



HOE LEONG CORPORATION LTD.

(Registration No. 199408433W)

First quarter financial statements and related announcement for the financial period ended 31 March 2017

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 2017. 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 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016	Increase / (decrease)
	\$'000	\$'000	%
Revenue	15,260	13,748	11.0 %
Cost of sales	(12,839)	(11,254)	14.1 %
Gross profit	2,421	2,494	(2.9)%
Other income	50	594	(91.6)%
Distribution expenses	(1,083)	(1,044)	3.7 %
Administrative expenses	(1,881)	(1,848)	1.8 %
Other expenses	(4,503)	(1,972)	128.3 %
Results from operating activities	(4,996)	(1,776)	181.3 %
Finance income	20	983	(98.0)%
Finance costs	(707)	(668)	5.8 %
Net finance costs	(687)	315	(318.1)%
Loss before income tax	(5,683)	(1,461)	289.0 %
Income tax (expense) / credit	(72)	21	(442.9)%
Loss for the year	(5,755)	(1,440)	299.7 %
Loss attributable to:			
Owners of the Company	(5,755)	(1,440)	299.7 %
Non-controlling interests	-	-	N.M.
Loss for the year	(5,755)	(1,440)	299.7 %

N.M. - Not meaningful

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

	1 Jan 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016	Increase / (decrease)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Loss for the year	(5,755)	(1,440)	299.7 %
Other comprehensive income			
Foreign currency translation differences arising from foreign operations	(846)	(1,808)	(53.2)%
Other comprehensive income, net of tax	<u>(846)</u>	<u>(1,808)</u>	(53.2)%
Total comprehensive income for the year	<u><u>(6,601)</u></u>	<u><u>(3,248)</u></u>	103.2 %
Total comprehensive income attributable to :			
Owners of the Company	(6,666)	(3,138)	112.4 %
Non-controlling interests	65	(110)	(159.1)%
Total comprehensive income for the year	<u><u>(6,601)</u></u>	<u><u>(3,248)</u></u>	103.2 %

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

Note 1 Finance income comprise the following:

	1 Jan 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016	Increase / (decrease)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Finance income:-			
- Bank deposit	20	19	5.3 %
- Interest on loan to associate	-	964	N.M.
Total	<u><u>20</u></u>	<u><u>983</u></u>	

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

Note 1 Finance costs comprise the following:

	1 Jan 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016	Increase / (decrease)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Interest paid and payable on:-			
- Trust receipts	(54)	(84)	(35.7)%
- Bank loans	(586)	(524)	11.8 %
- Finance leases	(3)	(2)	50.0 %
Others	(64)	(58)	10.3 %
Total	(707)	(668)	

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

	1 Jan 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016	Increase / (decrease)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Provision for stock obsolescence written back	125	369	(66.1)%
Allowance charged for doubtful debts	(3,446)	-	N.M.
Inventories written-back	25	-	N.M.
Depreciation of property, plant and equipment	(1,303)	(1,503)	(13.3)%
Foreign exchange loss, net	(446)	(1,502)	(70.3)%
Operating lease expenses	(323)	(1,491)	(78.3)%
Amortisation of deferred income	-	1,299	N.M.
Rental income	15	536	(97.2)%

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

	Group		Company	
	31 March 2017	31 Dec 2016	31 March 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	64,971	67,563	2,134	2,163
Investments in subsidiaries	-	-	14,451	14,451
Investments in associates	-	-	-	-
Deferred tax assets	519	578	-	-
Non-current assets	65,490	68,141	16,585	16,614
Inventories	24,331	25,106	-	-
Trade and other receivables	25,944	26,652	51,406	57,918
Cash and cash equivalents	2,497	3,287	402	757
Current assets	52,772	55,045	51,808	58,675
Total assets	118,262	123,186	68,393	75,289
Equity				
Share capital	69,490	69,490	69,490	69,490
Treasury shares	(55)	(55)	(55)	(55)
Currency translation reserve	(921)	(1,629)	-	-
Share-based compensation reserve	171	171	171	171
Accumulated losses	(53,897)	(48,142)	(54,195)	(50,176)
Equity attributable to owners of the Company	14,788	19,835	15,411	19,430
Non-controlling interests	(1,061)	(1,127)	-	-
Total equity	13,727	18,708	15,411	19,430
Liabilities				
Financial liabilities	1,493	1,488	9,543	22
Deferred tax liabilities	20	38	19	19
Non-current liabilities	1,513	1,526	9,562	41
Trade and other payables	24,477	20,104	30,545	31,683
Financial liabilities	74,978	79,187	12,875	24,135
Loans from non-controlling shareholders of subsidiaries	3,422	3,489	-	-
Current tax payable	145	172	-	-
Current liabilities	103,022	102,952	43,420	55,818
Total liabilities	104,535	104,478	52,982	55,859
Total equity and liabilities	118,262	123,186	68,393	75,289

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

As at 31 Mar 2017		As at 31 Dec 2016		As at 31 Mar 2017	As at 31 Dec 2016
Secured	Unsecured	Secured	Unsecured	Non-Current	Non-Current
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1,493	-	1,488	-	1,493	1,488

As at 31 Mar 2017		As at 31 Dec 2016		As at 31 Mar 2017	As at 31 Dec 2016
Secured	Unsecured	Secured	Unsecured	Current	Current
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
54,665	20,313	57,941	21,246	74,978	79,187

Total

As at 31 Mar 2017		As at 31 Dec 2016		As at 31 Mar 2017	As at 31 Dec 2016
Secured	Unsecured	Secured	Unsecured		
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
56,158	20,313	59,429	21,246	76,471	80,675

Details of any collateral:-

- (a) Legal mortgages over vessels, freehold land and buildings and certain plant and equipment;
- (b) Personal guarantees provided by executive directors for certain banking facilities; and
- (c) Corporate guarantees provided by the Company.

The Company has appointed an advisory firm to assist in a restructuring of the Group's financial liabilities, including the Group's negotiation for a temporary moratorium while a debt repayment plan is being formulated and agreed. Meanwhile, the majority of the Group's financial indebtedness has been classified as current liabilities, pending the outcome of the proposed restructuring. The going concern basis of the Group is dependent on the outcome of the proposed restructuring.

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

	Group	
	1 Jan 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016
	\$'000	\$'000
Operating activities		
Loss before income tax	(5,683)	(1,461)
Adjustments for:		
Amortisation of deferred income	-	(1,299)
Depreciation of property, plant and equipment	1,303	1,503
Finance income	(20)	(983)
Finance costs	707	668
Allowance for doubtful debts	3,446	-
Equity-settled share-based compensation	-	(174)
Operating cash flows before changes in working capital	(247)	(1,746)
Change in working capital:		
Inventories	775	1,595
Trade and other receivables	(2,739)	2,799
Trade and other payables	4,375	2,540
Cash flows (used in) / from operations	2,164	5,188
Income taxes paid	(55)	-
Cash flows (used in) / from operating activities	2,109	5,188
Investing activities		
Finance income received	20	18
Purchase of property, plant and equipment	(116)	(88)
Cash flows (used in) / from investing activities	(96)	(70)
Financing activities		
Finance costs paid	(707)	(668)
(Repayment of) / Proceeds from bills payable and trust receipts	18	(2,003)
Payment of finance lease liabilities	(25)	(18)
Proceeds from interest-bearing borrowings	-	3,237
Repayment of interest-bearing borrowings	(3,209)	(6,663)
Proceeds from issuance of shares, net	-	-
Cash flows (used in)/from financing activities	(3,923)	(6,115)
Net decrease in cash and cash equivalents	(1,910)	(997)
Cash and cash equivalents at beginning of the period	2,338	2,179
Effect of exchange rates fluctuations	1,134	180
Cash and cash equivalents at end of the period **	1,562	1,362
Note : **		
Cash and cash equivalents in the statements of financial position	2,497	2,311
Bank Overdraft used for cash management purposes	(935)	(949)
Cash and cash equivalents in the statement of cash flows	1,562	1,362

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
2017								
At 1 January 2017	69,490	(55)	171	(1,629)	(48,142)	19,835	(1,127)	18,708
Total comprehensive income for the period								
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	<u>69,490</u>	<u>(55)</u>	<u>171</u>	<u>(921)</u>	<u>(53,897)</u>	<u>14,788</u>	<u>(1,061)</u>	<u>13,727</u>
2016								
At 1 January 2016	69,490	(55)	345	(1,821)	(1,234)	66,725	(1,187)	65,538
Total comprehensive income for the year								
Loss for the period	-	-	-	-	(1,440)	(1,440)	-	(1,440)
Foreign currency translation differences arising from foreign operations	-	-	-	(1,698)	-	(1,698)	(110)	(1,808)
Total comprehensive income for the period	-	-	-	(1,698)	(1,440)	(3,138)	(110)	(3,248)
Transactions with owners, recorded directly in equity								
Share-based compensation expense	-	-	(174)	-	-	(174)	-	(174)
Total transactions with owners	-	-	(174)	-	-	(174)	-	(174)
At 31 March 2016	<u>69,490</u>	<u>(55)</u>	<u>171</u>	<u>(3,519)</u>	<u>(2,674)</u>	<u>63,413</u>	<u>(1,297)</u>	<u>62,116</u>

1(d)(i) Statement of changes in equity (the Group and the Company) (continued)

	Share capital	Treasury Shares	Share-based compensation reserve	Accumulated losses	Total equity
Company	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2017					
At 1 January 2017	69,490	(55)	171	(50,176)	19,430
Total comprehensive income for the period					
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>
2016					
At 1 January 2016	69,490	(55)	345	(2,503)	67,277
Total comprehensive income for the period					
Loss for the period	-	-	-	(860)	(860)
Total comprehensive income for the period	-	-	-	(860)	(860)
Transactions with owners, recorded directly in equity					
Share-based compensation expense	-	-	(174)	-	(174)
Total transactions with owners	-	-	(174)	-	(174)
At 31 March 2016	<u>69,490</u>	<u>(55)</u>	<u>171</u>	<u>(3,363)</u>	<u>66,243</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-17	31-Mar-16
13 April 2010	12 April 2020	S\$ 0.34	250,000	250,000
27 April 2010	26 April 2020	S\$ 0.39	350,000	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
			1,011,000	1,011,000

Treasury shares

Treasury shares held as at 31 March 2017 is 470,000 shares (31 December 2016: 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 2017.

- 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.**

Issued Share Capital

	Number of shares
Issued and paid-up share capital as at 31 December 2016	623,150,724
Total number of shares held as treasury	(470,000)
Issued and paid-up share capital as at 31 March 2017 net of treasury shares	622,680,724

- 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 2016.

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 ("FRS") and Interpretations of FRS that are effective for the financial year beginning on 1 January 2017 has no material impact.

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 2017 to 31Mar 2017	1 Jan 2016 to 31Mar 2016
Earnings per share of the Group:		
(a) Loss attributable to owners of the Company (S\$'000)	(5,755)	(1,440)
Weighted average number of ordinary shares ('000)	622,681	622,681
Basic earnings per share (cents)	(0.92)	(0.23)
(b) Loss attributable to owners of the Company (S\$'000)	(5,755)	(1,440)
Adjusted weighted average number of ordinary shares ('000)	622,681	622,681
Diluted earnings per share (cents)	(0.92)	(0.23)

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 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net assets (S\$'000)	13,727	18,708	15,411	19,430
Number of ordinary shares ('000)	622,681	622,681	622,681	622,681
Net asset value per ordinary share (cents)	2.2	3.0	2.5	3.1

- 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 FY2017:

Key reasons for the loss of Q1 FY2017 results are mainly due to allowance of doubtful debts on trade receivables in the Equipment Segment and due to extended downtime on one charter vessel. The impact of these are included in Other Expenses and Revenue respectively.

The Group reported loss after tax of S\$5.8 million for the year ended 31 March 2017 ("Q1 2017") as compared to loss after tax of S\$1.4 million for the year ended 31 March 2016 ("Q1 2016") due to the following factors:

Total revenue increased by S\$1.5 million, or 11.0%, to S\$15.3 million in Q1 2017 as compared to S\$13.7 million in Q1 2016. The increase in total revenue was due to increase in revenue from the Group's Equipment segment of S\$1.9 million and off-set by decrease in revenue from the Group's Vessel Chartering segment of S\$0.4 million.

Sales revenue from the Equipment segment increased by S\$1.9 million, or 17.9%, to S\$12.5 million in Q1 2017 as compared to S\$10.6 million in Q1 2016 mainly due to improvement in sales of equipment parts to our customers.

Charter revenue from the Vessel Chartering segment decreased by S\$0.4 million, or 12.5%, to S\$2.8 million in Q1 2017 as compared to S\$3.2 million in Q1 2016. The decrease in charter revenue was due mainly to lower utilisation rate and decrease in charter rates of Arkstar fleet.

Total cost of sales increased by S\$1.6 million, or 14.1%, to S\$12.8 million in Q1 2017 as compared to S\$11.3 million in Q1 2016 mainly due to increase in cost of sales of equipment parts by S\$1.7 million, or 18.2%, to S\$10.0 million and offset by decrease in cost of sales of vessel chartering segment by S\$0.1 million, or 3.3%, to S\$2.9 million due to lower depreciation cost in Vessel Chartering segment. The increase in cost of sales was mainly due to increase in sales of equipment parts in Equipment segment.

Overall gross profit margin decreased to 15.9% in Q1 2017 as compared to 18.1% in Q1 2016. Gross profit margin for Equipment segment increased by S\$0.2 million, and Vessel Chartering segment gross profit margin decreased by S\$0.3 million in Q1 2017.

Other income decreased by S\$0.5 million, or 91.6% to S\$0.01 million in Q1 2017 mainly due a decrease in rental income.

Distribution expenses increased by S\$0.1 million, or 3.7%, to S\$1.1 million in Q1 2017 which was mainly due to increased marketing expenses.

Administrative expenses increased by S\$0.1 million, or 1.8%, to S\$1.9 million in Q1 2017 which was mainly due to an increase in provision of unutilized leave.

Other expenses increased by S\$2.5 million, or 128.3% to S\$4.5 million in Q1 2017 mainly due to allowance of doubtful debts on trade receivables in the Equipment Segment of S\$3.4 million caused by the deteriorating credit and economic conditions facing the group and its customers.

Finance costs increased by S\$0.1 million, or 16.6%, to S\$0.7 million in Q1 2017 mainly due to higher loan interest from bank borrowings

Other comprehensive income for Q1 2017:

Foreign currency translation loss of S\$0.8 million arising from foreign operations in Q1 2017 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 2017.

Statement of Financial Position

Property, plant and equipment decreased by S\$2.6 million, or 3.8%, to S\$65.0 million as at 31 March 2017 mainly due to depreciation expense and foreign currency translation loss arising from the translation of USD denominated property, plant and equipment of certain subsidiaries into SGD as a result of the depreciation of the USD against the SGD in Q1 2017.

Trade and other receivables decreased by S\$0.7 million, or 2.7%, to S\$25.9 million as at 31 March 2017 mainly due to allowance of doubtful debts on trade receivable on Equipment segment.

Financial liabilities decreased by S\$4.2 million, or 5.5%, to S\$76.5 million at 31 March 2017 due mainly to repayment of borrowings.

Statement of Cash Flows

For Q1 2017, the Group generated net cash outflows of S\$1.9 million, mainly comprising net cash inflows from operating activities of S\$2.1 million and offset by net cash outflows from investing activities and financing activities of S\$0.1 million and S\$3.9 million respectively.

As at 31 March 2017, the Group's cash and cash equivalents amounted to S\$1.6 million (31 December 2016: S\$2.3 million).

Material Litigation

(I) Kuala Lumpur High Court - Auspicious Journey Sdn Bhd v Ebony Ritz Sdn Bhd & 10 Ors.

Further to the Company's announcement released on 04 August 2016, the court gave an Order partially in favour of the Plaintiff and ordered, amongst others, as follows:

- (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 cost of RM300,000 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. Hearing of the Appeals to be scheduled by the Court.

(II) Singapore High Court Suit No. 534 of 2016 (Ebony Ritz Sdn Bhd vs Sumatec Resources Berhad)

Ebony Ritz Sdn Bhd ("**Ebony**", being an 80%-owned subsidiary of the Company) commenced Suit No. 534 of 2016 (the "**SG Suit**") in the High Court of the Republic of Singapore on 24 May 2016 against Sumatec Resources Bhd ("**Sumatec**").

The SG Suit relates to (a) a claim for RM 27,017,162.68 under an option and financial representation agreement dated 5 May 2010 (the "**OFR Agreement**") entered into between Ebony, Auspicious Journey Sdn Bhd and Sumatec, and (b) a claim for RM 10,000,000 under a guarantee dated 5 May 2010 entered into between Ebony and Sumatec (the "**Guarantee**"), in connection with Ebony's acquisition of a 49% equity interest in Semua International Sdn Bhd and its four wholly-owned subsidiaries.

Ebony has applied to strike out Sumatec's Defence and alternatively, for summary judgment against Sumatec who, in turn, applied to amend its Defence. The applications were heard at first instance before an Assistant Registrar of the High Court who delivered his decision on 8 February 2017, essentially as follows:

- a. Sumatec is granted unconditional leave to defend the claim under the Guarantee;
- b. Sumatec is granted leave to defend the claim pursuant to the OFR Agreement conditional upon provision of security in the sum of RM 27,017,162.68 by 5 pm, 8 March 2017, failing which judgment shall be entered against Sumatec for this sum, with interest as well as costs to be paid by Sumatec to Ebony, to be taxed or agreed. Such security shall be provided by way of payment into Court or such method as parties may agree.

The Assistant Registrar's decision is presently the subject of appeals by Ebony and Sumatec (the "**Appeals**"). The Appeals were heard by a Judge of the High Court on 20 April 2017 who reserved his decision.

Kuala Lumpur High Court Suit No. WA-22NCC-142-04/2017

We refer to Sumatec's announcement dated 21 April 2017 that it has filed a Writ of Summons and Statement of Claim at the Kuala Lumpur High Court on 19 April 2017 against the Company, Ebony, Setinggi Holdings Ltd, Mr Kuah Geok Lin, Mr Kuah Geok Khim and Mr Teh Teong Lay for breach of contract and conspiracy to defraud and injure Sumatec ("**KL Writ and SOC**").

The Company has yet to receive service of the KL Writ and SOC. The Company will disclose any material developments in connection with the abovementioned matters, as and when necessary.

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

Although there has been an improvement in Equipment Manufacturing/Trading business, the outlook remains uncertain.

The Vessel Chartering segment continues to be weak; whilst the Group has four vessels on term charter, there continues to be **downward** pressure on charter rates (including those with long term charters).

The credit and economic conditions facing by the Group and its customers are poor.

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 2017		
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	83	-
Hoe Leong Co. (Pte) Ltd		
- Interest payable on shareholder's loan	43	-

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 that may render the unaudited financial results of the Group for the financial period ended 31 March 2017 to be materially false or misleading.

BY ORDER OF THE BOARD

Kuah Geok Lin
Chairman and CEO

12 May 2017