



HOE LEONG CORPORATION LTD.

和隆集团有限公司

Company Registration No.: 199408433W

Registered Address: 6 Clementi Loop, Singapore 129814

Condensed Interim Financial Statements

**As at and for the 4th Quarter (“4Q 2021”) and
Full Year (“FY2021”) Ended 31 December 2021**

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Statement of Comprehensive Income

Group	Note	4Q 2021 S\$'000	4Q 2020 S\$'000	Increase/ (Decrease) %	FY2021 S\$'000	FY2020 S\$'000	Increase/ (Decrease) %
Continuing operations							
Revenue	4.2	12,942	10,894	18.8	45,457	43,168	5.3
Cost of sales		(10,509)	(8,741)	20.2	(38,409)	(35,115)	9.4
Gross profit		2,433	2,153	13.0	7,048	8,053	(12.5)
Other income	6.1	130	313	(58.5)	3,604	1,382	160.8
Distribution expenses		(1,536)	(789)	94.7	(4,286)	(3,147)	36.2
Administrative expenses		(1,688)	(1,765)	(4.4)	(4,923)	(5,078)	(3.1)
Other expenses	6.1	(309)	(377)	(18.0)	(669)	(1,227)	(45.5)
Reversal of/ (allowance for) impairment of trade receivables		318	(130)	N.M	560	(231)	N.M
Results from operating activities		(652)	(595)	9.6	1,334	(248)	N.M
Finance costs	6.1	(191)	(117)	63.2	(587)	(519)	13.1
(Loss)/ Profit before income tax		(843)	(712)	18.4	747	(767)	N.M
Income tax income/ (expense)	7	187	(60)	N.M	258	(183)	N.M
(Loss)/ Profit from continuing operations		(656)	(772)	(15.1)	1,005	(950)	N.M
Discontinued operation							
Profit from discontinued operation (net of tax)	21	-	2,352	N.M	1,063	3,036	(65.0)
(Loss)/ Profit for the year		(656)	1,580	N.M	2,068	2,086	(0.9)
(Loss)/ Profit attributable to:							
Owners of the Company		(656)	1,580	N.M	2,068	2,086	(0.9)
(Loss)/ Profit for the year		(656)	1,580	N.M	2,068	2,086	(0.9)
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences arising from foreign operations		(9)	1,021	N.M	(650)	786	N.M
Other comprehensive income, net of income tax		(9)	1,021	N.M	(650)	786	N.M
Total comprehensive income for the year		(665)	2,601	N.M	1,418	2,872	(50.6)
Total comprehensive income attributable to:							
Owners of the Company		(665)	2,601	N.M	1,418	2,872	(50.6)
Total comprehensive income for the year		(665)	2,601	N.M	1,418	2,872	(50.6)

4Q 2020 – 4th quarter ended 31 December 2020
FY2020 – 12 months ended 31 December 2020
N.M – Not meaningful

Statement of Financial Position

	Note	Group		Company	
		As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	8,750	10,550	2,185	2,794
Investments in subsidiaries	11	-	-	10,298	10,298
Deferred tax assets		657	650	-	-
Total non-current assets		9,407	11,200	12,483	13,092
Current assets					
Inventories	12	18,321	17,516	-	-
Trade and other receivables	13	15,371	10,142	6,034	3,642
Cash and cash equivalents		3,044	3,105	557	1,077
Total current assets		36,736	30,763	6,591	4,719
Total assets		46,143	41,963	19,074	17,811
EQUITY					
Share capital	18	115,601	114,461	115,601	114,461
Convertible bond	19	834	-	834	-
Treasury shares		(55)	(55)	(55)	(55)
Other reserves		638	-	638	-
Currency translation reserve		(743)	(93)	-	-
Accumulated losses		(102,234)	(104,302)	(107,195)	(105,928)
Total equity		14,041	10,011	9,823	8,478
LIABILITIES					
Non-current liabilities					
Loans and borrowings	14	10,201	6,050	3,045	1,304
Convertible loan	17	2,458	-	2,458	-
Deferred tax liabilities		39	39	20	20
Total non-current liabilities		12,698	6,089	5,523	1,324
Current liabilities					
Trade and other payables	15	8,668	10,737	1,800	3,144
Loans and borrowings	14	10,148	11,519	1,340	1,277
Other provision	16	588	3,588	588	3,588
Income tax payable		-	19	-	-
Total current liabilities		19,404	25,863	3,728	8,009
Total liabilities		32,102	31,952	9,251	9,333
Total equity and liabilities		46,143	41,963	19,074	17,811

Statement of Cash Flows

GROUP	4Q 2021 S\$'000	4Q 2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Cash flows from operating activities				
(Loss)/ Profit before income tax	(843)	1,640	1,810	2,269
Adjustments for:				
Depreciation of property, plant and equipment	205	155	925	989
Depreciation of right-of-use assets	188	245	756	898
Interest costs on other financial liabilities	184	105	551	455
Interest costs on lease liabilities	7	12	36	64
Gain on sale of discontinued operation, net of tax	-	(3,087)	-	(4,166)
Gain on disposal of property, plant and equipment	(3)	(4)	(22)	(53)
Allowance written-back for slow-moving inventories	(509)	(8)	(1,661)	(912)
Bad debts written off	-	5	-	31
(Reversal of)/ allowance for impairment of trade receivables	(318)	130	(560)	231
Reversal of other provisions	-	-	(3,000)	-
Loss/ (Gain) on deconsolidation of subsidiaries	-	80	(1,063)	80
Operating cash flows before working capital changes	(1,089)	(728)	(2,228)	(114)
Changes in working capital:				
Inventories	2,879	(454)	856	2,389
Trade and other receivables	(2,777)	1,508	(4,436)	1,211
Trade and other payables	(148)	(242)	(618)	(688)
Cash flows (used in)/ from operations	(1,135)	84	(6,426)	2,798
Income taxes paid	(11)	(11)	(1)	(116)
Net cash (used in)/ from operating activities	(1,146)	73	(6,427)	2,682
Cash flows from investing activities				
Purchase of plant and equipment	-	(12)	(218)	(346)
Proceeds from disposal of plant and equipment	4	-	34	93
Proceeds from disposal of discontinued operation	-	2,447	-	10,166
Net cash from/ (used in) investing activities	4	2,435	(184)	9,913
Cash flows from financing activities				
Interest paid	(130)	(174)	(491)	(519)
Proceeds from bills payable and trust receipts	3,148	177	8,267	1,124
Repayment of bills payable and trust receipts	(2,026)	(409)	(5,783)	(1,377)
Payment of lease liabilities	(224)	(277)	(848)	(835)
Proceeds from convertible loan	-	-	3,000	-
Proceeds from other borrowings	3,000	1,000	3,000	1,000
Proceeds from bank borrowings	339	1,616	1,913	3,569
Repayment of bank borrowings	(1,277)	(2,622)	(1,465)	(14,369)
Net cash from/ (used in) financing activities	2,830	(689)	7,593	(11,407)
Net increase in cash and cash equivalents	1,688	1,819	982	1,188
Cash and cash equivalents, beginning balance	1,322	1,431	3,105	2,499
Effect of exchange rates fluctuations	34	(145)	(1,043)	(582)
Cash and cash equivalents, ending balance	3,044	3,105	3,044	3,105

Statement of Changes in Equity

GROUP	Share capital S\$'000	Convertible bond S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
FY2021:							
At 1 January 2021	114,461	-	(55)	-	(93)	(104,302)	10,011
Total comprehensive income for the period	-	-	-	-	(140)	(508)	(648)
At 31 March 2021	114,461	-	(55)	-	(233)	(104,810)	9,363
Issuance of share capital	1,140	-	-	-	-	-	1,140
Equity components of convertible loan	-	-	-	285	-	-	285
Issuance of convertible bond	-	834	-	-	-	-	834
Total comprehensive income for the period	-	-	-	-	240	692	932
At 30 June 2021	115,601	834	(55)	285	7	(104,118)	12,554
Total comprehensive income for the period	-	-	-	-	(741)	2,540	1,799
At 30 September 2021	115,601	834	(55)	285	(734)	(101,578)	14,353
Equity components of convertible loan	-	-	-	353	-	-	353
Total comprehensive income for the period	-	-	-	-	(9)	(656)	(665)
At 31 December 2021	115,601	834	(55)	638	(743)	(102,234)	14,041
FY2020:							
At 1 January 2020	114,461	-	(55)	-	(879)	(106,388)	7,139
Total comprehensive income for the period	-	-	-	-	(259)	(46)	(305)
At 31 March 2020	114,461	-	(55)	-	(1,138)	(106,434)	6,834
Total comprehensive income for the period	-	-	-	-	968	(86)	882
At 30 June 2020	114,461	-	(55)	-	(170)	(106,520)	7,716
Total comprehensive income for the period	-	-	-	-	(944)	638	(306)
At 30 September 2020	114,461	-	(55)	-	(1,114)	(105,882)	7,410
Total comprehensive income for the period	-	-	-	-	1,021	1,580	2,601
At 31 December 2020	114,461	-	(55)	-	(93)	(104,302)	10,011

COMPANY	Share capital S\$'000	Convertible bond S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
FY2021:						
At 1 January 2021	114,461	-	(55)	-	(105,928)	8,478
Total comprehensive income for the period	-	-	-	-	(1,146)	(1,146)
At 31 March 2021	114,461	-	(55)	-	(107,074)	7,332
Issuance of share capital	1,140	-	-	-	-	1,140
Equity components of convertible loan	-	-	-	285	-	285
Issuance of convertible bond	-	834	-	-	-	834
Total comprehensive income for the period	-	-	-	-	279	279
At 30 June 2021	115,601	834	(55)	285	(106,795)	9,870
Total comprehensive income for the period	-	-	-	-	2,799	2,799
At 30 September 2021	115,601	834	(55)	285	(103,996)	12,669
Equity components of convertible loan	-	-	-	353	-	353
Total comprehensive income for the period	-	-	-	-	(3,199)	(3,199)
At 31 December 2021	115,601	834	(55)	638	(107,195)	9,823
FY2020:						
At 1 January 2020	114,461	-	(55)	-	(106,988)	7,418
Total comprehensive income for the period	-	-	-	-	18	18
At 31 March 2020	114,461	-	(55)	-	(106,970)	7,436
Total comprehensive income for the period	-	-	-	-	(297)	(297)
At 30 June 2020	114,461	-	(55)	-	(107,267)	7,139
Total comprehensive income for the period	-	-	-	-	(272)	(272)
At 30 September 2020	114,461	-	(55)	-	(107,539)	6,867
Total comprehensive income for the period	-	-	-	-	1,611	1,611
At 31 December 2020	114,461	-	(55)	-	(105,928)	8,478

Selected Notes to the Interim Financial Statements

1. Corporate information

Hoe Leong Corporation Ltd. (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for the 12 months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Group are those relating to designing, manufacturing, sale and distribution of machinery parts. The Company is an investment holding company.

2. Basis of preparation

This condensed interim financial statements have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 Use of going concern assumption

In the independent auditors' report for the financial year ended 31 December 2020, attention was drawn to the Group's outstanding current loan and borrowing obligations of S\$11,519,000, of which S\$4,897,000 were callable upon demand due to loan covenants breaches present as at 31 December 2020. The directors of the Company had put in place fund raising and debt conversion plans (the “Restructuring Plans”) to improve the liquidity and financial position of the Group and facilitate continuing financial support from lenders, and the required regulatory and shareholders' approval were obtained in FY2021.

On 23 June 2021, the Company completed the issuance of convertible loan note amounting to S\$3,000,000 to an investor, Shing Heng Holding Pte. Ltd., and the conversion of vessel-related bank loans amounting to S\$1,859,000 into ordinary shares and convertible bond of the Company. As at 31 December 2021, the Group's outstanding current loan and borrowing obligations amounted to S\$10,148,000 and the Group has complied with all loan covenants.

In assessing the continuing use of the going concern assumption, the directors of the Company have considered the Group's cash flow forecast.

2.2 New and amended standards adopted by the Group

A number of new standards and/ or amendments to standards are effective for the Company from 1 January 2021 (i.e. the beginning of the current financial year).

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 16 Covid-19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 16 Interest rate benchmark reform – phase 2	1 January 2021

The adoption of the above amendments is not expected to have a significant impact on the Group's financial statements.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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.

There are no critical judgements made in applying the accounting policies.

Information about 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 interim period are included in the following notes:

- Note 10: Measurement of depreciation and recoverable amounts of property, plant and equipment.
- Note 11: Measurement of recoverable amounts of investments in subsidiaries.
- Note 12: Measurement of net realisable value of inventories.
- Note 13: Measurement of impairment loss allowance for trade receivables.
- Note 16: Measurement of estimation of provision of loss liabilities from on-going litigation cases.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

a) Design and manufacture

Design, manufacture and sale of equipment parts for both heavy equipment and industrial machinery under in-house brand names, "KBJ", "OEM", "ROSSI", "TMI" and "MIZU".

4. Segment and revenue information (Continued)

b) Trading and distribution

Trading and distribution of an extensive range of equipment parts for both heavy equipment and industrial machinery sourced from third parties.

c) Vessel chartering (Discontinued operation)

Chartering of vessels to charterers in the oil and gas industry. During the financial year ended 31 December 2020, the Group sold all its vessels and exited the vessel chartering segment.

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Chairman and Chief Executive Officer of the Company who is responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Design and manufacture		Trading and distribution		Vessel chartering (Discontinued operation)		Total	
	4Q 2021 S\$'000	4Q 2020 S\$'000	4Q 2021 S\$'000	4Q 2020 S\$'000	4Q 2021 S\$'000	4Q 2020 S\$'000	4Q 2021 S\$'000	4Q 2020 S\$'000
External revenue	10,942	8,215	2,000	2,679	-	210	12,942	11,104
Finance income	(161)	(80)	(30)	(37)	-	(384)	(191)	(501)
Finance costs	(321)	(332)	(72)	(68)	-	-	(393)	(400)
Reportable segment (loss)/ profit before income tax	(727)	(1,508)	(473)	(1,147)	-	2,352	(1,200)	(303)
Unallocated income							357	1,943
(Loss)/ Profit before income tax							(843)	1,640
Other material non-cash items:								
Allowance written back/ (allowance for) slow-moving inventories	475	75	34	(67)	-	-	509	8
Reversal of/ (allowance for) impairment of trade receivables	270	(60)	48	(70)	-	-	318	(130)
Bad debts written off	-	(5)	-	-	-	-	-	(5)
Capital expenditure:								
Purchase of property, plant and equipment	-	(12)	-	-	-	-	-	(12)
Additions to right-of-use assets	-	-	-	(17)	-	-	-	(17)

4.1 Reportable segments (Continued)

	Design and manufacture		Trading and distribution		Vessel chartering (Discontinued operation)		Total	
	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
External revenue	37,455	30,365	8,002	12,803	-	515	45,457	43,683
Finance income								
Finance costs	(479)	(400)	(108)	(118)	-	(384)	(587)	(902)
Depreciation	(1,383)	(1,500)	(298)	(387)	-	-	(1,681)	(1,887)
Reportable segment (loss)/ profit before income tax	(1,298)	(1,355)	(1,095)	(803)	1,063	3,036	(1,330)	878
Unallocated income							3,140	1,391
Profit before income tax							1,810	2,269
Other material non-cash items:								
Allowance written back for slow-moving inventories	1,648	813	13	99	-	-	1,661	912
Reversal of/ (allowance for) impairment of trade receivables	496	(65)	64	(166)	-	-	560	(231)
Bad debts written off	-	(15)	-	(16)	-	-	-	(31)
Capital expenditure:								
Purchase of property, plant and equipment	(191)	(315)	(28)	(8)	-	-	(218)	(323)
Additions to right-of-use assets	-	-	(185)	(148)	-	-	(185)	(148)

	Design and manufacture		Trading and distribution		Vessel chartering (Discontinued operation)		Total	
	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Reportable segment assets	39,080	32,644	7,063	8,943	-	376	46,143	41,963
Unallocated assets							-	-
Total assets							46,143	41,963
Reportable segment liabilities	28,137	23,620	3,965	5,450	-	2,596	32,102	31,666
Unallocated liabilities							-	286
Total liabilities							32,102	31,952

4.2 Sales by geographical segments

	GROUP			
	4Q 2021	4Q 2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Australia	1,988	2,493	9,802	14,714
Europe	2,378	2,001	7,402	6,837
North America	4,691	2,042	12,164	6,820
South East Asia (Including Singapore)	1,720	1,243	6,206	5,758
Other parts of Asia	1,345	1,675	6,746	5,098
Others	820	1,440	3,137	3,941
Total	12,942	10,894	45,457	43,168

Revenue contribution from a country or region is disclosed separately when it exceeds 5% of the Group's revenue respectively.

5 Financial assets and financial liabilities

Overview of the financial assets and financial liabilities of the Group is as follows:

	Carrying amount			
	GROUP		COMPANY	
	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Financial assets not measured at fair value:				
Trade and other receivables	15,371	10,142	6,034	3,642
Cash and cash equivalents	3,044	3,105	557	1,077
Total	18,415	13,247	6,591	4,719
Financial liabilities not measured at fair value:				
Loans and borrowings	20,349	17,569	4,385	2,581
Trade and other payables	8,668	10,737	1,800	3,144
Total	29,017	28,306	6,185	5,725

The carrying amount of financial assets and financial liabilities is a reasonable approximation of fair value.

6 Profit or loss after tax

6.1 Significant items

GROUP	4Q 2021 S\$'000	4Q 2020 S\$'000	Increase/ (Decrease) %	FY2021 S\$'000	FY2020 S\$'000	Increase/ (Decrease) %
Finance costs:						
Interest cost on loans and borrowings	(184)	(105)	75.2	(551)	(455)	21.1
Interest cost on lease liabilities	(7)	(12)	(41.7)	(36)	(64)	(43.8)
	(191)	(117)	63.2	(587)	(519)	13.1
Included in 'Other income':						
Rental income	22	21	4.8	86	78	10.3
Government grant income	22	222	(89.9)	213	935	(77.2)
Gain on disposal of plant and equipment	3	4	(22.5)	22	53	(58.5)
Reversal of other provision	-	-	N.M	3,000	-	N.M
Included in 'Other expenses':						
Depreciation of property, plant and equipment (partially classified in 'Cost of sales')	(205)	(155)	32.3	(925)	(989)	(6.5)
Depreciation of right-of-use assets	(188)	(245)	(23.3)	(756)	(898)	(15.8)
Bad debts written off - Trade receivables	-	(5)	N.M	-	(31)	N.M
Allowance written back for slow-moving inventories	509	8	N.M	1,661	912	82.1
Foreign currency exchange (loss)/ gain	(35)	(398)	(91.2)	127	(195)	N.M

6.2 Related party transactions

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

GROUP	4Q 2021 S\$'000	4Q 2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Affiliated corporations:				
Rental and miscellaneous expenses	-	71	242	305
Rental income	(21)	(22)	(86)	(78)

7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

GROUP	4Q 2021 S\$'000	4Q 2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Current tax income/ (expense)	266	45	226	(83)
Deferred tax (expense)/ income	(79)	(105)	32	(100)
Total income tax income/ (expense)	187	(60)	258	(183)

8 Earnings Per Ordinary Share ("EPS")

GROUP	4Q 2021	4Q 2020	FY2021	FY2020
Profit/ (Loss) attributable to owners of the Company (S\$'000)				
- Continuing operations	(656)	(772)	1,005	(950)
- Discontinued operation	-	2,352	1,063	3,036
- Total	(656)	1,580	2,068	2,086
Weighted average number of ordinary shares ('000):				
- Basic	6,271,035	5,619,433	5,962,193	5,619,433
- Conversion of convertibles to equity	2,054,795	-	1,080,878	-
- Dilutive share options effect	6,164,383	-	3,242,634	-
- Diluted	14,490,213	5,619,433	10,285,705	5,619,433
EPS (Basic) (cents)				
- Continuing operations	(0.01)	(0.01)	0.02	(0.01)
- Discontinued operation	-	0.04	0.02	0.05
- Total	(0.01)	0.03	0.04	0.04
EPS (Diluted) (cents)				
- Continuing operations	-*	Note 1	0.01	Note 1
- Discontinued operation	-		0.01	
- Total	-*		0.02	

*Less than 0.01 Singapore cent.

Basic EPS ratio is calculated by dividing profit or loss, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during each financial period.

Diluted EPS is calculated by dividing profit or loss, net of tax attributable to owners of the Company (after giving effect to the elimination of interest expense, net of tax benefit, applicable to the convertible loan note) by the weighted average number of ordinary shares outstanding and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The dilutive effect on EPS derives from transactions such as: Convertible loan note subscribed by and option granted to an investor and convertible bond issued to a bank during a debt conversion exercise.

Note 1: Diluted EPS is the same as basic EPS as no potential dilutive ordinary shares exist during FY2020.

9 Net asset value

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
NAV attributable to owners of the Company (S\$'000)	14,041	10,011	9,823	8,478
Total number of issued shares excluding treasury shares ('000)	6,271,035	5,619,433	6,271,035	5,619,433
NAV per ordinary share (cents)	0.22	0.18	0.16	0.15

10 Property, plant and equipment

During the 12 months ended 31 December 2021, the Group acquired assets amounting to S\$218,000 (31 December 2020: S\$323,000) and disposed assets of net book value amounting to S\$12,000 (31 December 2020: S\$40,000).

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. In view of the recurring losses incurred, 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 the latest available external valuation reports and considering current market conditions. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the fair value.

11 Subsidiaries

COMPANY	31 December 2021 S\$'000	31 December 2020 S\$'000
Investments in subsidiaries:		
Unquoted equity shares, at cost	21,481	36,981
Accumulated impairment losses	(11,183)	(26,683)
Carrying amount	10,298	10,298

Investments in subsidiaries are reviewed at each reporting 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. Management of the Company has performed a review of the recoverable amounts of its investments in its subsidiaries in accordance with the Group's accounting policy.

In April 2021, three inactive subsidiaries were placed under creditors' voluntary liquidation and accumulated impairment losses of S\$10,000,000 (FY2020: NIL) were utilised. During the same period, accumulated impairment losses of two active subsidiaries amounting to S\$5,500,000 were utilised

12 Inventories

Group	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Raw materials	2,561	1,284
Work-in-progress	5,861	5,125
Finished goods, at net realisable value	9,666	10,905
Goods-in-transit	233	202
Total	18,321	17,516

An allowance for slow-moving inventories of S\$1,661,000 (31 December 2020: S\$912,000) previously made was written back following subsequent sale of these inventories above their net book value during the financial period.

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 reporting 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.

13 Trade and other receivables

	Group		Company	
	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Trade receivables due from:				
- third parties	13,764	15,587	-	-
- subsidiaries	-	-	15,658	9,945
	13,764	15,587	15,658	9,945
Less: allowance for impairment losses				
- third parties	(1,473)	(7,263)	-	-
- subsidiaries	-	-	(9,897)	(6,456)
	(1,473)	(7,263)	(9,897)	(6,456)
Net trade receivables	12,291	8,324	5,761	3,489
Non-trade receivables due from subsidiaries	-	-	57	13,726
Less: allowance for impairment losses	-	-	-	(13,726)
Net non-trade receivables	-	-	57	-
Advances to suppliers	1,032	94	-	-
Deposits	1,004	891	210	149
Tax recoverable	313	80	-	-
Sundry receivables	516	601	-	-
	15,156	9,990	6,028	3,638
Prepayments	215	152	6	4
Total	15,371	10,142	6,034	3,642

13 Trade and other receivables (Continued)

Non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Aging of the Group's trade receivables as at the reporting dates are as follow:

Group	31 December 2021 S\$'000	31 December 2020 S\$'000
Not past due	8,375	5,985
Past due 0 – 30 days	1,684	1,212
Past due 31 – 60 days	1,002	868
Past due 61 – 90 days	570	530
Past due 91 – 150 days	792	446
Past due more than 150 days	1,341	6,546
Total	13,764	15,587
Less: Allowance for impairment loss	(1,473)	(7,263)
Net trade receivables	12,291	8,324

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.

Credit term of up to 150 days is granted to customers. Trade receivables which were past due for more than 150 days as at 31 December 2021 amounting to S\$1,341,000 were mainly pertaining to sales reported during FY2020. Of the total allowance for impairment of trade receivables amounting to S\$1,473,000, specific allowance for impairment of S\$862,000 relates to trade receivables which are past due for more than 150 days.

Trade receivables which were past due for more than 150 days as at 31 December 2020 amounting to S\$6,546,000 mainly comprised of S\$5.3 million (Fully impaired) due from a vessel charterer under the vessel chartering segment (Discontinued operation).

Five of the Group's major customers accounted for about 37% of total trade receivables of S\$12,291,000 as at 31 December 2021. Considering the payment track record of these major customers, no allowance for impairment was made for the amount due as at 31 December 2021 and the Group continues to trade with them.

14 Loans and borrowings

	GROUP		COMPANY	
	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Amount repayable within one year:				
Secured bank borrowings	7,955	9,973	-	602
Secured other borrowing	1,000	-	1,000	-
Unsecured bank borrowings	720	725	-	-
Lease liabilities	473	821	340	675
Sub-total	10,148	11,519	1,340	1,277
Amount repayable after one year:				
Secured bank borrowings	2,764	38	-	-
Secured other borrowing	3,000	1,000	3,000	1,000
Unsecured bank borrowings	4,250	4,510	-	-
Lease liabilities	187	502	45	304
Sub-total	10,201	6,050	3,045	1,304
Total	20,349	17,569	4,385	2,581

Bank borrowings are secured by:

- Legal mortgages over freehold land and buildings and certain plant and equipment;
- Corporate guarantees provided by the Company; and
- Personal guarantees provided by former directors for certain banking facilities.

Loans and borrowings include S\$4.0 million of bridging loans granted by Shing Heng Holding Pte. Ltd. which is secured by all shares of wholly-owned subsidiaries of the Company, Trackspares Global Pte. Ltd. and Ho Leong Tractors Sdn Bhd.

15 Trade and other payables

	Group		Company	
	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Trade payables due to:				
- third parties	3,431	4,507	36	-
- subsidiaries	-	-	-	418
Accrued expenses	4,428	5,479	1,764	1,946
Non-trade payables due to:				
- subsidiaries	-	-	-	780
- affiliated corporation	447	674	-	-
- director	349	-	-	-
Deposits received	13	77	-	-
Total	8,668	10,737	1,800	3,144

Outstanding balances with related parties are unsecured and repayable on demand.

Accrued expenses comprised mainly of legal and professional fees relating to concluded litigation and restructuring exercise, provision for retirement benefits of a foreign subsidiary, provision for warranty and unbilled purchases and other operating expenses.

15 Trade and other payables (Continued)

The Group has established debt repayment plans with certain creditors and continues to be in discussion with other parties to finalise repayment plans.

16 Other provision

	GROUP		COMPANY	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
At beginning of the financial period	3,588	3,588	3,588	3,588
Reversal during the period	(3,000)	-	(3,000)	-
At end of the financial period	588	3,588	588	3,588

Other provision pertains to ongoing material litigations (Note 20).

In accordance to paragraph 92 of SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets, details of the provisions made for each litigation case were not disclosed in order not to prejudice the Group's legal position in the proceedings.

17 Convertible loan

GROUP AND COMPANY	31 December 2021 S\$'000	31 December 2020 S\$'000
At beginning of the financial period	-	-
Proceeds from issuance of convertible loan note	3,000	-
Amount classified as equity – Other reserves	(638)	-
Amortisation of imputed interest	96	-
At end of the financial period	2,458	-

On 23 June 2021, the Company issued convertible loan note of S\$3.0 million to Shing Heng Holding Pte. Ltd..

The convertible loan note has a validity period of three (3) years and is interest-free for the first two (2) years of issuance and carries interest rate of 2.0% per annum from the second (2nd) anniversary of issuance date until the earlier of the date falling on which (a) the full principal amount is repaid by the Company; or (b) the convertible loan note is converted. The principal is convertible by the holder in whole into ordinary shares at a conversion price of S\$0.00146 per share by 23 June 2024 (i.e. maturity date). Subject to satisfaction of mandatory conversion conditions stipulated in the convertible loan note agreement, the whole of the principal amount of the convertible loan note shall be mandatorily converted. If the convertible loan note is not converted by the maturity date, the Company shall repay the principal in full and in cash on maturity date.

18 Share capital

GROUP AND COMPANY	Number of ordinary shares	Share capital S\$'000
As at 1 January 2020 and 31 December 2020	5,619,432,579	114,461
Issue of ordinary shares	651,602,729	1,140
As at 31 December 2021	6,271,035,308	115,601

On 23 June 2021, the Company issued and allotted 651,602,729 ordinary shares at an issue price of S\$0.00175 per share:

- To certain banks pursuant to a scheme to convert S\$1,025,000 of borrowings into equity; and
- In satisfaction of a portion of the remuneration of the Executive Chairman and Chief Executive Officer from 23 October 2019 to 31 December 2020 amounting to S\$115,000.

The following transactions were also completed on 23 June 2021:

- Issuance of convertible loan note of the Company amounting to S\$3,000,000 to an investor, convertible in whole into 2,054,794,520 new ordinary shares at a conversion price of S\$0.00146 per share, maturing on 23 June 2024; and
- Granting of S\$9,000,000 option by the Company to the Investor which gives a right for the Investor to exercise the option at S\$0.00146 per share in exchange for 6,164,383,561 new ordinary shares, to be exercised on the earlier of the full repayment of the above convertible loan and accrued interest or 23 June 2025. The market price of each ordinary share of the Company is S\$0.002 based on last trade done on 29 August 2019 being the last market day when the Company's shares were traded prior to trading halt and suspension requested by the Company as at 23 June 2021 (i.e. date of grant); and

Issuance of convertible bond of the Company amounting to S\$834,000 to a lender, convertible into 476,000,000 new ordinary shares at a conversion price of S\$0.00175, mandatorily converted within a three-year period.

As at 31 December 2021, there is no conversion and/ or exercise of the above convertible loan note, option and convertible bond.

470,000 treasury shares were held as at 31 December 2021 and 31 December 2020. There is no sale, transfer, cancellation and/ or use of treasury shares during FY2021 and FY2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during FY2021 and FY2020.

19 Convertible bond

On 23 June 2021, the Company converted bank borrowings amounting to S\$834,000 into convertible bond.

The convertible bond is interest-free and due on 23 June 2024. The principal is convertible by the holder in whole into ordinary shares at a conversion price of S\$0.00175 per share prior to 23 June 2024. Outstanding convertible bond that remains unconverted by 22 June 2024 shall be mandatorily converted on 23 June 2024.

The convertible bond is classified as equity as there is no contractual obligation to deliver cash to the holder; the holder will convert the bond into a fixed number of shares, predetermined on issue date of the bond; and there is no obligation to issue a fixed number of shares to settle a variable obligation.

20 Material litigations

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, for conducting the affairs of Ebony Ritz 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 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 to pay costs of RM300,000 to the Plaintiff.

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 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.

During a case management on 10 November 2021, the High Court granted adjournment of the trial upon the request of the Plaintiff. The new trial dates are now fixed from 18 July 2022 to 22 July 2022. The parties are to file and exchange their respective:

1. Expert reports/ affidavits by 28 February 2022;
2. Factual affidavits by 30 March 2022;
3. Factual affidavits in reply by 30 April 2022; and
4. Final affidavit in reply (if needed) by 14 May 2022.

The Company filed its expert affidavits on 28 February 2022.

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") commence 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 engaged solicitors to enter its appearance in the suit and to defend against the same. The Company filed its defence against the said suit on 4 November 2019 and filed an application to strike out the said suit. On 8 December 2020, the High Court dismissed the striking out application with costs of RM3,000, payable each by the Company and 3 other defendants to Tan Sri Halim (RM12,000 in total).

On 16 December 2020, the Company filed an appeal to the Court of Appeal against the dismissal of the striking out application. On 20 October 2021, the Court of Appeal decided that the matter is better dealt with at trial and did not wish to disturb the High Court's exercise of discretion in dismissing the striking out application. The Company's appeal is therefore dismissed with costs of RM20,000. The said trial was fixed in November 2021.

20 Material litigations (Continued)

On 29 October 2021, Tan Sri Halim filed an application to amend his statement of claim (the "Amendment Application"). On 17 November 2021, the High Court dismissed Tan Sri Halim's Amendment Application. Later on the same day, Tan Sri Halim filed an appeal against the said dismissal at the Court of Appeal (the "Amendment Appeal"). The Court of Appeal hearing of the Amendment Appeal is fixed on 29 April 2022.

Consequently, the said trial that was previously fixed in November 2021 is adjourned to 16 January 2023 to 18 January 2023. A case management is fixed on 14 November 2022.

21 Discontinued operation

	GROUP			
	4Q 2021 S\$'000	4Q 2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Results of discontinued operation				
External revenue	-	-	-	515
External expenses	-	(458)	-	(1,645)
Results from operating activities	-	(458)	18	(1,130)
Tax	-	-	-	-
Results from operating activities, net of tax (A)	-	(458)	18	(1,130)
Gain on sale of discontinued operation	-	1,771	(291)	3,127
Derecognition of liabilities	-	1,039	1,336	1,039
Total other income (B)	-	2,810	1,045	4,166
Profit from discontinued operation, net of tax (A+B)	-	2,352	1,063	3,036
Basic earnings per share (cents)	-	0.04	0.02	0.05
Diluted earnings per share (cents)	-	0.04	0.01	0.05

In April 2021, the Company deconsolidated three of its former subsidiaries, Arkstar Offshore Pte Ltd, Arkstar Voyager Pte Ltd and Arkstar Unicorn Pte Ltd, and the recorded trade and other payables owing to third party suppliers amounted to S\$1,336,000 in the consolidated accounts when the liquidation of these former subsidiaries was underway. The Company is not legally bound to make payment to the third-party suppliers and this is consistent with the principles of separate legal entity and limited liability structure of companies. As such, the recorded trade and other payables were derecognised.

The profit from discontinued operation, net of tax and loss from continuing operation are attributable entirely to the owners of the Company.

	GROUP			
	4Q 2021 S\$'000	4Q 2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Cash flows from/ (used in) discontinued operation:				
Operating activities	-	(505)	-	(287)
Investing activities	-	2,466	-	10,166
Financing activities	-	(2,767)	-	(9,690)
Net cash flows for the year	-	(805)	-	189

21 Discontinued operation (Continued)

Effect of disposal on the financial position of the Group:

	GROUP	
	FY2021 S\$'000	FY2020 S\$'000
Assets held for sale	-	6,909
Trade and other payables	(1,336)	(1,039)
Net assets and liabilities	(1,336)	5,870
Consideration received, satisfied in cash	-	10,166
Net cash inflow	-	10,166

22 Subsequent events

There is no known subsequent event which have led to adjustments to this set of interim financial statements.

Other Information:

1 Audit Statement

The consolidated statement of financial position of the Company and its subsidiaries as at 31 December 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 4th quarter and 12-month period then ended, explanatory notes and other information have not been audited or reviewed by the Company's auditors.

2 Review of Group Performance

Revenue

For 4Q 2021, revenue for the Group increased by S\$2.0 million or 18.8% to S\$12.9 million from S\$10.9 million during 4Q 2020.

For FY2021, the Group registered revenue of S\$45.5 million compared to S\$43.2 million during FY2020, a marginal increase of S\$2.3 million or 5.3%.

Revenue derived from sales of the Group's products in certain markets (e.g. USA) improved during the current financial period mainly due to increase in selling prices to cover increase in raw material costs. Business volume in Australia during FY2021 was lower compared to FY2020 mainly due to turnover of sales staff in the Group's Queensland branch. The sales staff turnover situation has since improved with the hiring of suitable sales staff to replace those who had left.

Breakdown of sales and operating profit

GROUP	FY2021	FY2020	Increase/ (Decrease)
	S\$'000	S\$'000	%
Sales reported for first half year	21,305	20,833	2.3
Operating profit after tax before deducting non-controlling interests reported for first half year	(879)	(323)	172.1
Sales reported for second half year	24,152	22,335	8.1
Operating profit after tax before deducting non-controlling interests reported for second half year	1,884	(627)	N.M

Cost of sales

For 4Q 2021, cost of sales increased by S\$1.7 million or 20.2% to S\$10.5 million from S\$8.8 million during 4Q 2020.

For FY2021, cost of sales increased by S\$3.2 million or 9.4% to S\$38.4 million from S\$35.1 million during FY2020.

Gross profit ("GP") was S\$2.4 million (GP margin: 18.8%) in 4Q 2021 and S\$2.2 million (GP margin: 19.8%) in 4Q 2020.

GP was S\$7.0 million (GP margin: 15.5%) in FY2021 and S\$8.1 million (GP margin: 18.7%) in FY2020.

The increase in cost of sales and resultant reduction in GP and GP margin is mainly due to increases in raw material prices.

Other income

For 4Q 2021, other income decreased by S\$0.2 million to S\$0.1 million from S\$0.3 million during 4Q 2020.

The above decrease was mainly due to lower government grant income (relating to Covid-19 relief measures by governments) received during 4Q 2021 compared to 4Q 2020.

For FY2021, other income increased by S\$2.2 million to S\$3.6 million from S\$1.4 million during FY2020.

The increase in other income for FY2021 were mainly due to a reversal of provision for litigation compensation (under 'Other provision') of S\$3.0 million in relation to ongoing litigation (Please refer to Note 20 of Interim FS). The reversal was made following management's assessment taking into consideration recent developments and various legal and financial opinions received to date. The financial effects of the above was partially offset by lower government grant income (relating to Covid-19 relief measures by governments) received during FY2021 compared to FY2020.

Distribution expenses

For 4Q 2021, distribution expenses increased by S\$0.7 million or 94.7% to S\$1.5 million from S\$0.8 million during 4Q 2020.

For FY2021, distribution expenses increased by S\$1.2 million or 36.2% to S\$4.3 million from S\$3.1 million during FY2020.

The above increases were mainly due to increase in freight costs.

Administrative expenses

For 4Q 2021, administrative expenses decreased by S\$0.1 million or 4.4% to S\$1.7 million from S\$1.8 million during 4Q 2020.

For FY2021, administrative expenses decreased by S\$0.2 million or 3.1% to S\$4.9 million from S\$5.1 million during FY2020.

During FY2021, the Group reversed provision for legal and professional fee amounting to S\$0.5 million made in prior years as the matters for which they have been provided for has been resolved/completed. There was also a decrease in legal and professional fee by S\$0.1 million as less corporate actions were undertaken during FY2021. During FY2020, legal and professional fees in relation to sales of vessel and funding and debt conversion exercise which commenced in FY2020 were incurred. The above decrease were partially offset by a S\$0.4 million increase in payroll costs, mainly due to a one-off gratuity payment to employees of wholly-owned subsidiary, Kunshan Kanto Buhin Manufacturing Co., Ltd ("KKBM") in the light of relocation of premise and in recognition of the employees' years of service to KKBM.

Other expenses

For 4Q 2021, other expenses decreased by S\$0.1 million or 18.0% to S\$0.3 million from S\$0.4 million during 4Q 2020. This was mainly due to decrease in foreign currency exchange loss by S\$0.4 million and increase in allowance written back for slow-moving inventories by S\$0.5 million in view of the Group's continual efforts to clear the older inventories and free up warehousing space. In 4Q 2020, there was a reversal of cost provision for branch closure of an Australia subsidiary amounting to S\$0.5 million as the said branch was not closed eventually. There is no such reversal in 4Q 2021.

For FY2021, other expenses decreased by S\$0.5 million to S\$0.7 million from S\$1.2 million in FY2020. This was mainly due to decrease in repair and maintenance costs by S\$0.3 million, increase in allowance written back for slow-moving inventories by S\$0.7 million and foreign currency exchange gain of S\$0.1 million (FY2020: Loss of S\$0.2 million). The above effects on other expenses were partially offset by increase in rental expense by S\$0.1 million and increase in inventories written off by S\$0.2 million. In FY2020, there was also a reversal of cost provision for branch closure of an Australia subsidiary amounting to S\$0.5 million as the said branch was not closed eventually. There is no such reversal in FY2021.

Impairment loss on trade receivables

During 4Q 2021 and FY2021, there were recovery of trade receivables which were impaired in prior years in contrary to corresponding periods of the prior financial year when additional allowance for impairment for trade receivables were made.

Finance costs

For 4Q 2021, finance costs increased by S\$0.1 million from S\$0.1 million during 4Q 2020 to S\$0.2 million during 4Q 2021.

Finance costs for FY2021 and FY2020 was S\$0.6 million and S\$0.5 million respectively.

While the monthly repayment/ decrease in term loan balances (including vessel-related bank loans) and decrease in interest rate have the effect of reducing finance costs, there were higher utilisation of trade financing facilities during 4Q 2021 and FY2021 to secure the purchase of steel resulting in higher amount of interest incurred.

Profit or loss before tax from continuing operations

Loss before income tax for 4Q 2021 and 4Q 2020 was S\$0.8 million and S\$0.7 million respectively.

For FY2021, profit before income tax was S\$0.7 million while a loss before income tax of S\$0.8 million was registered in FY2020. The higher profit before tax was due to the reversals of other provision and certain administrative expenses amounting to S\$3.5 million, if excluded would reflect a loss before tax of S\$2.8 million.

Excluding the reversals of other provision and certain administrative expenses, the losses were higher compared to FY2020 mainly due to higher raw material costs, increased distribution expense due to higher freight costs and lower amount of Covid-19-related government grants received during FY2021, which were partially offset by higher reversal of impairment allowance on inventories and trade receivables during FY2021 compared to FY2020.

Income tax income/ (expense)

Income tax income recorded for 4Q 2021 and FY2021 was mainly due to tax refundable to the Company's wholly-owned subsidiaries, Trackspares (Australia) Pty Ltd and Trackex Pty Ltd, arising from tax losses carry back scheme introduced by the Australian Taxation Office.

Financial Position Review

Non-current assets

Non-current assets decreased by S\$1.8 million from S\$11.2 million as at 31 December 2020 to S\$9.4 million as at 31 December 2021. The decrease was mainly due to decrease in property, plant and equipment by S\$1.8 million from S\$10.6 million as at 31 December 2020 to S\$8.8 million as at 31 December 2021, mainly attributable to depreciation.

Current assets

Current assets increased by S\$5.9 million from S\$30.8 million as at 31 December 2020 to S\$36.7 million as at 31 December 2021. The increase was mainly due to increase in inventories and trade and other receivables by S\$0.8 million and S\$5.2 million respectively.

The increase in trade receivables is mainly due to the Group securing more bulk orders where customers require longer repayment terms. Trade receivables turnover was 99 days as at 31 December 2021 compared to 70 days as at 31 December 2020.

The management reviews the trade receivables ledgers monthly with the respective sales managers with close monitoring and regular follows up with customers on resolution of any disputes and repayment dates. If overdue debts remain unpaid, the Group may stop processing new orders from the customers until the old debts are settled. The management may also take legal actions to recover debts, if necessary.

The increase in trade and other receivables was also attributable to the increase in advance payment to suppliers. Due to shortage of steel supply, the Group had to make more advance orders for the raw materials to secure its continual availability to the Group compared to FY2020.

The increase in inventories is mainly due to increase in cost of raw materials (e.g. steel). Inventories turnover was 174 days as at 31 December 2021 compared to 183 days as at 31 December 2020.

Non-current liabilities

Non-current liabilities increased by S\$6.6 million from S\$6.1 million as at 31 December 2020 to S\$12.7 million as at 31 December 2021. The increase was mainly due to drawdown of a S\$3 million convertible loan. Equity portion of the convertible loan amounting to S\$0.6 million were reclassified to other reserves during FY2021. The increase was also due to increase in S\$3.0 million of other borrowings from an investor which was drawn down in 4Q 2021. Non-current liabilities as at 31 December 2021 include S\$2.4 million of bank borrowings which were classified in current liabilities due to breach of certain bank covenants as at 31 December 2020. As at 31 December 2021, there is no breach of bank covenants. The above increases were partially offset by reclassification of S\$1.0 million bridging loan from an investor from non-current liabilities to current liabilities and decrease in lease liabilities by S\$0.4 million.

Current liabilities

Current liabilities decreased by S\$6.5 million from S\$25.9 million as at 31 December 2020 to S\$19.3 million as at 31 December 2021. The decrease was mainly due to a derecognition of trade and other payables of S\$1.4 million in the books of former subsidiaries under vessel chartering segment upon the commencement of liquidation during 2Q 2021, reversal of provision for litigation compensation of S\$3.0 million and reversal of provision of certain administrative expenses of S\$0.5 million. S\$1.9 million of bank borrowings are converted to share capital and convertible bond during a debt conversion exercise in June 2021. On 31 December 2020, S\$2.8 million of non-current portion of bank borrowings were classified in current liabilities during to breach of certain bank covenants as at 31 December 2020. As at 31 December 2021, the Group complied with all bank covenants and no non-current portion of bank borrowings are classified in the current portion. During FY2021, lease liabilities decreased by S\$0.3 million. The above decreases were partially offset by a net drawdown of bank borrowings amounting to S\$2.7 million and reclassification of S\$1.0 million bridging loan from an investor from non-current liabilities to current liabilities.

Trade payables' turnover was 33 days as at 31 December 2021 and 36 days as at 31 December 2020.

Cash Flow Review

4Q 2021

During 4Q 2021, net cash used in operating activities was S\$1.1 million. This was mainly resulting from operating cash outflows of S\$1.1 million.

Net cash from financing activities amounting to S\$2.8 million was mainly due to proceeds from drawdown of bank borrowings of S\$3.5 million, proceeds from other borrowings of S\$3.0 million from an investor. The above inflow was partially offset by interest payment of S\$0.1 million, repayment of bank borrowings of S\$3.3 million and payment of lease liabilities of S\$0.3 million.

As a result of the above, there was a net increase of S\$1.7 million in cash and cash equivalents during 4Q 2021. Cash and cash equivalents was S\$3.0 million as at 31 December 2021.

FY2021

During FY2021, net cash used in operating activities was S\$6.4 million. This mainly resulting from operating cash outflows of S\$2.2 million and increase in working capital of S\$4.2 million. The increase in working capital was mainly due to increase in trade and other receivables.

Net cash used in investing activities during FY2021 was S\$0.2 million mainly due to purchase of plant and equipment.

Net cash from financing activities amounting to S\$7.6 million was mainly due to proceeds from convertible loan of S\$3.0 million, proceeds from drawdown of bank borrowing of S\$10.2 million and proceeds from other borrowings of S\$3.0 million from an investor. The above inflows were partially offset by interest payment of S\$0.5 million, repayment of bank borrowings of S\$7.2 million and payment of lease liabilities of S\$0.9 million.

As a result of the above, there was a net increase of S\$1.0 million in cash and cash equivalents during FY2021. Including the effect of foreign exchange rates fluctuations, cash and cash equivalents was S\$3.0 million as at 31 December 2021.

Cash outflows from operations

The cash outflows from operations during 4Q 2021 and FY2021 was mainly due to an increase in trade receivables as the Group secured more bulk orders where customers require longer repayment terms and decrease in gross profits in view of increases in raw materials costs.

3 Forecast or Prospect Statement

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

4 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 COVID-19 situation remains fluid and the Group continues to maintain a cautious outlook for the next 12 months. Notwithstanding the ongoing uncertainties, the Group shall continue to reduce risks and strengthen revenue streams, pursue cost management measures and will also explore additional means to shore up liquidity as necessary.

The Group's manufacturing facility at Kunshan (China) was relocated to new premise at No. 88 Bachen Town, Zhonghua Road, Kunshan City in December 2021. Given this period of transition arising from the relocation of the manufacturing facility in China, the Group will work closely with other third-party suppliers to fulfil its customers' orders and mitigate any potential disruption in its production capacity.

5 Dividend

(a) Dividend declared for the current financial period

No dividend has been declared for 4Q 2021 in view of the Group's accumulated losses.

(b) Dividend declared for the previous corresponding period of the immediately preceding financial year

No dividend was declared for 4Q 2020.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) Record date - Date on which registrable transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(f) Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2021 S\$'000	FY2020 S\$'000
Ordinary	NIL	NIL
Preference	NIL	NIL
Total	NIL	NIL

6 Interested Person Transactions (“IPTs”)

Name of interested person and nature of transactions	Nature of relationship	Aggregate value of all IPTs during FY2021 (excluding transactions less than S\$100,000)	
		Excluding IPTs conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST S\$'000
Hoe Leong Plastic Industry (China) Co., Ltd: Rental expense ⁽¹⁾	Associate of controlling shareholder	424	-
Liew Yoke Pheng Joseph: Interest-free advances accumulatively amounting to S\$1,374,000 to a subsidiary of the Company ⁽²⁾	Director	-	-

(1) On 1 January 2021, the Company's wholly-owned subsidiary, Kunshan Kanto Buhin Manufacturing Co., Ltd (“KKBM”) renewed its tenancy agreement (the “Tenancy Agreement”) with Hoe Leong Plastic Industry (China) Co., Ltd. The lease period under the Tenancy Agreement is 1 January 2021 to 31 December 2021 and the value at risk (i.e. rental and maintenance fee for the lease period) amounts to approximately S\$424,000. The Tenancy Agreement and the lease thereunder do not require shareholders' approval as it is exempted under Rule 916(1) of the SGX-ST Listing Manual. Please refer to the Company's SGXNet announcement dated 5 January 2021.

(2) During FY2021, Mr Liew made interest free advances to a subsidiary due to operational expediency, which has been fully settled as at the date of this announcement. Under Listing Rule 909(3), in the case of advances made by an interested person, the value of the transaction is the interest payable on the amount advanced. Accordingly, the aggregate value of the transaction is NIL because the advances from Mr Liew are interest-free.

No IPT mandate has been obtained by the Company.

7 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

As at 31 December 2021 and up to the date of this interim FS, no relative of a director or CEO or substantial shareholder is occupying a managerial position in the Company or any of its principal subsidiaries.

8 Confirmation that the issuer has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual

The Company has received undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Liew Yoke Pheng Joseph
Executive Chairman and CEO

1 March 2022