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HOE LEONG CORPORATION LTD.

和隆集团有限公司

Company Registration No.: 199408433W

Condensed Interim Financial Statements

for the six months and full year ended 31 December 2025

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

Group	Note	2H 2025 \$'000	2H 2024 \$'000	Increase/ (Decrease) %	FY 2025 \$'000	FY 2024 \$'000 (Restated)	Increase/ (Decrease) %
Revenue	4	17,599	23,369	(24.7)	38,532	44,010	(12.4)
Cost of sales		(13,648)	(18,506)	(26.3)	(28,928)	(34,003)	(14.9)
Gross profit		3,951	4,863	(18.8)	9,604	10,007	(4.0)
Other income		708	152	365.8	309	714	(56.7)
Distribution expenses		(1,459)	(1,589)	(8.2)	(3,016)	(3,223)	(6.4)
Administrative expenses		(2,011)	(2,489)	(19.2)	(4,183)	(4,620)	(9.5)
Other expenses		(694)	(794)	(12.6)	(1,703)	(1,604)	6.2
Net reversal of/(allowance for) impairment losses		314	(85)	N.M.	252	(111)	N.M.
Results from operating activities		809	58	1,294.8	1,263	1,163	8.6
Finance costs	6	(219)	(277)	(20.9)	(508)	(566)	(10.2)
Profit/(loss) before income tax		590	(219)	N.M.	755	597	26.5
Income tax (expense)/credit	7	(72)	83	N.M.	(214)	130	N.M.
Profit/(loss) for the period/year attributable to owners of the Company		518	(136)	N.M.	541	727	(25.6)
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences arising from foreign operations		(87)	(604)	(85.6)	(115)	(929)	(87.6)
Other comprehensive loss, net of income tax		(87)	(604)	(85.6)	(115)	(929)	(87.6)
Total comprehensive profit/(loss) for the period/year attributable to owners of the Company		431	(740)	N.M.	426	(202)	N.M.

2H 2025 – 2nd Half Year ended 31 December 2025

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

N.M. – Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Assets					
Property, plant and equipment	10	7,896	7,817	2,357	2,559
Investments in subsidiaries	11	-	-	14,298	10,298
Net defined benefit asset	12	104	111	-	-
Deferred tax assets		358	567	-	-
Non-current assets		8,358	8,495	16,655	12,857
Inventories	13	19,234	19,042	-	-
Trade and other receivables	14	10,613	14,631	5,420	10,274
Cash and cash equivalents	15	3,355	2,517	181	389
Current assets		33,202	36,190	5,601	10,663
Total assets		41,560	44,685	22,256	23,520
Equity					
Share capital	16	128,908	128,810	128,908	128,810
Treasury shares		(55)	(55)	(55)	(55)
Currency translation reserve		(3,146)	(3,031)	-	-
Other reserves		106	166	106	166
Accumulated losses		(99,921)	(100,462)	(107,816)	(107,483)
Total equity		25,892	25,428	21,143	21,438
Liabilities					
Loans and borrowings	17	2,799	3,284	-	-
Non-current liabilities		2,799	3,284	-	-
Trade and other payables	18	5,291	6,767	630	1,366
Loans and borrowings	17	7,095	8,638	-	168
Other provisions	19	483	542	483	542
Income tax payable		-*	26	-*	6
Current liabilities		12,869	15,973	1,113	2,082
Total liabilities		15,668	19,257	1,113	2,082
Total equity and liabilities		41,560	44,685	22,256	23,520

* Denotes amount less than \$1,000

C. Condensed interim statements of changes in equity

GROUP	Share capital	Treasury shares	Currency translation reserve	Other reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2025	128,810	(55)	(3,031)	166	(100,462)	25,428
Vesting of performance shares	98	-	-	(98)	-	-
Reversal of equity-settled share-based expenses	-	-	-	38	-	38
Total comprehensive (loss)/income for the period	-	-	-	-	541	541
Profit for the period	-	-	-	-	541	541
Other comprehensive loss/(income)						
Foreign currency translation differences arising from foreign operations	-	-	(115)	-	-	(115)
Total comprehensive (loss)/income for the year	-	-	(115)	-	541	426
At 31 December 2025	128,908	(55)	(3,146)	106	(99,921)	25,892
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 period	-	-	-	-	727	727
Profit for the period	-	-	-	-	727	727
Other comprehensive loss/(income)						
Foreign currency translation differences arising from foreign operations	-	-	(929)	-	-	(929)
Total comprehensive (loss)/ income for the year	-	-	(929)	-	727	(202)
At 31 December 2024	128,810	(55)	(3,031)	166	(100,462)	25,428

COMPANY	Share capital	Treasury shares	Other reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2025	128,810	(55)	166	(107,483)	21,438
Vesting of performance shares	98	-	(98)	-	-
Reversal of equity-settled share-based expenses	-	-	38	-	38
Loss for the year, representing total comprehensive loss	-	-	-	(333)	(333)
At 31 December 2025	128,908	(55)	106	(107,816)	21,143
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 loss	-	-	-	755	755
At 31 December 2024	128,810	(55)	166	(107,483)	21,438

D. Condensed interim consolidated statement of cash flows

	Group	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000 (Restated)
Cash flows from operating activities		
Profit before income tax	755	597
Adjustments for:		
Depreciation of property, plant and equipment	1,034	1,088
Interest expense on loans and borrowings	476	528
Interest expense on financial liabilities measured at amortised cost	26	38
Gain on disposal of property, plant and equipment	(38)	(98)
Inventories written off	52	73
Bad debts written off - Trade receivables	1	44
(Reversal of)/Allowance for impairment of trade receivables	(335)	602
Reversal of other provisions	(59)	(16)
Payables written back	-*	(13)
Equity-settled share-based expenses	37	166
(Reversal of)/Provision for warranty	(10)	171
Property, plant and equipment written off	29	1
Reversal of impairment loss on property, plant and equipment	-	(596)
Operating cash flows before working capital changes	1,968	2,585
Changes in working capital:		
Inventories	(244)	1,127
Trade and other receivables	4,380	(3,184)
Trade and other payables	(1,469)	1,188
Contribution for/(benefits paid) to retirement benefits	3	(71)
Cash generated from operations	4,638	1,645
Income taxes paid	(57)	(17)
Net cash generated from operating activities	4,581	1,628
Cash flows from investing activities		
Purchase of property, plant and equipment	(452)	(541)
Proceeds from disposal of property, plant and equipment	107	118
Net cash used in investing activities	(345)	(423)
Cash flows from financing activities		
Interest paid	(501)	(566)
Proceeds from bills payable and trust receipts	2,295	7,349
Repayment of bills payable and trust receipts	(3,660)	(6,742)
Payment of lease liabilities	(624)	(760)
Proceeds from bank borrowings	4,375	2,810
Repayment of bank borrowings	(5,125)	(2,921)
Placement of pledged fixed deposit with a bank	-	(17)
Net cash used in financing activities	(3,240)	(847)
Net increase in cash and cash equivalents	996	358
Cash and cash equivalents, beginning balance	2,500	3,445
Effect of exchange rates fluctuations	(158)	(1,303)
Cash and cash equivalents, ending balance (Note 15)	3,338	2,500

* Denotes amount less than \$1,000

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 100G Pasir Panjang Road, #08-16 Interlocal Centre, Singapore 118523.

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 twelve months ended 31 December 2025 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 2025.

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 2025, the beginning of the current financial year.

Standard	Title	Annual periods beginning on or after
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) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: Contracts Referencing Nature-dependent Electricity	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 2024.

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", "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 director of the Company who is 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 2025 S\$'000	2H 2024 S\$'000	2H 2025 S\$'000	2H 2024 S\$'000	2H 2025 S\$'000	2H 2024 S\$'000	2H 2025 S\$'000	2H 2024 S\$'000
External revenue	12,266	15,567	5,333	7,802	-	-	17,599	23,369
Finance costs	(158)	(216)	(55)	(58)	(6)	(3)	(219)	(277)
Depreciation #	(35)	(126)	(391)	(285)	(32)	(74)	(458)	(485)
Reportable segment (loss)/profit before income tax	(62)	313	1,211	82	(559)	(614)	590	(219)
Other material non-cash items:								
Bad debts written (off)/back - Trade receivables	1	(30)	-	(14)	-	-	1	(44)
Reversal of/(Allowance for) impairment of trade receivables	276	(540)	76	(65)	-	-	352	(605)
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	(109)	(225)	(112)	(120)	-	-	(221)	(345)
Adjustment/(Additions) to right-of-use assets	145	(137)	(665)	-	-	-	(520)	(137)

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	FY 2025 S\$'000	FY 2024 S\$'000	FY 2025 S\$'000	FY 2024 S\$'000	FY 2025 S\$'000	FY 2024 S\$'000	FY 2025 S\$'000	FY 2024 S\$'000
External revenue	24,746	30,033	13,786	13,977	-	-	38,532	44,010
Finance costs	(373)	(462)	(128)	(95)	(7)	(9)	(508)	(566)
Depreciation #	(360)	(269)	(495)	(559)	(179)	(260)	(1,034)	(1,088)
Reportable segment profit/(loss) before income tax	440	1,144	1,811	521	(1,496)	(1,068)	755	597
Other material non-cash items:								
Bad debts written off - Trade receivables	-*	(30)	(1)	(14)	-	-	(1)	(44)
Reversal of/(Allowance for) impairment of trade receivables	272	(539)	63	(63)	-	-	335	(602)
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	(226)	(381)	(226)	(160)	-	-	(452)	(541)
Additions to right-of-use assets	(224)	(137)	(665)	-	-	(52)	(889)	(189)

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000						
Reportable segment assets	24,143	25,845	14,847	15,741	2,570	3,099	41,560	44,685
Reportable segment liabilities	10,123	12,920	4,427	4,250	1,118	2,087	15,668	19,257

* Denotes amount less than \$1,000

Depreciation consists of amount taken up in "cost of sales" and "other expenses".

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 2025 \$'000	FY 2024 \$'000
Australia	14,004	14,430
North America	9,231	12,388
Asia	8,080	11,445
Europe	2,481	2,438
Middle East	2,526	1,466
Rest of World	2,210	1,843
Total	38,532	44,010

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 2025	As at 31 December 2024
Australia	3,297	3,207
Asia	4,599	4,610
Total	7,896	7,817

5 Financial assets and financial liabilities

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

	GROUP		COMPANY	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Financial assets at amortised cost				
Trade and other receivables	10,517	14,555	5,416	10,271
Cash and cash equivalents	3,355	2,517	181	389
Total	13,872	17,072	5,597	10,660
Financial liabilities at amortised cost				
Loans and borrowings	9,894	11,922	-	168
Trade and other payables	4,950	6,419	630	1,366
Total	14,844	18,341	630	1,534

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

6 Profit or loss before income tax

6.1 Significant items

GROUP	2H 2025 \$'000	2H 2024 \$'000	FY 2025 \$'000	FY 2024 \$'000
Finance costs:				
Interest expense on loans and borrowings	200	261	476	528
Interest expense on financial liabilities measured at amortised	13	16	26	38
Interest expense - others	6	-	6	-
	219	277	508	566
Included in 'Other income' and 'Other expenses':				
Gain on disposal of property, plant and equipment	(21)	(76)	(38)	(98)
Depreciation of property, plant and equipment	229	220	560	538
Foreign currency exchange (gain)/loss, net	(514)	21	231	(423)
Rental of premises	130	142	264	282
Included in "Impairment losses":				
Inventories written off	39	43	52	73
Bad debts written (back)/off - Trade receivables	(1)	44	1	44
(Reversal of)/Allowance for impairment of trade receivables	(352)	605	(335)	602
Payables written back	-	(12)	-*	(13)
Property, plant and equipment written off	-	1	29	1
Reversal of impairment loss on property, plant and equipment	-	(596)	-	(596)

* Denotes amount less than \$1,000

6.2 Related party transactions

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

COMPANY	FY 2025 \$'000	FY 2024 \$'000
Rental income from subsidiaries	269	482
Management fee income from subsidiaries	874	795
Interest expense paid to a director	6	-

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 2025 \$'000	2H 2024 \$'000	FY 2025 \$'000	FY 2024 \$'000
Current tax expense/(credit)	(8)	32	1	58
Deferred tax expense/(credit)	80	(115)	213	(188)
Total income tax expense/(credit)	72	(83)	214	(130)

8 Earnings Per Ordinary Share (“EPS”)

GROUP	2H 2025	2H 2024	FY 2025	FY 2024
Profit/(loss) attributable to owners of the Company (\$'000)	518	(136)	541	727
Weighted average number of ordinary shares ('000):				
- Basic	15,144,044	15,094,707	15,140,752	15,085,327
	15,144,044	15,094,707	15,140,752	15,085,327
EPS (Basic) (cents)	-*	(-)*	-*	-*
EPS (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 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 and FY 2025, there is no dilutive effect on EPS.

9 Net asset value

	GROUP		COMPANY	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
NAV attributable to owners of the Company (S\$'000)	25,892	25,428	21,143	21,438
Total number of issued shares excluding treasury shares ('000)	15,146,852	15,098,185	15,146,852	15,098,185
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 2025, the Group acquired assets amounting to \$452,000 (FY 2024: \$541,000) and disposed of assets with net book value amounting to \$69,000 (FY 2024: \$40,000).

11 Subsidiaries

Company	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Investments in subsidiaries		
Unquoted equity shares, at cost	21,481	21,481
Additions	4,000	-
Accumulated impairment losses	(11,183)	(11,183)
Carrying amount	14,298	10,298

The Company has subscribed for 4,000,000 new ordinary shares at \$1 per share in the capital of an indirect wholly-owned subsidiary, credited as issued and paid up for a total consideration of \$4,000,000 to be satisfied by way of capitalisation of an amount of \$4,000,000 owing from its indirect wholly owned subsidiary.

12 Net defined benefit asset

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 2025 \$'000	As at 31 December 2024 \$'000
Raw materials	917	964
Work-in-progress	4,657	4,177
Finished goods	15,699	18,616
Goods-in-transit	103	1,356
Less : allowance for inventory obsolescence	(2,142)	(6,071)
Total	19,234	19,042

During FY 2025, an allowance for slow-moving inventories of \$3,978,000 (FY 2024: \$411,000) was reversed.

14 Trade and other receivables

	Group		Company	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Trade receivables due from:				
- third parties	10,502	13,885	-	-
- subsidiaries	-	-	4,773	10,890
	10,502	13,885	4,773	10,890
Less: allowance for impairment losses				
- third parties	(562)	(897)	-	-
- subsidiaries	-	-	(3,813)	(3,813)
Net trade receivables	9,940	12,988	960	7,077
Other receivables due from subsidiaries	-	-	4,454	3,072
Advances to suppliers	17	544	-	-
Deposits	117	217	2	122
Tax recoverable	36	8	-	-
Sundry receivables	407	798	-	-
Prepayments	96	76	4	3
Total other receivables	673	1,643	4,460	3,197
Total trade and other receivables	10,613	14,631	5,420	10,274

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.

Ageing of the Group's trade receivables:

Group	As at 31 December 2025	As at 31 December 2024
	\$'000	\$'000
Not past due	5,870	9,185
Past due 0 – 30 days	1,072	1,528
Past due 31 – 60 days	310	335
Past due 61 – 90 days	729	467
Past due 91 – 150 days	628	310
Past due more than 150 days	1,893	2,060
Total	10,502	13,885

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 \$562,000 (31 December 2024: \$897,000) is a specific allowance for impairment of \$373,000 (31 December 2024: \$155,000) relating to credit-impaired receivables.

The Group's top 5 customers accounted for about 27% (31 December 2024: 31%) of total Group's revenue. No allowance for impairment was made for the amount due as at 31 December 2025 and 31 December 2024, considering the payment track record of the customers and the Group's ongoing trading relationship with them.

15 Cash and cash equivalents

	Group		COMPANY	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Cash and bank balances	3,338	2,500	181	389
Fixed deposit placed with a bank	17	17	-	-
	3,355	2,517	181	389

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group		COMPANY	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Cash and bank balances	3,355	2,517	181	389
Fixed deposits pledged	(17)	(17)	-	-
Cash and cash equivalents	3,338	2,500	181	389

16 Share capital

GROUP AND COMPANY	Number of ordinary shares	Share capital \$'000
As at 1 January 2024	15,070,874,722	128,772
Issue of ordinary shares arising from:		
- 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
- Vesting of performance shares	48,666,666	98
As at 31 December 2025	15,146,851,992	128,908

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.

On 6 January 2025 and 1 September 2025, the Company issued and allotted 40,333,333 and 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 respectively.

470,000 treasury shares were held as at 31 December 2025 and 31 December 2024. There is no sale, transfer, cancellation and or use of treasury shares during FY 2025 and FY2024.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2025 and 31 December 2024 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during FY 2025 and FY2024.

17 Loans and borrowings

	GROUP		COMPANY	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Non-current liabilities				
Secured bank borrowings	1,072	849	-	-
Unsecured bank borrowings	1,218	2,320	-	-
Lease liabilities	509	115	-	-
Sub-total	2,799	3,284	-	-
Current liabilities				
Secured bank borrowings	1,439	2,828	-	-
Unsecured bank borrowings	5,322	5,346	-	-
Lease liabilities	334	464	-	168
Sub-total	7,095	8,638	-	168
Total	9,894	11,922	-	168

Bank borrowings are secured by:

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

18 Trade and other payables

	Group		Company	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
Trade payables	2,829	3,137	-	-
Accrued expenses	2,121	3,282	630	1,366
Provision*	341	348	-	-
Total	5,291	6,767	630	1,366

* 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 2025.

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

19 Other provisions

	Group		Company	
	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000	As at 31 December 2025 \$'000	As at 31 December 2024 \$'000
At beginning of the financial year	542	558	542	558
Reversal during the financial year	(59)	(16)	(59)	(16)
At end of the financial year	483	542	483	542

Other provisions cover estimated legal liabilities and costs arising from material ongoing litigation and appeals.

20 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 Company wishes to update that at the hearing for the stay of execution of the judgement sum which was heard on 11 February 2026, the High Court allowed the Company's stay of execution application but subject to the following conditions:

[a] The Company is to pay half of the general damages, amounting to RM9,276,500, into the Company's law firm, Rosli Dahlan Saravana Partnership interest-bearing client's account as stakeholder within 30 days (by 13 March 2026);

[b] The Company is to pay costs of RM750,000 to plaintiff's solicitors.

The Company intends to apply for a further stay of execution at the Court of Appeal in Kuala Lumpur pending the disposal of the appeal of the judgment sum which has already been lodged and awaiting the date of the appeal.

The Company expects an outcome of the appeal of the further stay of execution during the second quarter of FY 2026.

The Company will update again if and when the stay conditions are fulfilled or whether the further stay application before the Court of Appeal is heard.

B. Kuala Lumpur High Court – Tan Sri Halim Bin Saad vs Hoe Leong Corporation Ltd. (“1st defendant”) and 5 others

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

On 14 November 2025, the Court ruled in the Company's favour and dismissed the plaintiff's claim. In this regard, the Court directed the plaintiff to pay costs of RM200,000 to the 1st, 2nd (Mr Kuah Geok Khim), 3rd (Mr Kuah Geok Lin), and 5th (Mr Teh Teong Lay) defendants. In addition, the plaintiff is to pay costs of RM150,000 to the 6th (Mr Chan Yok Peng) while the 1st, 2nd, 3rd, and 5th defendants' minor counterclaim is dismissed with costs of RM20,000 to be paid to the plaintiff.

21 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.

Year ended 31 December 2024	As previously reported	Reclassification	As reclassified
	\$'000	\$'000	\$'000
Consolidated statement of profit of loss and other comprehensive income			
Cost of sales	(34,414)	411	(34,003)
Net reversal of impairment losses	300	(411)	(111)
Other income	290	424	714
Other expenses	(1,180)	(424)	(1,604)
Consolidated statement of cash flows			
<i>Operating activities</i>			
Reversal of allowance for inventory obsolescence (net)	(411)	411	-
Operating cash flows before working capital changes	2,174	411	2,585
<u>Changes in working capital:</u>			
Inventories	1,538	(411)	1,127

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 2025 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 twelve month period 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 decreased by \$5.8 million or 24.7% to \$17.6 million during 2H 2025 from \$23.4 million during 2H 2024. Revenue of the Group decreased by \$5.5 million or 12.4% to \$38.5 million during FY 2025 as compared to \$44.0 million during the FY 2024.

Revenue decreased mainly in the Asian and North American markets during FY 2025 as compared to FY 2024.

Cost of sales

Cost of sales decreased by \$4.9 million or 26.3% to \$13.6 million during 2H 2025 from \$18.5 million during 2H 2024. Cost of sales decreased by \$5.1 million or 14.9% to \$28.9 million during FY 2025 as compared to \$34.0 million during FY 2024.

Gross profit ("GP") was \$4.0 million (GP margin: 22.5%) in 2H 2025 and \$4.9 million (GP margin: 20.8%) in 2H 2024. GP was \$9.6 million (GP margin: 24.9%) in FY 2025 and \$10.0 million (GP margin: 22.7%) in FY 2024.

The slight increase in GP margin in FY 2025 was driven by the sales of new stocks with higher margin.

Other income

Other income increased by \$556,000 to \$708,000 during 2H 2025 as compared to 2H 2024 and this was mainly due to net foreign currency exchange gain and government subsidies.

Other income decreased by \$405,000 to \$309,000 during FY 2025 from \$714,000 during FY 2024 as a net foreign currency exchange gain was recorded in FY 2024 while a net foreign currency exchange loss was recorded in FY 2025 (see explanations in the increase in other expenses below).

Distribution expenses

Distribution expenses decreased by \$0.1 million or 8.2% from \$1.6 million during 2H 2024 to \$1.5 million during 2H 2025.

Distribution expenses decreased by \$0.2 million or 6.4% to \$3.0 million during FY 2025 from \$3.2 million during FY 2024.

The above decrease was mainly due to decreased packing and delivery expense which was in line with the decrease in revenue during the financial year and decreased salaries of warehouse personnel after expiry of the Singapore warehouse lease.

Administrative expenses

Administrative expenses decreased by \$0.5 million or 19.2% to \$2.0 million during 2H 2025 from \$2.5 million during 2H 2024.

Administrative expenses decreased by \$0.4 million or 9.5% from \$4.6 million during FY 2024 to \$4.2 million during FY 2025.

The above decrease was mainly due to decrease in legal and professional fees.

Other expenses

Other expenses decreased by \$100,000 from \$794,000 in 2H 2024 to \$694,000 in 2H 2025 and this was mainly due to a drop in both rental of premises and repair and maintenance expenses.

Other expenses increased by \$100,000 from \$1.6 million in FY 2024 to \$1.7 million in FY 2025 and this was mainly due to net foreign currency exchange loss (see explanations in the decrease in other income above).

Net reversal of/(allowance for) impairment losses

During FY 2025, it was a net reversal and this was mainly due to reversal of impairment of trade receivables of \$335,000 as compared to an allowance for impairment of trade receivables of \$602,000 during FY 2024.

Finance cost

Finance costs decreased by \$58,000 or 10.2% from \$566,000 during FY 2024 to \$508,000 during FY 2025.

Profit or loss before income tax

As result of the above, profit before income tax for 2H 2025 was \$590,000 while it was a loss before income tax of \$219,000 for 2H 2024 and it was a profit before tax of \$0.8 million and \$0.6 million for FY 2025 and FY 2024 respectively.

Financial Position Review

Non-current assets

Non-current assets decreased by \$0.1 million from \$8.5 million as at 31 December 2024 to \$8.4 million as at 31 December 2025. The decrease was mainly attributable to:

- a) Reduction in deferred tax assets which arose from our Australian subsidiary by \$0.2 million, and
- b) Reduction in net defined benefit asset.

Current assets

Current assets decreased by \$3.0 million from \$36.2 million as at 31 December 2024 to \$33.2 million as at 31 December 2025. The decrease was mainly due to decrease in trade and other receivables by \$4.0 million. Such decrease was partially offset by increase in inventories by \$0.2 million and cash and cash equivalents by \$0.8 million.

The decrease in trade and other receivables was mainly due to the decrease in trade receivables. Average trade receivables turnover was 116 days as at 31 December 2025 compared to 102 days as at 31 December 2024.

The increase in inventories was mainly due to higher amount of work-in-progress as at 31 December 2025 when compared to 31 December 2024. Average inventories turnover was 241 days as at 31 December 2025 and 211 days as at 31 December 2024.

Non-current liabilities

Non-current liabilities decreased by \$0.5 million from \$3.3 million as at 31 December 2024 to \$2.8 million as at 31 December 2025. The decrease was mainly attributable to:

- a) Reduction in outstanding balance of loans and borrowings by \$0.9 million; partially offset by
- b) Increase in lease liabilities by \$0.4 million.

Current liabilities

Current liabilities decreased by \$3.1 million from \$16.0 million as at 31 December 2024 to \$12.9 million as at 31 December 2025. The decrease was mainly attributable to the decrease in trade and other payables by \$1.5 million, loans and borrowings by \$1.5 million and decrease in other provision \$0.1 million.

Average trade payables' turnover was 33 days as at 31 December 2025 and 32 days as at 31 December 2024.

Cash Flow Review

Net cash generated from operating activities was \$4.6 million during FY 2025. This was mainly due to the reduction of trade and other receivables of \$4.4 million.

Net cash used in investing activities amounting to \$345,000 was mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities amounting to \$3.2 million was mainly due to repayment of loans and borrowings of \$8.8 million, interest payment of \$0.5 million and payment of lease liabilities of \$0.6 million. The above outflows were partially offset by proceeds from drawdown of bank borrowings of \$6.7 million.

As a result of the above, there was a net increase of \$1.0 million in cash and cash equivalents during FY 2025. Cash and cash equivalents was \$3.3 million as at 31 December 2025.

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

Amid the prevailing uncertain and volatile geopolitical climate, the Group remains committed to exploring new markets to diversify revenue streams and enhance long-term resilience and sustainability. In line with our cost management strategy to strengthen liquidity, we closed our Clementi warehouse upon the expired of its lease in the second quarter of this year.

Our Australia division has sustained strong performance since the beginning of the year, driven by its transformation towards a service-focused model and the continued leveraging of our expertise in track frame solutions for heavy equipment.

Looking ahead, the Group maintains a cautious outlook for the next 12 months and will continue implementing prudent measures to reduce risk exposure while positioning the business for sustainable growth.

5 Dividend

(a) Dividend declared for the current financial period

No dividend has been declared or recommended for 2H 2025 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 2024.

(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 2025, there are 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 2025 and FY 2025 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

27 February 2026