



HOE LEONG CORPORATION LTD.

和隆集团有限公司

Company Registration No.: 199408433W

Condensed Interim Financial Statements

for the six months ended 30 June 2025

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 - 16
F. Other Information required by Listing Rule Appendix 7.2	17

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

Group	1H 2025 \$'000	1H 2024 \$'000	Increase/ (Decrease) %
Revenue	20,933	20,641	1.4
Cost of sales	(18,920)	(15,689)	20.6
Gross profit	2,013	4,952	(59.3)
Other income	115	582	(80.2)
Distribution expenses	(1,557)	(1,634)	(4.7)
Administrative expenses	(2,172)	(2,131)	1.9
Other expenses	(1,523)	(830)	83.5
Net reversal of impairment losses	3,578	165	(2,068.5)
Results from operating activities	454	1,104	(58.9)
Finance costs	(289)	(289)	-
Profit before income tax	165	815	(79.8)
Income tax (expense)/credit	(142)	47	N.M.
Profit for the period attributable to owners of the Company	23	862	(97.3)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising from foreign operations	(28)	(313)	(91.1)
Other comprehensive loss, net of income tax	(28)	(313)	(91.1)
Total comprehensive (loss)/profit for the period attributable to owners	(5)	549	N.M.

1H 2025 – 1st half year ended 30 June 2025

1H 2024 – 1st half year ended 30 June 2024

N.M. – Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2025 \$'000	31 December 2024 \$'000	30 June 2025 \$'000	31 December 2024 \$'000
Assets					
Property, plant and equipment	10	7,809	7,817	2,389	2,559
Investments in subsidiaries	11	-	-	10,298	10,298
Net defined benefit asset	12	87	111	-	-
Deferred tax assets		426	567	-	-
Non-current assets		8,322	8,495	12,687	12,857
Inventories	13	19,815	19,042	-	-
Trade and other receivables	14	12,806	14,631	9,716	10,274
Cash and cash equivalents	15	1,363	2,517	144	389
Current assets		33,984	36,190	9,860	10,663
Total assets		42,306	44,685	22,547	23,520
Equity					
Share capital	16	128,891	128,810	128,891	128,810
Treasury shares		(55)	(55)	(55)	(55)
Currency translation reserve		(3,059)	(3,031)	-	-
Other reserves		84	166	84	166
Accumulated losses		(100,439)	(100,462)	(107,843)	(107,483)
Total equity		25,422	25,428	21,077	21,438
Liabilities					
Loans and borrowings	17	3,376	3,284	-	-
Non-current liabilities		3,376	3,284	-	-
Trade and other payables	18	6,219	6,767	931	1,366
Loans and borrowings	17	6,755	8,638	12	168
Other provisions	19	527	542	527	542
Income tax payable		7	26	-	6
Current liabilities		13,508	15,973	1,470	2,082
Total liabilities		16,884	19,257	1,470	2,082
Total equity and liabilities		42,306	44,685	22,547	23,520

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 2025	128,810	(55)	(3,031)	166	(100,462)	25,428
Vesting of performance shares	81	-	-	(81)	-	-
Reversal of equity-settled share-based expenses	-	-	-	(1)	-	(1)
Total comprehensive (loss)/income for the period	-	-	-	-	23	23
Loss for the period	-	-	-	-	23	23
Other comprehensive loss/(income)						
Foreign currency translation differences arising from foreign operations	-	-	(28)	-	-	(28)
Total comprehensive (loss)/ income for the period	-	-	(28)	-	23	(5)
At 30 June 2025	128,891	(55)	(3,059)	84	(100,439)	25,422
At 1 January 2024	128,772	(55)	(2,102)	22	(101,189)	25,448
Issuance of new shares	17	-	-	-	-	17
Total comprehensive (loss)/income for the period	-	-	-	-	862	862
Profit for the period	-	-	-	-	862	862
Other comprehensive loss/(income)						
Foreign currency translation differences arising from foreign operations	-	-	(313)	-	-	(313)
Total comprehensive (loss)/ income for the period	-	-	(313)	-	862	549
At 30 June 2024	128,789	(55)	(2,415)	22	(100,327)	26,014

COMPANY	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2025	128,810	(55)	166	(107,483)	21,438
Vesting of performance shares	81	-	(81)	-	-
Reversal of equity-settled share-based expenses	-	-	(1)	-	(1)
Loss for the period, representing total comprehensive loss	-	-	-	(360)	(360)
At 30 June 2025	128,891	(55)	84	(107,843)	21,077
At 1 January 2024	128,772	(55)	22	(108,238)	20,501
Issuance of new shares	17	-	-	-	17
Loss for the period, representing total comprehensive loss	-	-	-	(64)	(64)
At 30 June 2024	128,789	(55)	22	(108,302)	20,454

D. Condensed interim consolidated statement of cash flows

	Group	
	1H 2025 \$'000	1H 2024 \$'000
Cash flows from operating activities		
Profit before income tax	165	815
Adjustments for:		
Depreciation of property, plant and equipment	576	603
Interest expense on loans and borrowings	276	267
Interest expense on financial liabilities measured at amortised cost	13	22
Gain on disposal of property, plant and equipment	(17)	(22)
Reversal of allowance for inventory obsolescence (net)	(3,639)	(191)
Inventories written off	13	30
Bad debts written off - Trade receivables	2	-
(Allowance for)/Reversal of impairment of trade receivables	17	(3)
Reversal of other provisions	(15)	-
Payables written back	-	(1)
Reversal of equity-settled share-based expenses	(1)	-
Warranty provision	43	81
Property, plant and equipment written off	29	-
Operating cash flows before working capital changes	(2,538)	1,601
Changes in working capital:		
Inventories	2,853	(1,258)
Trade and other receivables	1,809	(1,445)
Trade and other payables	(588)	874
Benefits paid to/ contribution made to retirement benefits	26	(4)
Cash generated from/ (used in) operations	1,562	(232)
Income taxes paid	(21)	(32)
Net cash generated from/(used in) operating activities	1,541	(264)
Cash flows from investing activities		
Purchase of property, plant and equipment	(231)	(196)
Proceeds from disposal of property, plant and equipment	64	23
Net cash used in investing activities	(167)	(173)
Cash flows from financing activities		
Interest paid	(289)	(289)
Proceeds from bills payable and trust receipts	1,196	4,024
Repayment of bills payable and trust receipts	(3,483)	(2,565)
Payment of lease liabilities	(316)	(361)
Proceeds from bank borrowings	2,875	-
Repayment of bank borrowings	(2,547)	(1,504)
Net cash used in financing activities	(2,564)	(695)
Net decrease in cash and cash equivalents	(1,190)	(1,132)
Cash and cash equivalents, beginning balance	2,500	3,445
Effect of exchange rates fluctuations	36	(422)
Cash and cash equivalents, ending balance	1,346	1,891

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 six months ended 30 June 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 2024.

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		Total	
	1H 2025	1H 2024	1H 2025	1H 2024	1H 2025	1H 2024	1H 2025	1H 2024
External revenue	12,480	14,466	8,453	6,175	-	-	20,933	20,641
Finance costs	(215)	(246)	(73)	(37)	(1)	(6)	(289)	(289)
Depreciation	(325)	(143)	(104)	(274)	(147)	(186)	(576)	(603)
Reportable segment profit/(loss) before income tax	502	831	600	438	(937)	(454)	165	815
Other material non-cash items:								
Reversal of allowance for inventory obsolescence (net)	2,944	113	695	78	-	-	3,639	191
Bad debts written off - Trade receivables	(1)	-	(1)	-	-	-	(2)	-
(Allowance for)/Reversal of impairment of trade receivables	(4)	1	(13)	2	-	-	(17)	3
Payables written back	-	1	-	-	-	-	-	1
Capital expenditure:								
Purchase of property, plant and equipment	(117)	(156)	(114)	(40)	-	-	(231)	(196)
Additions to right-of-use assets	(369)	-	-	-	-	(53)	(369)	(53)

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000
Reportable segment assets	26,131	25,845	13,451	15,741	2,724	3,099	42,306	44,685
Reportable segment liabilities	12,293	12,920	3,114	4,250	1,477	2,087	16,884	19,257

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	
	1H 2025 \$'000	1H 2024 \$'000
Australia	8,315	7,533
Europe	1,619	1,385
North America	4,633	5,596
Asia	4,492	4,626
Middle East	1,171	687
Rest of World	703	814
Total	20,933	20,641

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 30 June 2025 \$'000	As at 31 December 2024 \$'000
Australia	3,101	3,207
Asia	4,708	4,610
Total	7,809	7,817

5 Financial assets and financial liabilities

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

	GROUP		COMPANY	
	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000
Financial assets at amortised cost				
Trade and other receivables	12,621	14,555	9,698	10,271
Cash and cash equivalents	1,363	2,517	144	389
Total	13,984	17,072	9,842	10,660
Financial liabilities at amortised cost				
Loans and borrowings	10,131	11,922	12	168
Trade and other payables	5,831	6,419	931	1,366
Total	15,962	18,341	943	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

Significant items

GROUP	1H 2025 \$'000	1H 2024 \$'000
Finance costs:		
Interest expense on loans and borrowings	276	267
Interest expense on financial liabilities measured at amortised cost	13	22
	289	289
Included in 'Other income':		
Gain on disposal of property, plant and equipment	(17)	(22)
Foreign currency exchange gain	-	(444)
Included in 'Other expenses':		
Depreciation of property, plant and equipment (partially classified in 'Cost of sales')	576	603
Foreign currency exchange loss	745	-
Net reversal of impairment losses:		
Reversal of allowance for inventory obsolescence (net)	(3,639)	(191)
Inventories written off	13	30
Bad debts written off - Trade receivables	2	-
(Allowance for)/Reversal of impairment of trade receivables	17	(3)
Payables written back	-	(1)
Property, plant and equipment written off	29	-
	(3,578)	(165)

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	1H 2025 \$'000	1H 2024 \$'000
Current tax expense	(8)	(26)
Deferred tax (expense)/credit	(134)	73
Total income tax (expense)/credit	(142)	47

8 Earnings Per Ordinary Share (“EPS”)

GROUP	1H 2025	1H 2024
Profit attributable to owners of the Company (\$'000)	23	862
Weighted average number of ordinary shares ('000):		
- Basic	15,138,519	15,075,673
	15,138,519	15,075,673
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 and FY 2025, there is no dilutive effect on EPS.

9 Net asset value

	GROUP		COMPANY	
	As at 30 June 2025	As at 31 December 2024	As at 30 June 2025	As at 31 December 2024
NAV attributable to owners of the Company (S\$'000)	25,422	25,428	21,077	21,438
Total number of issued shares excluding treasury shares ('000)	15,138,519	15,098,185	15,138,519	15,098,185
NAV per ordinary share (cents)	0.17	0.17	0.14	0.14

10 Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired assets amounting to \$231,000 (1H 2024: \$196,000) and disposed of assets with net book value amounting to \$47,000 (1H 2024: \$1,000).

11 Subsidiaries

COMPANY	30 June 2025 \$'000	31 December 2024 \$'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

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 30 June 2025 \$'000	As at 31 December 2024 \$'000
Raw materials	1,092	964
Work-in-progress	4,671	4,177
Finished goods	15,932	18,616
Goods-in-transit	529	1,356
Less : allowance for inventory obsolescence	(2,409)	(6,071)
Total	19,815	19,042

During 1H 2025, an allowance for slow-moving inventories of \$3,639,000 (1H 2024: \$191,000) was reversed.

14 Trade and other receivables

	Group		Company	
	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000
Trade receivables due from:				
- third parties	12,738	13,885	-	-
- subsidiaries	-	-	9,565	10,890
	12,738	13,885	9,565	10,890
Less: allowance for impairment losses				
- third parties	(914)	(897)	-	-
- subsidiaries	-	-	(3,813)	(3,813)
	(914)	(897)	(3,813)	(3,813)
Net trade receivables	11,824	12,988	5,752	7,077
Other receivables due from subsidiaries	-	-	3,798	3,072
Advances to suppliers	95	544	-	-
Deposits	259	217	148	122
Tax recoverable	10	8	-	-
Sundry receivables	433	798	-	-
Prepayments	185	76	18	3
Total other receivables	982	1,643	3,964	3,197
Total trade and other receivables	12,806	14,631	9,716	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.

14 Trade and other receivables (Continued)

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

Group	As at 30 June 2025	As at 31 December 2024
	\$'000	\$'000
Not past due	5,433	9,185
Past due 0 – 30 days	2,265	1,528
Past due 31 – 60 days	974	335
Past due 61 – 90 days	627	467
Past due 91 – 150 days	1,269	310
Past due more than 150 days	2,170	2,060
Total	12,738	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 \$914,000 (31 December 2024: \$897,000) is a specific allowance for impairment of \$173,000 (31 December 2024: \$155,000) relating to credit-impaired receivables.

The Group's top 5 customers accounted for about 39% (31 December 2024: 42%) of total trade receivables. No allowance for impairment was made for the amount due as at 30 June 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	
	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000
Cash and bank balances	1,346	2,500
Fixed deposit placed with a bank	17	17
	1,363	2,517

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

	Group	
	1H 2025 \$'000	1H 2024 \$'000
Cash and bank balances	1,363	1,891
Fixed deposits pledged	(17)	-
Cash and cash equivalents	1,346	1,891

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	40,333,333	81
As at 30 June 2025	15,138,518,659	128,891

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, the Company issued and allotted 40,333,333 ordinary shares at \$0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan.

470,000 treasury shares were held as at 30 June 2025 and 31 December 2024. There is no sale, transfer, cancellation and or use of treasury shares during 1H 2025 and FY2024.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2025 and 31 December 2024 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during 1H 2025 and FY2024.

17 Loans and borrowings

	GROUP		COMPANY	
	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000
Non-current liabilities				
Secured bank borrowings	1,199	849	-	-
Unsecured bank borrowings	1,847	2,320	-	-
Lease liabilities	330	115	-	-
Sub-total	3,376	3,284	-	-
Current liabilities				
Secured bank borrowings	1,058	2,828	-	-
Unsecured bank borrowings	5,396	5,346	-	-
Lease liabilities	301	464	12	168
Sub-total	6,755	8,638	12	168
Total	10,131	11,922	12	168

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.

18 Trade and other payables

	Group		Company	
	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000	As at 30 June 2025 \$'000	As at 31 December 2024 \$'000
Trade payables	3,212	3,137	-	-
Accrued expenses	2,619	3,282	931	1,366
Provision*	388	348	-	-
Total	6,219	6,767	931	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 30 June 2025.

19 Other provisions

	GROUP		COMPANY	
	30 June 2025 \$'000	31 December 2024 \$'000	30 June 2025 \$'000	31 December 2024 \$'000
At beginning of the financial period/year	542	558	542	558
Reversal during the financial period/year	(15)	(16)	(15)	(16)
At end of the financial period/year	527	542	527	542

Other provision pertains to ongoing material litigations and legal costs and expenses.

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 hearing for the assessment of damages continued on 17 April 2025. The Court fixed further trial/hearing dates for this matter on 28 July 2025 and from 4 to 7 August 2025. As the trial had concluded on 7 August 2025, the continued trial date previously fixed on 15 September 2025 was taken off.

The Court had directed the following timelines:

- 8 September 2025: Parties to file written submissions and plaintiff to file notes of proceedings
- 26 September 2025: Parties to file reply submissions
- 16 October 2025: Decision / Clarification to be made virtually

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 hearing of an application by Tan Sri Halim Bin Saad's lawyers to discharge themselves on 21 April 2025, the Court had fixed the physical trial on 23 April 2025, 9 June 2025, and 10 June 2025. Tan Sri Halim Bin Saad's lawyers also withdrew their application to discharge themselves.

After the trial concluded on 10 June 2025, the Court had fixed further trial dates for 21, 27 and 28 August 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 30 June 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 six-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 increased by \$0.3 million or 1.4% to \$20.9 million during 1H 2025 from \$20.6 million during 1H 2024.

Revenue generated from the Australian, European and Middle East markets was higher during 1H 2025 when compared to 1H 2024 as a result of more engagements with customers from these markets.

Cost of sales

Cost of sales increased by \$3.2 million or 20.6% to \$18.9 million during 1H 2025 from \$15.7 million during 1H 2024 due mainly to the clearance sale of old and slow-moving inventories, prompted by the expiry of the Singapore warehouse lease in the second quarter of 2025.

Gross profit ("GP") was \$2.0 million (GP margin: 9.6%) in 1H 2025 and \$5.0 million (GP margin: 24.0%) in 1H 2024.

The decrease in GP margin was primarily due to the clearance sale of old and slow-moving inventories at significantly discounted prices, prompted by the expiry of the Singapore warehouse lease in the second quarter of 2025.

Other income

Other income decreased by \$467,000 to \$115,000 during 1H 2025 from \$582,000 during 1H 2024.

Other income for 1H 2025 was lower than 1H 2024, primarily due to a foreign exchange gain of \$444,000 being recorded in 1H 2024, compared to a \$745,000 foreign exchange loss in 1H 2025, which was reported under 'Other expenses'.

Distribution expenses

Distribution expenses decreased by \$0.1 million or 4.7% from \$1.6 million during 1H 2024 to \$1.5 million during 1H 2025.

The above decrease was mainly due to decreased payroll cost and packing and delivery expense. The decrease in payroll cost was primarily attributable to the reclassification of certain staff salaries from distribution expenses to administrative expenses.

Administrative expenses

Administrative expenses increased by \$41,000 or 1.9% during 1H 2025 as compared to 1H 2024.

The above increase was mainly due to increase in payroll cost. The increase in payroll cost was primarily attributable to the reclassification of certain staff salaries from distribution expenses to administrative expenses.

Other expenses

Other expenses include mainly the depreciation and foreign currency exchange losses. Higher other expenses incurred was mainly due to foreign currency exchange loss of \$745,000 recorded during 1H 2025. The foreign exchange loss was mainly resulting from the weakening in United States Dollar against Singapore Dollar.

Net reversal of impairment losses

This item includes mainly the reversal of allowance for inventory obsolescence during 1H 2025 due to realisation of a higher quantity of old, slow-moving inventories.

Finance costs

Finance costs were \$289,000 for both 1H 2025 and 1H 2024 respectively.

Profit or loss before income tax

As result of the above, profit before income tax for 1H 2025 was \$165,000 while it was a profit before income tax of \$815,000 for 1H 2024.

Financial Position Review

Non-current assets

Non-current assets decreased by \$0.2 million from \$8.5 million as at 31 December 2024 to \$8.3 million as at 30 June 2025. The decrease was mainly attributable to:

- a) Reduction in deferred tax assets which arose from our Australian subsidiary by \$0.1 million; and
- b) Reduction in property, plant and equipment arising from depreciation charge.

Current assets

Current assets decreased by \$2.2 million from \$36.2 million as at 31 December 2024 to \$34.0 million as at 30 June 2025. The decrease was mainly due to decrease in trade and other receivables by \$1.8 million and cash and cash equivalents by \$1.2 million. Such decrease was partially offset by increase in inventories 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 30 June 2025 compared to 102 days as at 31 December 2024.

The increase in inventories was mainly due to higher amount of finished goods (after taking the allowance for inventory obsolescence of \$2.4 million into consideration) as at 30 June 2025 as compared to 31 December 2024 (after taking the allowance for inventory obsolescence of \$6.1 million into consideration). Average inventories turnover was 228 days as at 30 June 2025 and 208 days as at 31 December 2024.

Non-current liabilities

Non-current liabilities increased by \$0.1 million from \$3.3 million as at 31 December 2024 to \$3.4 million as at 30 June 2025. The increase was mainly attributable to the increase in lease liabilities by \$0.2 million. Such increase was partially offset by reduction in outstanding balance of loans and borrowings by \$0.1 million.

Current liabilities

Current liabilities decreased by \$2.5 million from \$16.0 million as at 31 December 2024 to \$13.5 million as at 30 June 2025. The decrease was mainly attributable to the decrease in trade and other payables by \$0.5 million and loans and borrowings by \$1.9 million.

Average trade payables' turnover was 31 days as at 30 June 2025 and 32 days as at 31 December 2024.

Cash Flow Review

Net cash generated from operating activities was \$1.5 million during 1H 2025. The net operating cash inflows of \$1.5 million during 1H 2025 as compared to \$0.3 million operating cash outflows during 1H 2024 was mainly due to the better collection from debtors and better inventory management.

Net cash used in investing activities amounting to \$167,000 was mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities amounting to \$2.6 million was mainly due to repayment of loans and borrowings of \$6.0 million, interest payment of \$0.3 million and payment of lease liabilities of \$0.3 million. The above outflows were partially offset by proceeds from drawdown of bank borrowings of \$4.0 million.

As a result of the above, there was a net decrease of \$1.2 million in cash and cash equivalents during 1H 2025. Cash and cash equivalents was \$1.4 million as at 30 June 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 expiry 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 1H 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 1H 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 1H 2025, 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 1H 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

13 August 2025