Semua Group and a decrease in sales.

Financial liabilities decreased by S\$3.2 million, or 3.8%, to S\$80.7 million at 31 December 2016 due mainly to repayment of borrowings.

Deferred income resulted from the sale and leaseback of the Company's leasehold property and A&A Extension, which was completed on 13 June 2011 and 9 January 2013 respectively. Deferred income, being the excess of the sale consideration over its fair value, is a portion of the total gain on sale of the property and A&A Extension, which is deferred and amortized on a straight-line basis over the applicable non-cancellable lease term. Deferred income decreased by S\$2.3 million, or 100%, at 31 December 2016 due the full amortisation of deferred income in 1H 2016.

**Statement of Cash Flows**

For FY 2016, the Group generated net cash outflows of S\$0.5 million, mainly comprising net cash inflows from operating activities of S\$8.1 million and offset by net cash outflows from investing activities and financing activities of S\$1.2 million and S\$6.5 million respectively.

As at 31 December 2016, the Group's cash and cash equivalents amounted to S\$2.3 million (31 December 2015: S\$2.1 million).

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The global macroeconomic environment continues to be challenging. The Group remains cautious with regards to market conditions and will continue to be vigilant in managing costs and improving operational efficiencies going forward.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

**No.**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

**No.**

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared or recommended, a statement to that effect**

No applicable.

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**Business Segments**

Information about reportable segments

	Design and manufacture		Trading and distribution		Vessel chartering		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
External revenue	<b>30,770</b>	40,806	<b>14,758</b>	16,394	<b>12,368</b>	17,183	<b>57,896</b>	74,383
Finance income	<b>1</b>	36	<b>2</b>	54	<b>1</b>	1	<b>4</b>	91
Finance costs	<b>(1,733)</b>	(1,404)	<b>(346)</b>	(423)	<b>(1,180)</b>	(621)	<b>(3,259)</b>	(2,448)
Depreciation	<b>(1,212)</b>	(1,320)	<b>(250)</b>	(337)	<b>(4,277)</b>	(4,390)	<b>(5,739)</b>	(6,047)
Reportable segment profit before income tax	<b>(4,018)</b>	1,200	<b>(133)</b>	1,047	<b>(10,241)</b>	119	<b>(14,392)</b>	2,366
Unallocated income							<b>948</b>	5,036
Unallocated expenses							<b>(33,889)</b>	(3,396)
Profit before income tax for the year							<b>(47,333)</b>	4,006
<b>Other material non-cash items:-</b>								
Allowances for slow-moving inventories and inventories written back	<b>14</b>	970	<b>(324)</b>	325	-	-	<b>(310)</b>	1,295
Allowances written back/(made) for doubtful debt	-	7	<b>205</b>	-	<b>(254)</b>	-	<b>(49)</b>	7
Impairment on property, plant and equipment	-	-	-	-	<b>(6,684)</b>	(2,000)	<b>(6,684)</b>	(2,000)
Impairment on property, plant and equipment and other receivable-unallocated	-	-	-	-	-	-	<b>(30,796)</b>	-
<b>Capital expenditure:-</b>								
Purchase of property, plant and equipment	<b>(146)</b>	(867)	<b>(262)</b>	(136)	<b>(759)</b>	-	<b>(1,167)</b>	(1,003)

## Business Segments (cont'd)

### Assets and liabilities

	Design and manufacture		Trading and distribution		Vessel chartering		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	36,557	44,484	14,708	13,986	65,074	81,687	116,339	140,157
Unallocated assets							6,829	32,128
<b>Total assets</b>							<b>123,168</b>	<b>172,285</b>
Reportable segment liabilities	19,446	12,751	9,830	3,489	44,087	41,966	73,363	58,206
Unallocated liabilities							16,922	33,806
- Interest-bearing borrowings							14,175	14,735
- Others								
<b>Total liabilities</b>							<b>104,460</b>	<b>106,747</b>

## Geographical Segments

### Geographical information

	Revenue		Non-current assets (excluding financial instruments and deferred tax assets)	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Singapore	2,269	1,638	43,280	67,337
Other ASEAN countries	12,301	21,545	13,967	841
Other Asian countries	15,969	18,608	8,440	9,444
Others	27,357	32,592	1,876	1,774
	<b>57,896</b>	<b>74,383</b>	<b>67,563</b>	<b>79,396</b>

#### 14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8 above.



**15 Breakdown of sales**

	Group		
	2016	2015	Increase / (decrease)
	\$'000	\$'000	%
Sales reported for first half year	27,475	37,902	(27.5)%
Operating (loss) / profit after tax before deducting non-controlling interests reported for the first half year	(5,541)	3,157	N.M.
Sales reported for second half year	30,421	36,481	(16.6)%
Operating (loss) / profit after tax before deducting non-controlling interests reported for the second half year	(41,367)	549	N.M.

N.M. – Not Meaningful

**16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

None

**17 Interested Person Transactions**

	Period ended 31 December 2016	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
<u>Name of interested person</u>	\$'000	\$'000
Hoe Leong Plastic Industry (China) Ltd		
- Rental expense		367
Hoe Leong Co. (Pte) Ltd		
- Interest payable on shareholder's loan	153	

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**18 List of persons occupying managerial positions of the Company or any of its principal subsidiaries who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Company**

**Financial year ended 31 December 2016**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mdm Kuah Geok Khim	64	Sister of Messrs Kuah Geok Lin, Kuah Geok Khim, and Quah Yoke Hwee, Executive Directors of the Company	Operations Manager, 01/04/1975  Her duties include general office administration, maintenance and procurement of office equipment and computerisation, inventory management and management information system.  Her scope also includes sales and purchases cum import and export functions.	N/A
Raymond Quah Eng Kiat	39	Son of Mr Quah Yoke Hwee - Executive Director of the Company	Senior Manager(Sales and Marketing) 01/04/2010 @ Group Level and concurrently holding position of Director with Arkstar Ship Management Pte Ltd Take charge of the sales and marketing functions and management of the Group's vessel business.	N/A
Alvin Kuah Han Zhou	37	Son of Mr Kuah Geok Lin - Chairman & CEO of the Company	Senior Manager (Business Development) 1/4/2010 @ Group Level and concurrently holding the position of Director with Arkstar Offshore Pte Ltd Take charge of the business development functions of the Group's vessel business.	N/A

**List of persons occupying managerial positions of the Company or any of its principal subsidiaries who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Company (continue)**

**Financial year ended 31 December 2016**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Kuah Zhichao Kelvin	35	Son of Mr Kuah Geok Khim - Executive Director of the Company	Senior Manager (Business Development ) @ Group Level. 10/10/2011 His duties include all business development functions of the Group spare parts business.	N/A

**BY ORDER OF THE BOARD**

Kuah Geok Lin  
Chairman and CEO

01 March 2017