



HOE LEONG CORPORATION LTD.

和隆集团有限公司

Company Registration No.: 199408433W

Registered Address: 6 Clementi Loop, Singapore 129814

Condensed Interim Financial Statements (“Interim FS”)

**As at and for the 2nd Half Year (“2H 2024”) and
Full Year (“FY2024”) Ended 31 December 2024**

Table of Contents	Page
A. Condensed interim consolidated statement of profit of loss and other comprehensive income	3
B. Condensed interim statements of financial position	4
C. Condensed interim statements of changes in equity	5
D. Condensed interim consolidated statement of cash flows	6
E. Notes to the condensed interim consolidated financial statements	7 - 18
F. Other Information required by Listing Rule Appendix 7.2	18

A. Condensed interim consolidated statement of profit of loss and other comprehensive income

Group	2H 2024 \$'000	2H 2023 \$'000	Increase/ (Decrease) %	FY 2024 \$'000	FY 2023 \$'000	Increase/ (Decrease) %
Revenue	23,369	21,328	9.6	44,010	40,011	10.0
Cost of sales	(18,726)	(16,922)	10.7	(34,415)	(33,397)	3.0
Gross profit	4,643	4,406	5.4	9,595	6,614	45.1
Other income	(292) *	300	N.M.	290	425	(31.8)
Distribution expenses	(1,589)	(1,524)	4.3	(3,223)	(3,027)	6.5
Administrative expenses	(2,489)	(2,050)	21.4	(4,620)	(4,275)	8.1
Other expenses	(350)	(923)	(62.1)	(1,180)	(1,976)	(40.3)
Net reversal of impairment losses	135	1,188	(88.6)	300	3,250	(90.8)
Results from operating activities	58	1,397	(95.8)	1,162	1,011	14.9
Finance costs	(277)	(274)	1.0	(566)	(554)	2.2
(Loss)/ profit before income tax	(219)	1,123	N.M.	596	457	30.4
Income tax credit/(expense)	84	(153)	N.M.	131	(207)	N.M.
(Loss)/ profit for the year attributable to owners of the Company	(135)	970	N.M.	727	250	190.8
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences arising from foreign operations	(604)	172	N.M.	(917)	(974)	(5.9)
Other comprehensive (loss)/income, net of income tax	(604)	172	N.M.	(917)	(974)	(5.9)
Total comprehensive (loss)/income for the year attributable to owners of the Company	(739)	1,142	N.M.	(190)	(724)	(73.8)

2H 2024 – 2nd Half Year ended 31 December 2024

2H 2023 – 2nd Half Year ended 31 December 2023

N.M. – Not meaningful

**The foreign currency exchange gain in 1st half year ended 31 December 2024 has been reclassified to other expenses to be consistent with prior year's classification.*

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2024 \$'000	31 December 2023 \$'000 (Restated)	31 December 2024 \$'000	31 December 2023 \$'000
Assets					
Property, plant and equipment	10	7,817	7,926	2,559	2,170
Investments in subsidiaries	11	-	-	10,298	10,298
Net defined benefit asset	12	111	51	-	-
Deferred tax assets		567	412	-	-
Non-current assets		8,495	8,389	12,857	12,468
Inventories	13	19,041	20,243	-	-
Trade and other receivables	14	14,632	12,087	10,274	9,845
Cash and cash equivalents		2,517	3,445	389	72
Current assets		36,190	35,775	10,663	9,917
Total assets		44,685	44,164	23,520	22,385
Equity					
Share capital	18	128,810	128,772	128,810	128,772
Treasury shares		(55)	(55)	(55)	(55)
Currency translation reserve		(3,019)	(2,102)	-	-
Other reserves		166	22	166	22
Accumulated losses		(100,462)	(101,189)	(107,483)	(108,238)
Total equity		25,440	25,448	21,438	20,501
Liabilities					
Loans and borrowings	15	3,284	4,190	-	138
Deferred tax liabilities		-	1	-	-
Non-current liabilities		3,284	4,191	-	138
Trade and other payables	16	6,767	5,448	1,366	875
Loans and borrowings	15	8,638	8,500	168	313
Other provisions	17	542	558	542	558
Income tax payable		14	19	6	-
Current liabilities		15,961	14,525	2,082	1,746
Total liabilities		19,245	18,716	2,082	1,884
Total equity and liabilities		44,685	44,164	23,520	22,385

C. Condensed interim statements of changes in equity

GROUP	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2024	128,772	(55)	(2,102)	22	(101,189)	25,448
Vesting of performance shares	22	-	-	(22)	-	-
Share-based payment	16	-	-	-	-	16
Equity-settled share-based expenses	-	-	-	166	-	166
Total comprehensive (loss)/income for the year						
Profit for the year	-	-	-	-	727	727
Other comprehensive loss						
Foreign currency translation differences arising from foreign operations	-	-	(917)	-	-	(917)
Total comprehensive (loss)/income for the year	-	-	(917)	-	727	(190)
At 31 December 2024	128,810	(55)	(3,019)	166	(100,462)	25,440
At 1 January 2023	126,814	(55)	(1,128)	14	(101,439)	24,206
Share issued pursuant to exercise of options	1,846	-	-	-	-	1,846
Vesting of performance shares	16	-	-	(16)	-	-
Share-based payment	96	-	-	-	-	96
Equity-settled share-based expenses	-	-	-	24	-	24
Total comprehensive (loss)/income for the year						
Profit for the year	-	-	-	-	250	250
Other comprehensive loss						
Foreign currency translation differences arising from foreign operations	-	-	(974)	-	-	(974)
Total comprehensive (loss)/ income for the year	-	-	(974)	-	250	(724)
At 31 December 2023	128,772	(55)	(2,102)	22	(101,189)	25,448

COMPANY	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
FY2024:					
At 1 January 2024	128,772	(55)	22	(108,238)	20,501
Vesting of performance shares	22	-	(22)	-	-
Share-based payment	16	-	-	-	16
Equity-settled share-based expenses	-	-	166	-	166
Profit for the year, representing total comprehensive income	-	-	-	755	755
At 31 December 2024	128,810	(55)	166	(107,483)	21,438
FY2023:					
At 1 January 2023	126,814	(55)	14	(107,679)	19,094
Share issued pursuant to exercise of options	1,846	-	-	-	1,846
Vesting of performance shares	16	-	(16)	-	-
Share-based payment	96	-	-	-	96
Equity-settled share-based expenses	-	-	24	-	24
Loss for the year, representing total comprehensive loss	-	-	-	(559)	(559)
At 31 December 2023	128,772	(55)	22	(108,238)	20,501

D. Condensed interim consolidated statement of cash flows

	Group	
	Financial year ended	
	<u>31 December 2024</u> \$'000	<u>31 December 2023</u> \$'000 (Restated)
Cash flows from operating activities		
Profit before income tax	596	457
Adjustments for:		
Depreciation of property, plant and equipment	1,088	1,279
Interest expense on loans and borrowings	528	493
Interest expense on financial liabilities measured at amortised cost	38	61
Gain on disposal of property, plant and equipment	(98)	(36)
Reversal of allowance for inventories (net)	(411)	(2,968)
Inventories written off	73	30
Bad debts written off - Trade receivables	44	152
Allowance for/(Reversal of) impairment of trade receivables	602	(464)
Reversal of other provisions	(17)	(30)
Payables written back	(13)	-
Retirement benefits	(70)	(131)
Equity-settled share-based expenses	166	24
Warranty provision	170	29
Property, plant and equipment written off	1	-
Reversal of impairment loss on property, plant and equipment	(596)	-
Operating cash flows before working capital changes	2,101	(1,104)
Changes in working capital:		
Inventories	1,539	676
Trade and other receivables	(3,185)	(108)
Trade and other payables	1,178	(1,148)
Cash generated from/ (used in) operations	1,633	(1,684)
Income taxes (paid)/refunded	(17)	178
Net cash generated from/ (used in) operating activities	1,616	(1,506)
Cash flows from investing activities		
Purchase of property, plant and equipment	(541)	(573)
Proceeds from disposal of property, plant and equipment	118	54
Net cash used in investing activities	(423)	(519)
Cash flows from financing activities		
Interest paid	(566)	(554)
Proceeds from bills payable and trust receipts	7,349	4,117
Repayment of bills payable and trust receipts	(6,742)	(2,559)
Payment of lease liabilities	(760)	(822)
Proceeds from exercise of options	-	1,846
Proceeds from bank borrowings	2,810	918
Repayment of bank borrowings	(2,921)	(1,115)
Net cash (used in)/ generated from financing activities	(830)	1,831
Net increase/(decrease) in cash and cash equivalents	363	(194)
Cash and cash equivalents, beginning balance	3,445	4,666
Effect of exchange rates fluctuations	(1,291)	(1,027)
Cash and cash equivalents, ending balance	2,517	3,445

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hoe Leong Corporation Ltd. (the “**Company**”) is incorporated in the Republic of Singapore. The Company’s registered office is at 6 Clementi Loop, Singapore 129814.

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

These condensed interim consolidated financial statements as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

2. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and amended standards adopted by the Group

A number of new standards and/ or amendments to standards are effective for the Company on or after 1 January 2024 (i.e. the beginning of the current financial year).

Standard	Title	Annual periods beginning on or after
SFRS(I) 1-21	Amendments to SFRS(I) 1-21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Various	Annual Improvements to SFRS(I)s—Volume 11	1 January 2026
SFRS(I) 18	Presentation and Disclosure in Financial Statements	1 January 2027
SFRS(I) 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

a) Design and manufacture

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

b) Trading and distribution

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

c) Investment holding

The investment holding relates to the holding of long-term investments.

These operating segments are reported in a manner consistent with internal reporting provided to the executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

GROUP	Design and manufacture		Trading and distribution		Investment holding company		Total	
	2H 2024 S\$'000	2H 2023 S\$'000	2H 2024 S\$'000	2H 2023 S\$'000	2H 2024 S\$'000	2H 2023 S\$'000	2H 2024 S\$'000	2H 2023 S\$'000
External revenue	15,567	14,353	7,802	6,975	-	-	23,369	21,328
Finance costs	(216)	(215)	(58)	(51)	(3)	(8)	(277)	(274)
Depreciation	(126)	(191)	(285)	(213)	(74)	(187)	(485)	(591)
Reportable segment profit/(loss) before income tax	313	194	82	858	(614)	71	(219)	1,123
Other material non-cash items:								
Reversal of allowance for inventories (net)	187	399	33	652	-	-	220	1,051
Bad debts written (off)/back - Trade receivables	(30)	7	(14)	(7)	-	-	(44)	-
(Allowance for)/Reversal of impairment of trade receivables	(540)	106	(65)	41	-	-	(605)	147
Payables written back	10	-	2	-	-	-	12	-
Reversal of impairment loss on property, plant and equipment	-	-	-	-	596	-	596	-
Capital expenditure:								
Purchase of property, plant and equipment	(225)	(115)	(120)	(58)	-	-	(345)	(173)
Additions to right-of-use assets	(137)	8	-	(6)	-	-	(137)	2

GROUP	Design and manufacture		Trading and distribution		Investment holding company		Total	
	FY 2024 S\$'000	FY 2023 S\$'000	FY 2024 S\$'000	FY 2023 S\$'000	FY 2024 S\$'000	FY 2023 S\$'000	FY 2024 S\$'000	FY 2023 S\$'000
External revenue	30,033	28,900	13,977	11,111	-	-	44,010	40,011
Finance costs	(462)	(443)	(95)	(90)	(9)	(21)	(566)	(554)
Depreciation	(269)	(371)	(559)	(452)	(260)	(456)	(1,088)	(1,279)
Reportable segment profit/(loss) before income tax	1,144	451	520	595	(1,068)	(589)	596	457
Other material non-cash items:								
Reversal of allowance for inventories (net)	300	2,186	111	782	-	-	411	2,968
Bad debts written off - Trade receivables	(30)	(58)	(14)	(94)	-	-	(44)	(152)
(Allowance for)/Reversal of impairment of trade receivables	(539)	241	(63)	223	-	-	(602)	464
Payables written back	11	-	2	-	-	-	13	-
Reversal of impairment loss on property, plant and equipment	-	-	-	-	596	-	596	-
Capital expenditure:								
Purchase of property, plant and equipment	(381)	(127)	(160)	(446)	-	-	(541)	(573)
Additions to right-of-use assets	(137)	(92)	-	(107)	(53)	-	(190)	(199)

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)
Reportable segment assets	25,845	27,380	15,741	14,392	3,099	2,392	44,685	44,164
Reportable segment liabilities	12,909	13,552	4,249	3,274	2,087	1,890	19,245	18,716

4.2 Geographical segments

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

GROUP	Revenue	
	FY 2024 \$'000	FY 2023 \$'000
Australia	14,430	11,768
Europe	2,438	3,063
North America	12,388	8,659
Asia	11,445	11,173
Middle East	1,466	2,432
Others	1,843	2,916
Total	44,010	40,011

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments, deferred tax assets and net defined benefit asset.

GROUP	Non-current assets (excluding deferred tax assets and net defined benefit asset)	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)
Australia	3,207	2,062
Asia	4,610	5,864
Total	7,817	7,926

5 Financial assets and financial liabilities

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

	GROUP		COMPANY	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)	As at 31 December 2024 \$'000	31 December 2023 \$'000
Financial assets at amortised cost				
Trade and other receivables	14,556	11,880	10,271	9,841
Cash and cash equivalents	2,517	3,445	389	72
Total	17,073	15,325	10,660	9,913
Financial liabilities at amortised cost				
Loans and borrowings	11,922	12,690	168	451
Trade and other payables	6,419	5,271	1,366	875
Total	18,341	17,961	1,534	1,326

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

6 Profit or loss before income tax

6.1 Significant items

GROUP	2H 2024 \$'000	2H 2023 \$'000	FY 2024 \$'000	FY 2023 \$'000
Finance costs:				
Interest expense on loans and borrowings	261	249	528	493
Interest expense on financial liabilities measured at amortised cost	16	25	38	61
	277	274	566	554
Included in 'Other income':				
Gain on disposal of property, plant and equipment	(76)	(16)	(98)	(36)
Included in 'Other expenses':				
Depreciation of property, plant and equipment (partially classified in 'Cost of sales')	485	591	1,088	1,279
Foreign currency exchange (gain)/loss	21	81	(423)	241
Included in 'Impairment losses':				
Reversal of allowance for inventories (net)	(220)	(1,051)	(411)	(2,968)
Inventories written off	43	10	73	30
Bad debts written off - Trade receivables	44	-	44	152
Allowance for/(Reversal of) impairment of trade receivables	605	(147)	602	(464)
Payables written back	(12)	-	(13)	-
Reversal of impairment loss on property, plant and equipment	(596)	-	(596)	-

6.2 Related party transactions

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

GROUP	FY 2024 \$'000	FY 2023 \$'000
Rental and miscellaneous expenses - former affiliated corporations	-	12

7 Taxation

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

GROUP	2H 2024 \$'000	2H 2023 \$'000	FY 2024 \$'000	FY 2023 \$'000
Current tax expense/ (credit)	31	21	57	21
Deferred tax (credit)/ expense	(115)	132	(188)	186
Total income tax (credit)/expense	(84)	153	(131)	207

8 Earnings Per Ordinary Share ("EPS")

GROUP	2H 2024	2H 2023	FY 2024	FY 2023
(Loss)/ Profit attributable to owners of the Company (\$'000)	(135)	970	727	250
Weighted average number of ordinary shares ('000):				
- Basic	15,094,707	15,067,931	15,085,327	14,750,516
	15,094,707	15,067,931	15,085,327	14,750,516
EPS (Basic) (cents)	(-)*	0.01	-*	-*
EPS (Diluted) (cents)	(-)*	0.01	-*	-*

* 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 financial period.

Diluted EPS is calculated by dividing profit or loss, net of tax attributable to owners of the Company (after giving effect to the elimination of interest expense, net of tax benefit) by the weighted average number of ordinary shares outstanding and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. For FY 2024, there is no dilutive effect on EPS as all remaining options were exercised on 28 March 2023.

9 Net asset value

	GROUP		COMPANY	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
NAV attributable to owners of the Company (S\$'000)	25,440	25,448	21,438	20,501
Total number of issued shares excluding treasury shares ('000)	15,098,185	15,070,875	15,098,185	15,070,875
NAV per ordinary share (cents)	0.17	0.17	0.14	0.14

10 Property, plant and equipment

During the financial year ended 31 December 2024, the Group acquired assets amounting to \$541,000 (FY 2023: \$573,000) and disposed of assets with net book value amounting to \$20,000 (FY 2023: \$18,000).

11 Subsidiaries

COMPANY	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Investments in subsidiaries:		
Unquoted equity shares, at cost	21,481	21,481
Accumulated impairment losses	(11,183)	(11,183)
Carrying amount	10,298	10,298

12 Net defined benefit asset/liability

The Group contributes to the post-employment defined benefit plan in Korea. The assets of the plan are held separately from those of the Group and is fully funded by a Group's subsidiary. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk. The defined benefit obligations are presented net of the carrying amount of the plan assets, as net defined benefit asset or liability, as the case may be.

13 Inventories

Group	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Raw materials	964	1,627
Work-in-progress	4,177	5,058
Finished goods, at net realisable value	12,544	12,360
Goods-in-transit	1,356	1,198
Total	19,041	20,243

During FY 2024, an allowance for slow-moving inventories of \$411,000 (FY 2023: \$2,968,000) was reversed.

14 Trade and other receivables

	Group		Company	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000 (Restated)	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Trade receivables due from:				
- third parties	13,885	10,789	-	-
- subsidiaries	-	-	10,890	12,507
	13,885	10,789	10,890	12,507
Less: allowance for impairment losses				
- third parties	(897)	(294)	-	-
- subsidiaries	-	-	(3,813)	(4,419)
	(897)	(294)	(3,813)	(4,419)
Net trade receivables	12,988	10,495	7,077	8,088
Other receivables due from subsidiaries	-	-	3,072	1,622
Advances to suppliers	544	303	-	-
Deposits	217	186	122	131
Tax recoverable	9	22	-	-
Sundry receivables	798	874	-	-
Prepayments	76	207	3	4
Total other receivables	1,644	1,592	3,197	1,757
Total trade and other receivables	14,632	12,087	10,274	9,845

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

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

Aging of the Group's trade receivables as at the relevant financial period end dates are as follow:

Group	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Not past due	9,185	6,600
Past due 0 – 30 days	1,528	1,784
Past due 31 – 60 days	335	335
Past due 61 – 90 days	467	415
Past due 91 – 150 days	431	332
Past due more than 150 days	1,939	1,323
Total	13,885	10,789

Management estimated the impairment loss allowance on credit-impaired receivables based on the age of the trade receivables, their future collectability, credit-worthiness of customers, the historical default rate, and various other factors.

Credit term of up to 150 days is granted to customers. Included in the total allowance for impairment of trade receivables amounting to \$897,000 (31 December 2023: \$294,000) is a specific allowance for impairment of \$155,000 (31 December 2023: \$250,000) relating to credit-impaired receivables.

The Group's top 5 customers accounted for about 42% (31 December 2023: 26%) of total trade receivables. No allowance for impairment was made for the amount due as at 31 December 2024, considering the payment track record of the customers and the Group's ongoing trading relationship with them.

15 Loans and borrowings

	GROUP		COMPANY	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Non-current liabilities				
Secured bank borrowings	849	-	-	-
Unsecured bank borrowings	2,320	3,607	-	-
Lease liabilities	115	583	-	138
Sub-total	3,284	4,190	-	138
Current liabilities				
Secured bank borrowings	2,828	2,582	-	-
Unsecured bank borrowings	5,346	5,352	-	-
Lease liabilities	464	566	168	313
Sub-total	8,638	8,500	168	313
Total	11,922	12,690	168	451

Bank borrowings are secured by:

- Legal mortgages over freehold land and buildings and certain plant and equipment of the Group; and
- Corporate guarantees provided by the Company.

16 Trade and other payables

	Group		Company	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Trade payables	3,137	2,922	-	7
Accrued expenses	3,282	2,348	1,366	868
Provision*	348	177	-	-
Deposits received	-	1	-	-
Total	6,767	5,448	1,366	875

* Provision has been recognised by the Group for estimated warranty claims in respect of products sold which are still under warranty as at 31 December 2024.

Accrued expenses comprised mainly of professional fees and other operating expenses.

17 Other provisions

	GROUP		COMPANY	
	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
At beginning of the financial year	558	588	558	588
Reversal during the financial year	(16)	(30)	(16)	(30)
At end of the financial year	542	558	542	558

Other provisions pertain to ongoing material litigations and legal fees.

18 Share capital

GROUP AND COMPANY	Number of ordinary shares	Share capital \$'000
As at 1 January 2023	13,750,157,828	126,814
Issue of ordinary shares arising from:		
- Exercise of options	1,264,383,561	1,846
- Share-based payment	48,000,000	96
- Vesting of performance shares	8,333,333	16
As at 31 December 2023	15,070,874,722	128,772
- Share-based payment	16,477,270	16
- Vesting of performance shares	10,833,334	22
As at 31 December 2024	15,098,185,326	128,810

On 28 March 2023, SHHPL exercised the remaining 1,264,383,561 options into 1,264,383,561 new ordinary shares.

On 9 May 2023, the Company issued and allotted 48,000,000 ordinary shares at an issue price of \$0.002 per share in satisfaction of a portion of the remuneration of Mr Liew Yoke Pheng Joseph, Executive Chairman, from 1 January 2022 to 31 December 2022 amounting to \$96,000.

On 4 September 2023, the Company issued and allotted 8,333,333 ordinary shares at \$0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan.

On 13 May 2024, the Company issued and allotted 16,477,270 ordinary shares at an issue price of \$0.001 per share in satisfaction of a portion of the remuneration of Mr Liew Yoke Pheng Joseph, the former Executive Chairman, from 1 January 2023 to 31 October 2023 amounting to \$17,000.

On 16 August 2024 and 2 September 2024, the Company issued and allotted 2,500,000 and 8,333,334 ordinary shares at \$0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan respectively.

470,000 treasury shares were held as at 31 December 2024 and 31 December 2023. There is no sale, transfer, cancellation and or use of treasury shares during FY 2024 and FY2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2024 and 31 December 2023 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during FY 2024 and FY2023.

19 Material litigations

A. Kuala Lumpur High Court - Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd and 5 others

For details of this case, please refer to the last audited financial statements. The update is briefly stated below.

The trial for assessment of damages took place during 10 July 2023 to 13 July 2023 where all the plaintiff's witnesses completed their testimony. The hearing for the assessment of damages continued on 24 June 2024, 25 June 2024, 26 June 2024 and 28 June 2024. The Court fixed further trial/hearing dates for this matter on 14 March 2025, 21 March 2025, 28 March 2025, 4 June 2025 and 5 June 2025. Subsequently, the Court had fixed the trial on 14 March 2025, 21 March 2025, 28 March 2025, 12 September 2025 and 15 September 2025.

B. Kuala Lumpur High Court – Tan Sri Halim Bin Saad vs Hoe Leong Corporation Ltd. and 5 others

For details of this case, please refer to the last audited financial statements. The update is briefly stated below.

During the case management on 1 October 2024, the Court vacated the trial on 11 November 2024 but maintained the trial dates from 12 November 2024 to 14 November 2024. Subsequently, the Court had fixed the trial on 13 November 2024, 14 November 2024, 23 April 2025 and 25 April 2025.

20 Reclassification and comparative figures

Certain comparative figures have been reclassified to the prior year's financial statements to enhance comparability with the current year's financial statements.

	Group	
	As previously reported	As reclassified
	2023 \$'000	2023 \$'000
Statements of financial position		
Non-current assets		
Net defined benefit asset	-	51
Current assets		
Trade and other receivables	12,994	12,087
Current liabilities		
Reserve for retirement allowance	(856)	-
Consolidated statement of cash flows		
Operating activities		
Retirement benefits	223	(131)
Equity-settled share-based expenses	8	24
Operating cash flows before working capital changes	(766)	(1,104)
Changes in working capital:		
Trade and other receivables	(208)	(108)
Trade, provisions and other payables	(1,395)	(1,148)

21 Event occurring after the reporting period

On 29 July 2024, the Company entered into a conditional subscription agreement (“**CSA**”) with a subscriber to issue 10 million new ordinary shares at an issue price of \$0.002. Additionally, the Company will grant the subscriber 6,818,181,818 unlisted share options, each allowing the right to subscribe for one new ordinary share at an issue price of \$0.0022 with an option period of 3 years.

On 7 November 2024, the Company entered into a supplemental agreement with the subscriber to amend the CSA (collectively known as the “**Subscription Agreement**”).

Subsequent to 31 December 2024, as certain conditions precedent were not satisfied, fulfilled, or waived by the longstop date of 14 February 2025, and the Company and the subscriber were unable to reach an agreement on a further extension of the longstop date, the Subscription Agreement has since been terminated. Accordingly, the obligations of the Company and the subscriber under the Subscription Agreement have ceased, as announced on 15 February 2025.

F. Other information required by Listing Rule Appendix 7.2

1 Review

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 31 December 2024 and the condensed interim consolidated statement of profit or loss and comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the second half year and full year then ended, and certain explanatory notes and other information have not been audited or reviewed by the Company’s auditors.

2 Review of performance of the Group

Revenue

Revenue of the Group increased by \$2.0 million or 9.6% to \$23.3 million during 2H 2024 from \$21.3 million during 2H 2023. Revenue of the Group increased by \$4.0 million or 10.0% to \$44.0 million during FY2024 as compared to \$40.0 million during FY2023.

Sale of the Group’s products in certain markets (mainly the USA and Australia) increased during FY 2024 in view of more economic activities in the USA and Australia. Revenue generated from the Australia and North America markets was higher during FY 2024 when compared to FY 2023 as a result of more engagements with customers from these two markets.

Cost of sales

Cost of sales increased by \$1.8 million or 10.7% to \$18.7 million during 2H 2024 from \$16.9 million during 2H 2023. Costs of sales increased by S\$1.0 million or 3.0% to \$34.4 million during FY2024 as compared to \$33.4 million during FY2023.

Gross profit (“**GP**”) was \$4.6 million (GP margin: 19.9%) in 2H 2024 and \$4.4 million (GP margin: 20.7%) in 2H 2023. Gross profit (“**GP**”) was \$9.6 million (GP margin: 21.8%) in FY 2024 and \$6.6 million (GP margin: 16.5%) in FY 2023.

While there was an increase in the cost of sales, GP margin had also increased as driven by higher sale of new stocks with higher margin. Besides that, lower proportion of older, slow-moving inventory sold in FY 2024 as compared to FY 2023. Since older inventories typically yield lower GP margins, their reduced sales has influenced the overall GP margin positively for FY 2024. Given lower sale of older inventories, the allowance for slow-moving stock was reversed at a reduced amount of \$0.4 million in FY 2024, as compared to \$3.0 million in FY 2023.

Other income

Other income decreased by \$0.6 million from \$0.3 million during 2H 2023 as compared to 2H 2024 was due to a reclassification of foreign exchange gain in first half year ended 31 December 2024 to other expenses to be consistent with prior year's classification.

Other income decreased by \$135,000 to \$290,000 during FY 2024 from \$425,000 during FY 2023.

The above decrease was mainly due to lower interest income from bank and lower sale of scrap metal during FY2024 compared to FY 2023.

Distribution expenses

Distribution expenses increased by \$0.1 million or 4.3% from \$1.5 million during 2H 2023 to \$1.6 million during 2H 2024.

Distribution expenses increased by \$0.2 million or 6.5% to \$3.2 million during FY2024 from S\$3.0 million during FY2023.

The above increase was mainly due to higher sales commission and higher freight costs.

Administrative expenses

Administrative expenses increased by \$0.4 million or 21.4% to \$2.5 million during 2H 2024 from \$2.1 million during 2H 2023.

Administrative expenses increased by \$0.3 million or 8.1% to \$4.6 million during FY2024 from \$4.3 million during FY2023.

The above increase was mainly due to higher payroll costs of administrative staff and legal and professional fees in FY 2024.

Other expenses

Other expenses comprise mainly depreciation and foreign currency exchange gains/ losses. Lower other expenses incurred was mainly due to a net foreign currency exchange gain of \$423,000 being recorded during FY2024 while a net foreign currency exchange loss of \$241,000 was recorded during FY2023. The foreign exchange gain or loss arose mainly from the fluctuations in United States Dollar against Singapore Dollar.

Net reversal of impairment losses

This item includes mainly the impairment of and/or allowance for property, plant and equipment (PPE), receivables and inventories, as reduced by any reversals of these impairments or allowances. The net reversal amount for FY2024 was much lower than that of FY2023 due largely to: (i) a much lower reversal of inventory allowance as a result of realisation of lower quantity of old and slow-moving inventories during FY2024 as compared to FY2023; (ii) a reversal of impairment of PPE of \$0.6 million during FY2024 due to a higher recoverable amount of certain PPE items as at 31 December 2024; and (iii) a reversal of impairment for receivables of \$0.6 million during FY2024 as opposed to an impairment of \$0.5 million during FY2023.

Profit or loss before income tax

As a result of the above, the loss before income tax for 2H 2024 was \$219,000 while it was a profit before income tax of \$1.1 million for 2H 2023 and it was a profit before tax of \$0.6 million and \$0.5 million for FY2024 and FY2023 respectively.

Financial Position Review

Non-current assets

Non-current assets increased by \$0.1 million from \$8.4 million as at 31 December 2023 to \$8.5 million as at 31 December 2024. The increase was mainly due to increase in deferred tax assets which arose from our Australia subsidiary during FY 2024.

Current assets

Current assets increased by \$0.4 million from \$35.8 million as at 31 December 2023 to \$36.2 million as at 31 December 2024. The increase was mainly due to increase in trade and other receivables by \$2.5 million. Such increase was partially offset by decreases in inventories by \$1.2 million and in cash and cash equivalents by \$0.9 million.

The increase in trade and other receivables was mainly due to the increase in trade receivables by \$2.5 million. Average trade receivables turnover was 102 days as at 31 December 2024 compared to 93 days as at 31 December 2023.

The decrease in inventories was mainly due to lower amount of raw materials and work-in-progress goods as at 31 December 2024 compared to 31 December 2023. Average inventories turnover was 208 days as at 31 December 2024 compared to 209 days as at 31 December 2023.

Non-current liabilities

Non-current liabilities decreased by \$0.9 million from \$4.2 million as at 31 December 2023 to \$3.3 million as at 31 December 2024. The decrease was mainly attributable to:

- a) Reduction in outstanding balance of loans and borrowings by \$0.4 million; and
- b) Reduction in lease liabilities by \$0.4 million.

Current liabilities

Current liabilities increased by \$1.4 million from \$14.5 million as at 31 December 2023 to \$15.9 million as at 31 December 2024. The increase was mainly due to increase in trade and other payables by \$1.3 million. Average trade payables turnover was 32 days as at 31 December 2024 and 31 December 2023.

Cash Flow Review

Net cash generated from operating activities was \$1.6 million during FY 2024. The higher operating cash inflows before working capital changes of \$2.1 million during FY 2024 as compared to \$1.1 million operating cash outflows before working capital changes during FY 2023 was mainly due to the lower amount of net reversal of inventory allowance.

Net cash used in investing activities amounting to \$0.4 million was mainly due to purchase of property, plant and equipment.

Net cash used in financing activities amounting to \$0.8 million was mainly due to repayment of loans and borrowings of \$9.7 million, interest payment of \$0.6 million and payment of lease liabilities of \$0.8 million. The above outflows were partially offset by proceeds from drawdown of financial institution borrowings of \$10.2 million.

As a result of the above, there was a net increase of \$0.3 million in cash and cash equivalents during FY 2024. Cash and cash equivalents was \$2.5 million as at 31 December 2024.

3 Variance from forecast or prospect statement

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

4 Significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

While it continues to face challenging prospects in certain markets as it diversifies its revenue stream, the Group aims to strengthen specific emerging and developed markets in anticipation of positive conditions. The Group will continue its cost management efforts to strengthen the Group's liquidity over time. Despite adopting a prudent stance for this financial year due to current geopolitical uncertainties, the Group is also committed to making calibrated investments to improve and enhance its operating capabilities in its existing operations.

The Group will maintain a cautious outlook for the next 12 months as it continues to reduce its risk exposure with the measures mentioned.

5 Dividend

(a) Dividend declared for the current financial period

No dividend has been declared or recommended for 2H 2024 as the Group would like to conserve cash for its working capital requirements.

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

No dividend was declared for 2H 2023.

(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.

6 Interested Person Transactions ("IPTs")

During FY 2024, there is no IPTs amounting to \$100,000 and above.

The Company does not have a general mandate from shareholders for IPTs.

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

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

8 Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statements for 2H 2024 and FY 2024 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Yeo Puay Hin
Executive Director and Chief Executive Officer

28 February 2025