



Hoe Leong Corporation Ltd.
6 Clementi Loop
Singapore 129814
Tel: (65) 6463 8666
Fax: (65) 6564 7252
<http://www.hoeleong.com>

Media Release

Hoe Leong Corporation rebounds with FY2015 net profit rising 115.9% to S\$3.7 million

- Revenue in FY2015 increased to S\$74.4 million, mainly due to higher vessel chartering income from a higher utilisation rate of its Arkstar fleet
- Experiencing a strong turnaround with FY2015 net profit hitting S\$3.7 million compared to a net loss of S\$23.3 million in FY2014
- Gross profit margin for FY2015 improved to 26.1% from 14.5% in FY2014

Singapore, 25 February 2016 – 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 financial year ended 31 December 2015 (“FY2015”) soars 115.9% to S\$3.7 million compared to its net loss of S\$23.3 million in the financial year ended 31 December 2014 (“FY2014”).

Commenting on the positive set of FY2015 results, Mr James Kuah, Chairman and Chief Executive Officer of Hoe Leong Corporation Ltd. said, ***“Despite macroeconomic uncertainties and volatilities in the oil and gas sector, we are pleased to register growth in our Vessel Chartering business which contributed to a strong turnaround for our FY2015 earnings. As we take on the challenges ahead, we will look into improving the utilisation of our vessels and also focus on our Equipment business to expand our network globally.”***

Financial Highlights

Financial Highlights	Full Year ended 31 December		
(\$'M)	FY2015	FY2014	% Change
Revenue	74.4	66.4	12.0
Gross Profit	19.4	9.7	100.8
<i>Gross Profit Margin (%)</i>	<i>26.1</i>	<i>14.5</i>	<i>11.6pts</i>
Profit/(Loss) for the period	3.7	(23.3)	115.9

The Group's total revenue for FY2015 increased by S\$8.0 million to S\$74.4 million from S\$66.4 million in FY2014, mainly due to a S\$9.0 million revenue increase from its Vessel Chartering Segment, which was partially offset by a revenue decrease of S\$1.0 million from the Group's Equipment segment.

The Group's revenue for its Vessel Chartering segment increased by 109.0% in FY2015 to S\$17.2 million from S\$8.2 million in FY2014, mainly due to the higher utilisation rate of its Arkstar fleet. Sales revenue from its Equipment Segment however, decreased slightly by 1.7% to S\$57.2 million in FY2015 from S\$58.2 million in FY2014, mainly due to lower sales of equipment parts to its customers.

In tandem with its revenue increase, the Group's overall gross profit margin rose to 26.1% in FY2015 from 14.5% in FY2014, with gross profit contributions by the Equipment Segment and Vessel Chartering Segment increasing by S\$3.2 million and S\$6.6 million respectively in FY2015.

For FY2015, the Group's other income grew 709.3% to S\$5.1 million mainly due to cost-sharing of marketing expenses with key suppliers. Distribution expenses decreased by 6.5% to S\$5.2 million due to a decrease in packing and delivery expenses and administrative expenses increased by S\$0.6 million to S\$7.8 million in FY2015. Other expenses decreased by 22.2% to S\$5.2 million and net finance costs increased by 50% to S\$2.4 million, mainly due to increased bank borrowings.

As the Group fully impaired its investment in its associate Semua International Sdn Bhd and its subsidiaries (“Semua Group”) last year, the Group did not share the profit nor losses.

All in all, the Group experienced a strong turnaround with its net profit for FY2015 rising 115.9% to S\$3.7 million as compared to its net loss of S\$23.3 million in FY2014.

As at 31 December 2015, the Group’s net assets increased to S\$66.7 million from S\$55.8 million as at 31 December 2014 and the net asset value per ordinary share as at 31 December 2015 stood at 10.7 Singapore cents.

Business Outlook

To date, the global macroeconomic environment remains challenging. The Group remains cautious with regard to market conditions and will continue to be vigilant in managing costs and improving operational efficiencies going forward.

The Group will also take steps to enhance its balance sheet by paring down borrowings and raising new capital. The Group will also be exploring ways to enhance its growth potential when timely opportunities such as the acquisition of new vessels and charters arise. As part of its growth strategy, the Group will also focus on expanding the market globally for its Equipment business.

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.

Issued on behalf of	: Hoe Leong Corporation Ltd.
By	: Cogent Communications Pte Ltd 100 Beach Road, #32-02/03 Shaw Tower, Singapore 189702
Contact	: Ms Chan Hui Si / Mr Gerald Woon
Office	: (65) 6704 9288
Email / DID / Mobile	: huisi@cogentcomms.com / (65) 6704 9287 / (65) 8298 4408 woon@cogentcomms.com / (65) 6704 9268 / (65) 9694 8364
