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Media Release

Hoe Leong Corporation's 3Q2015 net profit rose 48.0% to S\$0.9 million

- 3Q2015 net profit attributable to shareholders rose 21.1% to S\$0.8 million from S\$0.6 million in 3Q2014
- Experiencing a strong turnaround with 9M2015 net profit attributable to shareholders hitting S\$3.8 million compared to a loss of S\$3.9 million in 9M2014

Singapore, 6 November 2015 – SGX Mainboard listed Hoe Leong Corporation Ltd. (“Hoe Leong” and together with its subsidiaries, the “Group”), a manufacturer and distributor of heavy equipment spare parts and provider of offshore support vessels, is pleased to announce that its net profit for the three months ended 30 September 2015 (“3Q2015”) rose 48.0% to S\$0.9 million compared to S\$0.6 million in the previous corresponding period (“3Q2014”).

Mr James Kuah, Chairman and Chief Executive Officer of Hoe Leong Corporation Ltd. commented, ***“Despite the global economic uncertainties and headwinds from the volatility of oil prices, we have turned around the Company and managed to maintain our momentum in 3Q2015. Moving forward, we remain positive and intend to seek opportunities to grow our businesses in order to deliver better returns to our shareholders.”***

Financial Highlights

Financial Highlights	3 months ended 30 September			9 months ended 30 September		
(S\$'M)	2015	2014	% Change	2015	2014	% Change
Revenue	18.4	19.2	(3.8)	56.3	49.7	13.3
Gross Profit	5.7	4.6	25.5	15.2	8.6	76.0
Profit/(Loss) for the period	0.9	0.6	48.0	4.0	(4.4)	191.6
Profit/(Loss) for the period attributable to shareholders	0.8	0.6	21.1	3.8	(3.9)	198.4

Hoe Leong's 3Q2015 revenue decreased slightly by 3.8% from S\$19.2 million for 3Q2014 to S\$18.4 million, mainly due to a S\$2.7 million decrease from the Group's Equipment segment due to lower demand for third party brands of equipment parts from its customers. This was partially offset by the increase in revenue of S\$1.9 million from the Vessel Chartering Segment. The Group's Vessel Chartering revenue for 3Q2015 grew by 86.4% to S\$4.1 million as compared to S\$2.2 million in 3Q2014, mainly due to a higher utilisation rate of the Group's Arkstar fleet.

For the nine months ended 30 September 2015 ("9M2015"), revenue increased by 13.3% to S\$56.3 million compared to S\$49.7 million for the nine months ended 30 September 2014 ("9M2014")

Despite the slight decrease in the Group's 3Q2015 revenue, gross profit margin grew to 31.0% in 3Q2015 as compared to 23.8% in 3Q2014. Both the Vessel Chartering segment and the Equipment segment contributed to the increase in gross profit margin.

Overall gross profit margin for 9M2015 increased to 27.0% as compared to 17.3% in 9M2014, with gross profit contributions by the Equipment segment and Vessel Chartering segment increasing by S\$1.7 million and S\$4.9 million respectively in 9M2015.

For 9M2015, the Group's other income decreased by 46.3% to S\$1.8 million mainly due to a decrease in rental income. Distribution expenses decreased by 22.9% to S\$3.0 million for 9M2015 due to a decrease in packing and delivery expenses and administrative expenses decreased by 16.5% to S\$5.7 million. Other expenses increased by 117.5% in 9M2015 mainly due to a higher depreciation expense of S\$1.9 million and net finance costs increased by 33.0% to S\$1.6 million mainly due to an increase in bank borrowings.

The Group's share of results from its associate Semua International Sdn Bhd and its subsidiaries ("Semua Group") was S\$0.8 million in 9M2015 compared to a loss of S\$2.7 million in 9M2014 due to an improved performance of the Semua Group as a result of higher utilisation rates for its oil tankers.

All in all, the Group's net profit attributable to shareholders for 3Q2015 rose 21.1% to S\$0.8 million as compared to S\$0.6 million in 3Q2014, while net profit attributable to shareholders for 9M2015 rose 198.4% to S\$3.8 million compared to a loss of S\$3.9 million in 9M2014.

As at 30 September 2015, the Group's net assets increased to S\$67.0 million as compared to S\$55.8 million as at 31 December 2014. This translated to a net asset value per ordinary share of 10.8 Singapore cents as at 30 September 2015.

Business Outlook

The Group believes that the energy sector will continue to face uncertainty and challenges as oil price volatility has led to a severe scaling down of capital expenditure spending by oil companies. As such, the Group will continue to be vigilant in managing costs and improving operational efficiencies in response to this current market situation.

Moving forward, the Group will continue to take steps to enhance its balance sheet by paring down its borrowings and raising new capital.

End.

Note to Media: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Hoe Leong Corporation Ltd. (www.hoeleong.com)

Hoe Leong Corporation Ltd. (“Hoe Leong” or the “Group”) was incorporated in Singapore on 18 November 1994 and was successfully admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 5 December 2005.

The Group’s principal business activities entail trading and distribution of an extensive range of equipment parts for both heavy equipment and industrial machinery which include brands such as Caterpillar, Cummins, Hitachi, Hyster, Kato, Kobelco, Komatsu, Mitsubishi, P&H and Sumitomo. The Group also designs and manufactures equipment parts for both heavy equipment and industrial machinery under its own in-house brand names, “KBJ”, “OEM” and “ROSSI”.

Building on Hoe Leong’s successful foray into the offshore oil & gas industry in 2008, Arkstar Offshore is the incorporated arm that represents the Group’s advancement into the vessel chartering business. Continued efforts are made to enhance Arkstar Offshore’s presence as an owner of offshore support vessels, through close partnerships with strong and credible industry players, gainful ventures into diverse geographic markets, and sound investments in young and modern vessels. Possessing a sizeable fleet of anchor handling tug supply vessels, platform supply vessels and a mud-processing barge, Arkstar Offshore is keen on fleet expansion to better serve the needs of its clients. The establishment of a dedicated in-house ship management team, led by experienced professionals, bolsters Arkstar Offshore’s commitment to client responsiveness.

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