



**Securities Investors Association (Singapore)**  
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111  
Tel: (65) 6227 2683 Email: [admin@sias.org.sg](mailto:admin@sias.org.sg)  
[www.sias.org.sg](http://www.sias.org.sg)  
UEN No: S99SS0111B  
GST Reg No: M90367530Y0Y

**Issuer:** Hoe Leong Corporation Ltd.

**Stock code:** H20

**Meeting details:**

Date: 29 April 2026

Time: 9.30 a.m.

Venue: Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, #01-04, Singapore 609607

**Q1.** For FY2025, the group reported revenue of \$38.5 million, a decrease of 12.4% year on year, driven by weaker demand in North America. Despite this, profit before tax improved modestly to \$0.7 million, reflecting cost management and operational discipline. The group has also increased its focus on growing the Australia business.

**21 Operating segments (cont'd)**

**Business segments and reconciliations**

*Information about reportable segments*

	Design and manufacture		Trading and distribution		Investment holding		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	<b>24,746</b>	30,033	<b>13,786</b>	13,977	–	–	<b>38,532</b>	44,010
Finance costs	<b>(373)</b>	(462)	<b>(128)</b>	(95)	<b>(7)</b>	(9)	<b>(508)</b>	(566)
Depreciation*	<b>(360)</b>	(269)	<b>(495)</b>	(559)	<b>(199)</b>	(260)	<b>(1,054)</b>	(1,088)
Reportable segment profit/(loss) before income tax	<b>424</b>	1,144	<b>1,764</b>	521	<b>(1,516)</b>	(1,068)	<b>672</b>	597

(Source: company annual report)

Over time, the design and manufacture segment of the group has reportable segment profit of:

- FY2020: \$(1.36) million
- FY2021: \$(1.30) million
- FY2022: \$0.15 million
- FY2023: \$0.25 million
- FY2024: \$1.14 million
- FY2025: \$0.42 million

- (i) Can management explain how the design and manufacture segment creates and captures value for shareholders, including the competitive positioning of its in-house brands, whether they are positioned as premium or entry-level offerings, and who the group's key competitors are in these markets?**
- (ii) What is the group's detailed strategy for expansion in Australia, including target market segments, expected capital expenditure, and the anticipated return profile on these investments? What hurdle rate was used to approve the recent investments?**
- (iii) What is the impact of geopolitical developments in the Middle East on demand dynamics in the mining, forestry, and agriculture sectors across**

**Australia and North America, and has management observed any structural shifts or divergence in market conditions across regions?**

**Q2.** The valuation of inventories has been identified as a key audit matter by the independent auditors. While work-in-progress increased during the year, the level of finished goods remained elevated at \$15.7 million. In addition, \$4.0 million of inventory obsolescence allowances were written back in FY2025, compared with \$0.4 million in the prior year.

Inventories	Group	
	2025 \$'000	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)
	<u>19,234</u>	<u>19,042</u>

(Source: company annual report)

Inventory turnover days have lengthened to 241 days as at 31 December 2025, compared with 211 days in the prior year.

- (i) Excluding the impact of inventory obsolescence movements, can management explain the drivers behind the elevated level of finished goods relative to revenue, and what specific actions are being taken to optimise inventory levels and improve turnover?**

Trade receivables days have also increased to 116 days from 102 days. Trade payables days remained broadly stable at 33 days (versus 32 days).

- (ii) Can management explain the underlying drivers, including any changes in customer mix, credit terms, or collection practices, and whether this reflects a deterioration in credit conditions?**
- (iii) All things considered, how has the group's cash conversion cycle evolved, and what targets or initiatives are in place to improve working capital efficiency and cash flow generation?**

**Q3.** As disclosed in Note 24 (A) Contingencies (pages 161 and 162), the company is involved in a minority oppression relating to its former subsidiary, Ebony Ritz Sdn Bhd. The company

has obtained a conditional stay order and paid RM9.28 million on 12 March 2026, representing half of the general damages awarded of RM18.67 million, pending appeal.

The High Court judgement can be found here:

<https://efs.kehakiman.gov.my/EFSWeb/DocDownloader.aspx?DocumentID=1fc6a1e1-f245-477a-8d2c-136f6cafbbe3&Inline=true>

The board has stated that external legal counsel considers the appeal to have good and arguable grounds and that it is more likely than not to succeed. On this basis, and given the uncertainty in the final quantum, no provision has been recognised under SFRS(I) 1-37.

- (i) Can the independent directors explain how they have exercised oversight over this litigation, including the evaluation of legal advice, and what framework is used to assess whether to continue with an appeal or pursue alternative options such as settlement? How do the independent directors validate the external legal counsel’s assessment that the appeal is more likely than not to succeed?**
- (ii) What has been the financial and operational impact of this litigation to date, including legal costs incurred, expected future costs, and the extent of management time and resources committed?**
- (iii) Given that these matters relate to legacy operations, how do the board and independent directors assess their ongoing relevance and risk to the group, and what is the board’s position on pursuing the matter through the full appellate process, including escalation to the Federal Court if required?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

