



HOE LEONG CORPORATION LTD.

(Registration No. 199408433W)

First quarter financial statements and related announcement for the financial period ended 31 March 2018

The Board of Directors of Hoe Leong Corporation Ltd. (the "Company") is pleased to announce the consolidated results for the three months ended 31 March 2018. 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	1 Jan 2018 to 31 Mar 2018	1 Jan 2017 to 31 Mar 2017	Increase / (decrease)
	\$'000	\$'000	%
Revenue	15,487	15,260	1.5 %
Cost of sales	(12,044)	(12,839)	(6.2)%
Gross profit	3,443	2,421	42.2 %
Other income	120	50	140.0 %
Distribution expenses	(933)	(1,083)	(13.9)%
Administrative expenses	(2,035)	(1,881)	8.2 %
Other expenses	(1,084)	(4,503)	(75.9)%
Results from operating activities	(489)	(4,996)	(90.2)%
Finance income	-	20	N.M.
Finance costs	(970)	(707)	37.2 %
Net finance costs	(970)	(687)	41.2 %
Loss before income tax	(1,459)	(5,683)	(74.3)%
Income tax credit /(expense)	23	(72)	N.M.
Loss for the year	(1,436)	(5,755)	(75.0)%
Loss attributable to:			
Owners of the Company	(1,436)	(5,755)	(75.0)%
Non-controlling interests	-	-	N.M.
Loss for the year	(1,436)	(5,755)	(75.0)%

N.M. - Not meaningful

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

	1 Jan 2018 to 31 Mar 2018	1 Jan 2017 to 31 Mar 2017	Increase / (decrease)
	\$'000	\$'000	%
Loss for the year	(1,436)	(5,755)	(75.0)%
Other comprehensive income			
Foreign currency translation differences arising from foreign operations	(483)	(846)	(42.9)%
Other comprehensive income, net of tax	<u>(483)</u>	<u>(846)</u>	(42.9)%
Total comprehensive income for the year	<u>(1,919)</u>	<u>(6,601)</u>	(70.9)%
Total comprehensive income attributable to :			
Owners of the Company	(1,824)	(6,666)	(72.6)%
Non-controlling interests	(95)	65	(246.2)%
Total comprehensive income for the year	<u>(1,919)</u>	<u>(6,601)</u>	(70.9)%

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

Note 1 Finance income comprise the following:

	1 Jan 2018 to 31 Mar 2018	1 Jan 2017 to 31 Mar 2017	Increase / (decrease)
	\$'000	\$'000	%
Finance income:-			
- Bank deposit	-	20	N.M.
Total	<u>-</u>	<u>20</u>	

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

Note 1 Finance costs comprise the following:

	1 Jan 2018 to 31 Mar 2018	1 Jan 2017 to 31 Mar 2017	Increase / (decrease)
	\$'000	\$'000	%
Interest paid and payable on:-			
- Trust receipts	(109)	(54)	101.9 %
- Bank loans and Overdrafts	(792)	(586)	35.2 %
- Finance leases	(3)	(3)	- %
- Loans from Immediate Holding Company	(66)	(64)	3.1 %
Total	(970)	(707)	

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

	1 Jan 2018 to 31 Mar 2018	1 Jan 2017 to 31 Mar 2017	Increase / (decrease)
	\$'000	\$'000	%
Provision for stock obsolescence written back	-	125	N.M.
Allowance charged for doubtful debts	-	(3,446)	N.M.
Inventories written back	56	25	124.0 %
Depreciation of property, plant and equipment	(781)	(1,303)	(40.1)%
Foreign exchange loss, net	(360)	(446)	(19.3)%
Operating lease expenses	(284)	(323)	(12.1)%
Rental income	16	15	6.7 %

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

	Group		Company	
	31 March 2018	31 Dec 2017	31 March 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	29,158	29,739	1,972	2,024
Investments in subsidiaries	-	-	8,778	8,778
Investments in associates	-	-	-	-
Deferred tax assets	544	539	-	-
Non-current assets	29,702	30,278	10,750	10,802
Inventories	24,537	23,509	-	-
Trade and other receivables	16,483	15,517	8,269	8,746
Cash and cash equivalents	2,668	2,478	35	114
Current assets	43,688	41,504	8,304	8,860
Total assets	73,390	71,782	19,054	19,662
Equity				
Share capital*	69,490	69,490	69,490	69,490
Treasury shares	(55)	(55)	(55)	(55)
Currency translation reserve	(58)	330	-	-
Share-based compensation reserve	171	171	171	171
Accumulated losses	(99,556)	(98,120)	(102,781)	(101,896)
Equity attributable to owners of the Company	(30,008)	(28,184)	(33,175)	(32,290)
Non-controlling interests	(1,278)	(1,183)	-	-
Total equity	(31,286)	(29,367)	(33,175)	(32,290)
Liabilities				
Financial liabilities	307	794	-	-
Deferred tax liabilities	20	38	20	19
Non-current liabilities	327	832	20	19
Trade and other payables*	33,191	28,548	35,601	35,065
Financial liabilities*	67,267	67,766	16,457	16,625
Loans from non-controlling shareholders of subsidiaries	3,618	3,565	-	-
Current tax payable	273	438	151	243
Current liabilities	104,349	100,317	52,209	51,933
Total liabilities	104,676	101,149	52,229	51,952
Total equity and liabilities	73,390	71,782	19,054	19,662

* Note : Total indebtedness due to bank creditors and controlling shareholder amounting to approximately S\$43 million and S\$14 million respectively as of the balance sheet date has been converted to equity shares under the scheme of arrangement on 8 May 2018.

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

As at 31 Mar 2018		As at 31 Dec 2017		As at 31 Mar 2018	As at 31 Dec 2017
Secured	Unsecured	Secured	Unsecured	Current	Current
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
47,424	19,843	47,830	19,936	67,267	67,766

As at 31 Mar 2018		As at 31 Dec 2017		As at 31 Mar 2018	As at 31 Dec 2017
Secured	Unsecured	Secured	Unsecured	Non- Current	Non-Current
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
307	-	794	-	307	794

Total

As at 31 Mar 2018		As at 31 Dec 2017		As at 31 Mar 2018	As at 31 Dec 2017
Secured	Unsecured	Secured	Unsecured		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
47,731	19,843	48,624	19,936	67,574	68,560

Details of any collateral:-

- (a) Legal mortgages over vessels, freehold land and buildings and certain plant and equipment; and
- (b) Corporate guarantees provided by the Company.

At the EGM held on 27 April 2018, shareholders approved the resolutions in relation to the financial restructuring scheme. On 8 May 2018, the Company has issued 4,996,751,855 new ordinary shares pursuant to the scheme to satisfy S\$57 million of indebtedness under the scheme, resulting in liabilities of S\$57 million being extinguished.

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

	Group	
	1 Jan 2018 to 31 Mar 2018	1 Jan 2017 to 31 Mar 2017
	\$'000	\$'000
Operating activities		
Loss before income tax	(1,459)	(5,683)
Adjustments for:		
Depreciation of property, plant and equipment	781	1,303
Finance income	-	(20)
Finance costs	970	707
Allowance for doubtful debts	-	3,446
Operating cash flows before changes in working capital	292	(247)
Change in working capital:		
Inventories	(1,128)	775
Trade and other receivables	(1,066)	(2,739)
Trade and other payables	3,536	4,375
Cash flows from operations	1,634	2,164
Income taxes paid	(180)	(55)
Cash flows from operating activities	1,454	2,109
Investing activities		
Finance income received	-	20
Purchase of property, plant and equipment	(419)	(116)
Proceeds from sale of property, plant and equipment	29	
Cash flows used in investing activities	(390)	(96)
Financing activities		
Finance costs paid	(96)	(707)
(Repayment of) / Proceeds from bills payable and trust receipts	(66)	18
Payment of finance lease liabilities	(27)	(25)
Repayment of interest-bearing borrowings	(377)	(3,209)
Cash flows used in financing activities	(566)	(3,923)
Net increase/(decrease) in cash and cash equivalents	498	(1,910)
Cash and cash equivalents at beginning of the period	1,727	2,338
Effect of exchange rates fluctuations	(318)	1,134
Cash and cash equivalents at end of the period **	1,907	1,562
Note : **		
Cash and cash equivalents in the statement of financial position	2,668	2,497
Bank Overdraft used for cash management purposes	(761)	(935)
Cash and cash equivalents in the statement of cash flows	1,907	1,562

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
2018								
At 1 January 2018	69,490	(55)	171	(1,299)	(96,011)	(27,704)	(1,183)	(28,887)
Reclassification of cumulative FCTR on adoption of SFRS(I) 1 ^(NOTE 5)	-	-	-	1,629	(1,629)	-	-	-
Additional impairment allowance on trade and other receivables on adoption of SFRS(I) 9 ^(NOTE 5)	-	-	-	-	(480)	(480)	-	(480)
At 1 January 2018 restated	69,490	(55)	171	330	(98,120)	(28,184)	(1,183)	(29,367)
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(1,436)	(1,436)	-	(1,436)
Foreign currency translation differences arising from foreign operations	-	-	-	(388)	-	(388)	(95)	(483)
Total comprehensive income for the period	-	-	-	(388)	(1,436)	(1,824)	(95)	(1,919)
At 31 March 2018	69,490	(55)	171	(58)	(99,556)	(30,008)	(1,278)	(31,286)
2017								
At 1 January 2017	69,490	(55)	171	(1,629)	(48,142)	19,835	(1,127)	18,708
Reclassification of cumulative FCTR on adoption of SFRS(I) 1 ^(NOTE 5)	-	-	-	1,629	(1,629)	-	-	-
At 1 January 2017 restated	69,490	(55)	171	-	(49,771)	19,835	(1,127)	18,708
Total comprehensive income for the year								
Loss for the period	-	-	-	-	(5,755)	(5,755)	-	(5,755)
Foreign currency translation differences arising from foreign operations	-	-	-	708	-	708	66	774
Total comprehensive income for the period	-	-	-	708	(5,755)	(5,047)	66	(4,981)
At 31 March 2017	69,490	(55)	171	708	(55,526)	14,788	(1,061)	13,727

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 \$'000	Total equity \$'000
2018					
At 1 January 2018	69,490	(55)	171	(101,626)	(32,020)
Additional impairment allowance on trade and other receivables on adoption of SFRS(I) 9 ^(NOTE 5)	-	-	-	(270)	(270)
Total comprehensive income for the period	69,490	(55)	171	(101,896)	(32,290)
Loss for the period	-	-	-	(885)	(885)
Total comprehensive income for the period	-	-	-	(885)	(885)
At 31 March 2018	<u>69,490</u>	<u>(55)</u>	<u>171</u>	<u>(102,781)</u>	<u>(33,175)</u>
2017					
At 1 January 2017	69,490	(55)	171	(50,176)	19,430
Total comprehensive income for the period	-	-	-	(4,019)	(4,019)
Loss for the period	-	-	-	(4,019)	(4,019)
Total comprehensive income for the period	-	-	-	(4,019)	(4,019)
At 31 March 2017	<u>69,490</u>	<u>(55)</u>	<u>171</u>	<u>(54,195)</u>	<u>15,411</u>

- 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-Mar-18	31-Mar-17
13 April 2010	12 April 2020	S\$ 0.34	170,000	250,000
27 April 2010	26 April 2020	S\$ 0.39	300,000	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
			881,000	1,011,000

Treasury shares

Treasury shares held as at 31 March 2018 is 470,000 shares (31 December 2017: 470,000 shares).

There were no transactions relating to sale, transfer, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2018.

- 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.**

Number of Issued Shares

	31-Mar-18	31-Dec-17
Issued and paid-up shares	623,150,724	623,150,724
Total number of shares held as treasury	(470,000)	(470,000)
Issued and paid-up shares net of treasury shares	622,680,724	622,680,724

On 8 May 2018, the Company has issued 4,996,751,855 new ordinary shares pursuant to financial restructuring scheme. The total number of shares (net of treasury shares) has increased from 622,680,724 to 5,619,432,579.

- 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 2017.

- 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 (International) ("SFRS(I)") that are effective for the financial year beginning on 1 January 2018 are as follows :

SFRS (I) 1

Foreign Currency Translation Reserve (FCTR)

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition (1 January 2017) and reclassify the cumulative FCTR of S\$1,629,000 as at 1 January 2017 to accumulated losses. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

SFRS (I) 9

The Group and Company adopted SFRS(I) 9 and elected to apply the standard prospectively from the effective date 1 January 2018, and recognized the difference between the previous carrying amount and the carrying amount at 1 January 2018 in opening accumulated losses. Arising from the adoption of SFRS(I) 9, additional impairment allowance amounting to S\$480,000 and S\$270,000 has been recognized on trade and other receivables in the Group and Company respectively. As not all transition work have been finalized, the assessment made by the Group is preliminary and may be subject to adjustments.

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

	Group	
	1 Jan 2018 to 31Mar 2018	1 Jan 2017 to 31Mar 2017
Loss per share of the Group:		
(a) Loss attributable to owners of the Company (S\$'000)	(1,436)	(5,755)
Weighted average number of ordinary shares ('000)	622,681	622,681
Basic loss per share (cents)	(0.23)	(0.92)
(b) Loss attributable to owners of the Company (S\$'000)	(1,436)	(5,755)
Adjusted weighted average number of ordinary shares ('000)	622,681	622,681
Diluted loss per share (cents)	(0.23)	(0.92)

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

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Net Liabilities (S\$'000)	(31,286)	(29,367)	(33,175)	(32,290)
Number of ordinary shares ('000)	622,681	622,681	622,681	622,681
Net liabilities value per ordinary share	(5.0)	(4.7)	(5.3)	(5.2)

The Proforma Net Asset Value after Scheme

Net asset value per ordinary share is computed assuming that the effect of the issue of ordinary shares under the scheme on 8 May 2018 is adjusted against the net liabilities as of 31 March 2018.

No. of Shares ('000)	5,619,433
Net assets (S\$'000)	26,177
Net asset value per ordinary share (cents)	0.5

- 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 Q1 FY2018:

The Group reported loss after tax of S\$1.4 million for the period ended 31 March 2018 ("Q1 2017") as compared to loss after tax of S\$5.8 million for the period ended 31 March 2017 ("Q1 2017") due to the following factors:

Total revenue increased by S\$0.2 million, or 1.5%, to S\$15.5 million in Q1 2018 as compared to S\$15.3 million in Q1 2017. The increase in total revenue was due to increase in revenue from the Group's Equipment segment of S\$0.1 million and increase in revenue from the Group's Vessel Chartering segment of S\$0.1 million.

Sales revenue from the Equipment segment increased by S\$0.1 million, or 0.8%, to S\$12.6 million in Q1 2018 as compared to S\$12.5 million in Q1 2017 mainly due to improvement in sales of equipment parts to our customers.

Charter revenue from the Vessel Chartering segment increased by S\$0.1 million, or 3.6%, to S\$2.9 million in Q1 2018 as compared to S\$2.8 million in Q1 2017 mainly due to improvement in utilization rate and offset by lower charter rate in Q1 2018.

Total cost of sales decreased by S\$0.8 million, or 6.2%, to S\$12.04 million in Q1 2018 as compared to S\$12.84 million in Q1 2017 mainly due to increase in cost of sales of equipment parts by S\$0.2 million, or 2.38%, to S\$10.2 million and offset by decrease in cost of sales of vessel chartering segment by S\$1.0 million, or 35.95%, to S\$1.8 million due to lower depreciation cost in Vessel Chartering segment.

Overall gross profit margin increased to 22.2% in Q1 2018 as compared to 15.9% in Q1 2017. Gross profit for Equipment segment decreased by S\$0.1 million, and Vessel Chartering segment gross profit increased by S\$1.15 million in Q1 2018 due to lower depreciation cost as a result of the impairment losses made on vessels in FY 2017.

Other income increased by S\$0.07 million, or 140% to S\$0.12 million in Q1 2018 mainly due to sale of scrapped raw material.

Distribution expenses decreased by S\$0.15 million, or 13.90%, to S\$0.93 million in Q1 2018 which was mainly due to lower marketing expense.

Administrative expenses increased by S\$0.15 million, or 8.20%, to S\$ 2.0 million in Q1 2018 which was mainly due to an increase in legal & other professional fees of S\$0.4 million and offset by decrease in staff related cost.

Other expenses decreased by S\$3.4 million to S\$1.1 million in Q1 2018 mainly due to lower allowance of doubtful debts on trade receivables in the Equipment Segment.

Finance costs increased by S\$0.26 million, or 37.20%, to S\$0.97 million in Q1 2018 mainly due to higher loan interest from bank borrowings.

Other comprehensive income for Q1 2018:

Foreign currency translation loss of S\$0.48 million arising from foreign operations in Q1 2018 related mainly due to the Group's net investment in foreign operations which are denominated in United States Dollar ("USD"), as the USD depreciated against the Singapore Dollar ("SGD") in Q1 2018.

Statement of Financial Position

Property, plant and equipment decreased by S\$ 0.6 million, or 1.95% to S\$ 29.2million as at 31 March 2018 mainly due to depreciation expense for Q1 2018.

Inventories increased by S\$1.0 million, or 4.2% as at 31 March 2018 mainly due to increase in order for sales of equipment parts.

Trade and other receivables increased by S\$1.0 million, or 6.03%, to S\$17.0 million as at 31 March 2018. Trade receivable increased by S\$0.5 million and other receivable increased by S\$0.5 million.

Trade and other payable increased by S\$4.6 million, or 14.0%, to S\$33.1million as at 31 March 2018. Trade payable increased by S\$2.5 million and sundry payable increased by S\$2.1 million.

Financial liabilities decreased by S\$1.0 million, or 1.5%, to S\$ 67.6 million at 31 March 2018 due mainly to repayment of borrowings of S\$0.47 and depreciation of USD against SGD at the end of Q1 2018

Statement of Cash Flows

For Q1 2018, the Group generated net cash inflow of S\$1.4 million, mainly comprising net cash inflows from operating activities of S\$ 1.4 million and offset by net cash outflows from investing activities and financing activities of S\$ 0.4 million and S\$0.6 million respectively.

As at 31 March 2018, the Group's cash and cash equivalents amounted to S\$1.9 million (31 December 2017: S\$1.7 million).

Material Litigation

(A) Litigation with Sumatec Resources Bhd ("Sumatec")

The Company and Ebony Ritz Sdn Bhd ("Ebony", an 80%-owned subsidiary of the Company currently under liquidation, with the Official Receiver of Malaysia acting as liquidator) have, pursuant to mediation at the Singapore Mediation Centre on 19 March 2018, entered into a conditional Settlement Agreement with Sumatec and Mr Chan Yok Peng ("Mr Chan") ("Settlement Agreement") in relation to the full and final settlement of the following Litigation (as referred to below) by the completion of Sumatec's corporate exercise which is expected no later than 30 October 2018 ("Corporate Exercise Completion Date"):

1. Singapore High Court Suit No. 534 of 2016;
 2. Singapore High Court Suit No. 808 of 2017; and
 3. Sumatec's counterclaim in Suit No. WA-22NCC-52-02/2017 before the High Court of Malaya at Kuala Lumpur against the Company;
- (collectively, the "Litigation").

The Settlement Agreement is conditional upon the approval of the Official Receiver of Malaysia on behalf of Ebony ("Official Receiver"), Sumatec's Board of Directors and the Company's Board of Directors ("Approvals"), to be provided by 3 May 2018 ("Approval Date"). In the event that the Approvals are not obtained by the Approval Date, the terms of the Settlement Agreement shall cease to have effect and parties are released from their obligations under the Settlement Agreement.

Subject to the Approvals being obtained, in exchange for the full and final settlement of all claims in connection with the Litigation, Sumatec shall pay to Ebony the sum of RM 27,000,000 (equivalent to S\$8,881,245) ("Settlement Sum") in the following manner:

1. Sumatec shall pay Ebony the sum of RM 7,000,000 (equivalent to S\$2,302,545) in cash by no later than the Corporate Exercise Completion Date;
2. Sumatec shall issue to Ebony redeemable convertible preference shares in Sumatec in the value equivalent to RM 20,000,000 (equivalent to S\$6,578,700) by no later than the Corporate Exercise Completion Date.

As the Official Receiver requires more time to obtain approval, Sumatec has agreed to extend the Approval Date to 6 June 2018.

B) Kuala Lumpur High Court -Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd

Auspicious Journey Sdn Bhd a minority shareholder in Ebony Ritz Sdn Bhd ("Ebony"), had filed in the Malaysian High Court a suit against the Company, being the majority shareholder in Ebony, for conducting the affairs of Ebony in manner that is oppressive to the Plaintiff. On 3 August 2016, the trial and hearing of the legal action has been concluded.

The Court issued an Order partially in favour of the Plaintiff and ordered:

- (a) A declaration that the company has conducted the affairs of Ebony in a manner that is oppressive to the Plaintiff;
- (b) Ebony is to be wound up and the Official Receiver be appointed as the liquidator of Ebony;
- (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 (equivalent to S\$98,680) to the Plaintiff.

Both the Plaintiff and the Company are currently appealing against the Order. The Company is primarily appealing against part (a), (c) and (d) of the Order whilst the Plaintiff is primarily appealing against part (b) of the Order. Company has paid RM300,000 (equivalent to S\$98,680) to plaintiff. The Appeals were partially heard on 21 November 2017 and are scheduled for continued hearing on 21 May 2018 in the Court of Appeal.

- 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**

As disclosed in the Chairman's Statement included in the 2017 annual report, the outlook for the Equipment Manufacturing & Distribution business is positive. As for the Vessel Chartering sector, the oil and gas market appears to be stable with oil prices fluctuating above US\$60 per barrel.

- 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 Interested Person Transactions

Period ended 31 March 2018		
Name of interested person	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)
	\$'000	\$'000
Hoe Leong Plastic Industry (China) Ltd		
- Rental expense	135	-
Hoe Leong Co. (Pte) Ltd		
- Interest payable on shareholder's loan	66	-

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

14 Negative Assurance Confirmation

We, Kuah Geok Lin and Kuah Geok Khim, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the financial period ended 31 March 2018 to be false or misleading in any material aspect.

15 Undertaking from directors and executive officers

The Company confirms it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720 (1).

BY ORDER OF THE BOARD

Kuah Geok Lin
Chairman and CEO

15 May 2018