



**HOE LEONG CORPORATION LTD.**

**和隆集团有限公司**

Company Registration No.: 199408433W

Registered Address: 6 Clementi Loop, EAC Building, Singapore 129814

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**Unaudited Financial Statements and Dividend Announcement  
For the 1st Quarter Ended 31 March 2021 (“1Q 2021”)**

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**Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements**

**1(a)(i) Statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	Unaudited 1Q 2021 S\$'000	Unaudited 1Q 2020 S\$'000	Increase/ (Decrease) %
<b>Continuing operations</b>			
<b>Revenue</b>	10,211	10,485	(2.6)
Cost of sales	(8,761)	(8,913)	1.7
<b>Gross profit</b>	1,450	1,572	(7.8)
Other income	177	46	284.8
Distribution expenses	(855)	(790)	(8.2)
Administrative expenses	(1,235)	(1,064)	(16.1)
Other expenses	36	1,009	(96.4)
Impairment loss on trade receivables	-	14	N.M
<b>Results from operating activities</b>	(427)	787	(154.3)
Finance costs	(120)	(139)	13.7
<b>Net finance costs</b>	(120)	(139)	13.7
<b>Profit/ (Loss) before income tax</b>	(547)	648	N.M
Income tax expense	21	64	(67.2)
<b>Profit/ (Loss) from continued operations</b>	(526)	712	(173.9)
<b>Discontinued operation</b>			
Profit/ (Loss) from discontinued operation (net of tax)	18	(758)	N.M
<b>Loss for the period</b>	(508)	(46)	(1,004)
<b>Loss attributable to:</b>			
Owners of the Company	(508)	(46)	N.M
<b>Loss for the period</b>	(508)	(46)	N.M
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences arising from foreign operations	(140)	(508)	72.4
<b>Other comprehensive loss net of income tax</b>	(140)	(508)	72.4
<b>Total comprehensive loss for the period</b>	(648)	(554)	(17.0)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(648)	(554)	(17.0)
<b>Total comprehensive loss for the period</b>	(648)	(554)	(17.0)

1Q 2020 – 1<sup>st</sup> quarter ended 31 March 2020

N.M – Not meaningful

**1(a)(ii) (Loss)/ Profit, net of income tax and total comprehensive income is arrived after crediting/ (charging) the following:**

GROUP	Unaudited 1Q 2021 S\$'000	Unaudited 1Q 2020 S\$'000	Increase/ (Decrease) %
<b>Finance costs:</b>			
Interest cost on bank loans	(109)	(120)	9.2
Interest cost on lease liabilities	(11)	(19)	42.1
	(120)	(139)	13.7
<b>Included in 'Other income':</b>		-	
Rental income	22	24	(8.3)
Government grant income	88	-	N.M
Gains on disposal of plant and equipment	-	32	N.M
<b>Included in 'Other expenses':</b>			
Depreciation of property, plant and equipment (also included in 'Cost of sales')	(248)	(282)	12.1
Depreciation of right-of-use assets	(189)	(218)	13.3
Allowance for impairment of trade receivables (reversal)	177	9	N.M
Bad debts written off - Trade receivables	-	(5)	N.M
Allowance for impairment of inventories (reversal)	257	729	(64.7)
Foreign currency exchange gain	146	931	(84.3)

**1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	Unaudited As at 31/3/ 2021 S\$'000	Audited As at 31/12/ 2020 S\$'000	Unaudited As at 31/3/ 2021 S\$'000	Audited As at 31/12/ 2020 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10,068	10,550	2,628	2,794
Investments in subsidiaries	-	-	10,298	10,298
Deferred tax assets	773	650	18	-
<b>Total non-current assets</b>	10,841	11,200	12,944	13,092
<b>Current assets</b>				
Inventories	17,594	17,516	-	-
Trade and other receivables	9,978	10,142	3,759	3,642
Cash and cash equivalents	1,960	3,105	138	1,077
<b>Total current assets</b>	29,532	30,763	3,897	4,719
<b>Total assets</b>	40,373	41,963	16,841	17,811
<b>EQUITY</b>				
Share capital	114,461	114,461	114,461	114,461
Treasury shares	(55)	(55)	(55)	(55)
Currency translation reserve	(233)	(93)	-	-
Accumulated losses	(104,810)	(104,302)	(107,074)	(105,928)
<b>Total equity</b>	9,363	10,011	7,332	8,478
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	5,539	6,050	1,125	1,304
Deferred tax liabilities	20	39	38	20
<b>Total non-current liabilities</b>	5,559	6,089	1,163	1,324
<b>Current liabilities</b>				
Trade and other payables	9,844	10,737	2,228	3,144
Loans and borrowings	11,906	11,519	2,530	1,277
Other provision	3,588	3,588	3,588	3,588
Income tax payable	113	19	-	-
<b>Total current liabilities</b>	25,451	25,863	8,346	8,009
<b>Total liabilities</b>	31,010	31,952	9,509	9,333
<b>Total equity and liabilities</b>	40,373	41,963	16,841	17,811

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year**

**Amount repayable in one year or less, or on demand:**

GROUP	Unaudited As at 31 March 2021		Audited As at 31 December 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	10,092	1,010	9,973	725
	10,092	1,010	9,973	725

**Amount repayable after one year:**

GROUP	Unaudited As at 31 March 2021		Audited As at 31 December 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	32	4,210	38	4,510
Other borrowing	1,000	-	1,000	-
	1,032	4,210	1,038	4,510

**Details of collaterals relating to the above borrowing(s):**

Bank loans

Bank loans are covered by:

- Legal mortgages over vessels, 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.

Other borrowing

The bridging loan is secured by all shares of Ho Leong Tractors Sdn Bhd, a wholly-owned subsidiary of the Company.

Bank covenants

The Group breached certain covenants on consolidated tangible net worth and debt-to-equity ratio, as stipulated under the bank facilities agreements. Consequently, bank loans aggregating to S\$2,655,000 (31 December 2020: S\$2,752,000) have been reclassified from non-current liabilities to current liabilities.

**1(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

GROUP	Unaudited 1Q 2021 S\$'000	Unaudited 1Q 2020 S\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(529)	(110)
Adjustments for:		
Depreciation of property, plant and equipment	248	282
Depreciation of right-of-use assets	189	218
Interest costs on other financial liabilities	109	120
Interest costs on lease liabilities	11	19
Gain on sale of discontinued operation, net of tax	-	89
Gains on disposal of property, plant and equipment	-	(32)
Allowance for impairment of inventories (reversal)	(257)	(729)
Allowance for impairment of trade receivables (reversal)	(177)	(9)
<b>Operating cash flows before working capital changes</b>	<b>(406)</b>	<b>(152)</b>
Changes in working capital:		
Inventories	179	2,404
Trade and other receivables	341	915
Trade and other payables	(893)	(782)
Cash flows from operations	(779)	2,385
Income taxes paid	(27)	(33)
<b>Net cash (used in)/ from operating activities</b>	<b>(806)</b>	<b>2,352</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	-	(121)
Proceeds from disposal of plant and equipment	-	2,358
<b>Net cash from investing activities</b>	<b>-</b>	<b>2,237</b>
<b>Cash flows from financing activities</b>		
Interest paid	(120)	(139)
Proceeds from bills payable and trust receipts	890	155
Repayment of bills payable and trust receipts	(613)	(1,467)
Payment of lease liabilities	(222)	(184)
Proceeds from bank borrowings	5	-
Repayment of bank borrowings	(62)	(3,815)
<b>Net cash used in financing activities</b>	<b>(122)</b>	<b>(5,450)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(928)</b>	<b>(861)</b>
Cash and cash equivalents, beginning balance	3,105	2,499
Effect of exchange rates fluctuations	(217)	(197)
<b>Cash and cash equivalents, ending balance</b>	<b>1,960</b>	<b>1,441</b>

**1(d)(i) Statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>GROUP</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Currency translation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
<b>FY2021 (Unaudited):</b>					
At 1 January 2021	114,461	(55)	(93)	(104,302)	10,011
Total comprehensive loss for the period	-	-	(140)	(508)	(648)
At 31 March 2021	114,461	(55)	(233)	(104,810)	9,363
<b>FY2020 (Unaudited):</b>					
At 1 January 2020	114,461	(55)	(879)	(106,388)	7,139
Total comprehensive loss for the period	-	-	(259)	(46)	(305)
At 31 March 2020	114,461	(55)	(1,138)	(106,434)	6,834

<b>COMPANY</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
<b>FY2020 (Unaudited):</b>				
At 1 January 2020	114,461	(55)	(105,928)	8,478
Total comprehensive loss for the period	-	-	(1,146)	(1,146)
At 31 March 2020	114,461	(55)	(107,074)	7,332
<b>FY2019 (Unaudited):</b>				
At 1 January 2019	114,461	(55)	(106,988)	7,418
Total comprehensive income for the period	-	-	18	18
At 31 March 2019	114,461	(55)	(106,970)	7,436

**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**

**Number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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**

**Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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**

There is no change in the Company's issued share capital since 31 December 2020.

The Company has no outstanding share options, outstanding convertibles and subsidiary holdings as at 31 March 2021 and 31 December 2020.

470,000 treasury shares were held as at 31 March 2021 and 31 December 2020.

**1(d)(iii) 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**

COMPANY	
Unaudited 31 March 2021	Audited 31 December 2020
5,619,432,579	5,619,432,579

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

There is no sale, transfer, cancellation and/ or use of treasury shares during 1Q 2021.

**1(d)(v) Statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

There are no subsidiary holdings as at 31 March 2021 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during 1Q 2021.

**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 Company's auditors.

**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**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as presented in the audited financial statements of the Group for the financial year ended 31 December 2020.

**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**

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.

**6 Earnings per ordinary share ("EPS") 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	Unaudited 1Q 2021	Unaudited 1Q 2020
Loss attributable to owners of the Company (S\$'000)	(508)	(46)
Weighted average number of ordinary shares ('000)	5,619,433	5,619,433
EPS (Basic and diluted) (cents)	-*	-*

\*Less than 0.01 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 period.

Diluted EPS is the same as basic EPS as no potential dilutive ordinary shares exist during the respective reporting periods.

**7 Net asset value (“NAV”) (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 current financial period reported on and the immediately preceding financial year**

	GROUP		COMPANY	
	Unaudited 31 March 2021	Audited 31 December 2020	Unaudited 31 March 2021	Audited 31 December 2020
NAV attributable to owners of the Company (S\$'000)	9,363	10,011	7,332	8,478
Total number of issued shares excluding treasury shares ('000)	5,619,433	5,619,433	5,619,433	5,619,433
NAV per ordinary share (cents)	0.17	0.18	0.13	0.15

**8 Review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business**

**(a) 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 factor**

**Revenue**

For 1Q 2021, the Group registered revenue of S\$10.2 million compared to S\$10.5 million during 1Q 2020 decreased by S\$0.3 million or 2.6%.

Revenue derived from sales of the group’s products in certain markets (e.g. USA) has improved slightly during 1Q 2021. However, business in Australia has not picked up as the mining industry is still recovering from the adverse impact of Covid-19. As such, revenue was stagnant during 1Q 2021, in comparison to 1Q 2020.

**Cost of sales**

For 3 months ended, cost of sales decreased by S\$0.1 million or 1.7% from S\$8.9 million during 1Q 2020 to S\$8.8 million during 1Q 2021.

Gross profit were S\$1.5 million (Gross profit margin: 14.2%) in 1Q 2021 and S\$1.6 million (Gross profit margin: 15.0%) 1Q 2020. The reduction in gross profit margin is mainly due to clearance of old stock with low margin (before take into consideration of allowance for impairment made) and increase in raw material prices.

**Other income**

Other income increased by S\$0.1 million from S\$46,000 during 1Q 2020 to S\$0.2 million during 1Q 2021 mainly due to government grant income (relating to Covid-19 relief measures by governments) received during 1Q 2021.

**Distribution expenses**

Distribution expenses increased by S\$0.1 million or 8.2% from S\$0.8 million during 1Q 2020 to S\$0.9 million during 1Q 2021. The increases were mainly due to increase in freight costs.

### **Administrative expenses**

Administrative expenses increased by S\$0.2 million or 16.1% from S\$1.0 million during 1Q 2020 to S\$1.2 million during 1Q 2021. The increase was mainly attributable to legal and professional fee in relation to an ongoing funding and debt conversion exercise.

### **Other expenses**

Other expenses decreased by S\$1.0 million from S\$1.0 million during 1Q 2020 to S\$36,000 during 1Q 2021. This is mainly due to lower foreign exchange gain (Decrease of S\$0.8 million) and lower reversal of allowance for impairment of inventories (Decrease of S\$0.4 million) during 1Q 2021. The above decreases were partially offset by higher reversal of allowance for impairment of trade receivable by S\$0.2 million during 1Q 2021.

### **Finance costs**

The decrease in finance costs was mainly due to reduced bank borrowings following principal repayments made since the end of 1Q 2020 and decrease in interest rates for certain bank borrowings.

### **Profit or loss before tax from continuing operations**

As result of the above, loss before income tax for 1Q 2021 was S\$0.5 million, while profit before income tax of S\$0.6 million was registered for 1Q 2020.

## **(b) Material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### **Financial Position Review**

#### **Non-current assets**

Non-current assets decreased by S\$0.4 million from S\$11.2 million as at 31 December 2020 to S\$10.8 million as at 31 March 2021.

Property, plant and equipment decreased by S\$0.4 million from S\$10.5 million as at 31 December 2020 to S\$10.1 million as at 31 March 2021. The decrease was mainly due to depreciation.

#### **Current assets**

Current assets decreased by S\$1.3 million from S\$30.8 million as at 31 December 2020 to S\$29.5 million as at 31 December 2020. The decrease was mainly due to decrease in cash and cash equivalents and trade and other receivables of S\$1.1 million and S\$0.2 million respectively.

Trade receivables' turnover was 70 days as at 31 December 2020 compared to 79 days as at 31 March 2021.

#### **Non-current liabilities**

Non-current liabilities decreased by S\$0.5 million from S\$6.1 million as at 31 December 2020 to S\$5.6 million as at 31 March 2021. The decrease was mainly as a result of reclassification of non-current portion of term loan to current liabilities.

### **Current liabilities**

Current liabilities decreased by S\$0.4 million from S\$25.9 million as at 31 December 2020 to S\$25.5 million as at 31 March 2021. The decrease was mainly due to decrease in trade and other payables by S\$0.9 million, partially offset by increase in loans and borrowings by S\$0.5 million (Due to reclassification of non-current portion of term loan)

Trade payables' turnover was 29 days in 31 December 2020 and 31 March 2021.

### **Cash Flow Review**

During 1Q 2021, net cash outflow from operating activities was S\$0.8 million mainly due to operating cash outflows of S\$0.4 million (due to higher loss before tax for 1Q 2021) and increase in working capital of S\$0.4 million. The decrease in working capital was mainly due to decrease in trade and other payables.

There is no cash flow in relation to investing activities during 1Q 2021. Net cash from investing activities during 1Q 2020 was mainly due to proceeds received from sale of vessels.

Net cash used in financing activities amounting to S\$0.1 million was mainly due to interest payment and repayment of bank borrowings, which are partially offset by proceeds from bank borrowings. Net cash used in financing activities during 1Q 2020 was high mainly due to partial repayment of vessel loans following with the sales of vessels.

As a result of the above, there was a net decrease of S\$0.9 million in cash and cash equivalents during 1Q 2021. Cash and cash equivalents was S\$2.0 million as at 31 March 2021.

### **Material Litigation**

#### **A. Kuala Lumpur High Court - Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd & 5 Ors**

Auspicious Journey Sdn Bhd (the "Plaintiff"), 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 Court issued an Order partially in favour of the Plaintiff and ordered:

1. A declaration that the Company has conducted the affairs of Ebony in a manner that is oppressive to the Plaintiff;
2. Ebony is to be wound up and the Official Receiver be appointed as the liquidator of Ebony;
3. the Company is to pay general damages with interest to the Plaintiff, to be assessed by the Court through an assessment process; and
4. the Company has to pay costs of RM300,000 to the Plaintiff.

Both the Plaintiff and the Company appealed against the Order. The appeals were heard on 21 November 2017 and 21 May 2018 in the Court of Appeal. Both appeals were dismissed.

The Plaintiff filed an application for leave to appeal to the Federal Court against the dismissal of its Appeal by the Court of Appeal. On 13 May 2019, the Federal Court made a decision to allow the Leave application in part, in particular only insofar as the Leave application relates to whether the directors of the Company can be attributed with the Company's liability in respect of its said oppression on Auspicious Journey. The hearing of the Federal Court appeal concluded on 4 August 2020.

On 9 March 2021, the Federal Court dismissed the Plaintiff's appeal and directed the assessment of damages to be assessed 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 a case management on 16 April 2021, the High Court directed the following:

1. The Plaintiff to file its Re-Amended Points of Claims by 30 April 2021;
2. The Company to file its Re-Amended Defence by 12 May 2021; and
3. The Plaintiff to file its Re-Amended Reply by 27 May 2021.

The next case management is fixed on 4 June 2021.

The Official Receiver of Ebony had previously filed an application for a private liquidator to be appointed to manage Ebony in place of the Official Receiver (the "Private Liquidator Application"). During case management on 6 April 2021 and 7 April 2021, the Court directed that the hearing of the Private Liquidator Application be fixed on 14 June 2021.

#### **B. Kuala Lumpur High Court – Tan Sri Halim Bin Saad v Hoe Leong Corporation Ltd & 5 Ors**

On 9 September 2019, the Company received a writ dated 20 June 2019 from Tan Sri Halim Bin Saad claiming for, misrepresentation, fraud, and/or conspiracy alleged to have been committed by the Company and other defendants against Tan Sri Halim Bin Saad.

The Company has engaged solicitors to enter its appearance in the civil suit and to defend against the same. The Company has filed its defence against the said civil suit on 4 November 2019. On 8 December 2020, the High Court had dismissed the striking out application with costs of RM3,000, payable each by the 1st, 2nd, 3rd and 5th defendants to the plaintiff (RM12,000 in total). The trial of this legal suit is fixed from 21 October 2021 to 25 October 2021.

On 16 December 2020, the Company filed an appeal to the Court of Appeal against the dismissal of the striking out application. During the case management on 3 March 2021 in respect of the appeal against the dismissal of the striking out application, the Court of Appeal fixed the hearing on 20 October 2021 and further case management on 22 September 2021 and 13 October 2021.

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

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

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

The global COVID-19 situation remains fluid and the Group continues to maintain a cautious outlook for FY2021. 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.

Entry into Definitive Agreements with the Investor and Debt Settlement and Subscription Agreement with Lenders of Vessel-Related Loans

The Board refers to the SGXNet announcements dated 14 September 2020, 26 October 2020 and 1 December 2020 in relation to the entry into a binding term sheet with Shing Heng Holding Pte. Ltd. (the “**Investor**”) and an SGXNet announcement dated 21 December 2020 in relation to *inter alia* the entry into definitive agreements with the Investor for the Proposed Investor Transactions and entry into debt settlement and subscription agreements with lenders of vessel-related loans (the “**Previous Announcements**”).

Unless otherwise defined, capitalised terms used herein shall have the meanings as ascribed in the Previous Announcements.

The Proposed Transactions are subject to, amongst others, the fulfilment of the conditions precedent under the definitive agreements entered into.

Please refer to the Company’s SGXNet announcement dated 21 December 2020.

On 21 April 2021, the Singapore Exchange had granted the approval in-principle for the listing of and quotation for (a) 2,054,794,520 Conversion Shares; (b) up to 6,164,383,561 Option Shares; (c) up to 241,985,142 Settlement Shares to RHB; (d) up to 344,226,285 Settlement Shares to SIF; (e) up to 476,328,000 UOB Conversion Shares; and (f) 65,391,302 Remuneration Shares (the “**AIP**”) subject to, *inter alia*, the following conditions:

- (a) Shareholders’ approval for the Proposed Transactions;
- (b) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of Convertible Loan Note and exercise of the Options; and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the annual report;
- (c) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
- (d) a written confirmation from the Company that it will not issue the Convertible Loan Note and Options to persons prohibited under Rule 812(1) of the Listing Manual;
- (e) a written undertaking from the Company to announce any adjustment made to the Convertible Loan Note and Options pursuant to Rule 829(1) of the Listing Manual; and
- (f) the Company’s obligations under Rule 864(4) of the Listing Manual to notify the SGX-ST immediately upon any significant changes affecting any matter contained in the application, or which would be required to be included in the application if it had arisen before the application was submitted.

Shareholders are advised that the AIP is not to be taken as an indication of the merits of the Proposed Transactions, the Convertible Loan Note, the Conversion Shares, the Options, the Option Shares, the Settlement Shares, the UOB Convertible Bonds, the UOB Conversion Shares, the Remuneration Shares, the Company and/or its subsidiaries.

The Company’s application to seek whitewash waiver for the Investor and its concert parties to make a Mandatory Offer as a result of the Proposed Issue of Convertible Loan Note and the Proposed Grant of Options and the relating allotment and issue of Conversion Shares and Options Shares remains subject to approval of the Securities Industry Council.

### Extension of Time to Submit Resumption Proposal

On 2 September 2019, pursuant to Rule 1303(3) of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Company requested for a voluntary suspension of trading of its shares with immediate effect. Pursuant to Rule 1304(1) of the Listing Manual of the SGX-ST, the Company is to submit a proposal to resume trading in its securities (the “**Resumption Proposal**”) within 12 months of the date of suspension.

On 4 September 2020 and 2 December 2020, the Company submitted applications to the SGX-ST for the first extension of time of three (3) months to 2 December 2020 and second extension of time of six (6) weeks to 13 January 2021 to submit its Resumption Proposal (the “**Waivers**”). The Company received no-objection letters from the SGX-ST in relation to the Company’s applications for the Waivers.

The Company submitted the Resumption Proposal to the SGX-ST on 13 January 2021 and will make further announcements to update its shareholders when there are material updates as may be necessary or appropriate.

## **11 Dividend**

### **(a) Dividend declared for the current financial period**

No dividend has been declared for 1Q 2021.

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

No dividend was declared for 1Q 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.

## **12 If no dividend has been declared/ recommended, a statement to that effect and the reason(s) for the decision**

No dividend has been declared/ recommended for 1Q 2021 in view of the Group’s accumulated losses.

- 13 If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interested person and nature of transactions	Nature of relationship	Aggregate value of all IPTs during 1Q 2021 (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	Associate of controlling shareholder	424	-

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.

No IPT mandate has been obtained by the Company.

- 14 Negative confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statement for 1Q 2021 to be false or misleading in any material aspect.

- 15 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 confirms that it has procured 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

11 May 2021