



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)
Reg. No. 199905292D

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ANNOUNCEMENT PURSUANT TO RULE 704(6) OF THE LISTING MANUAL OF THE SGX-ST – ADJUSTMENTS BETWEEN THE AUDITED AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The board of directors (the “**Board**”) of Hong Lai Huat Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s unaudited full yearly results announcement for the financial year ended 31 December 2018 (“**FY2018**”) published on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) website on 28 February 2019.

In compliance with Rule 704(6) of the Listing Manual of the SGX-ST, the Company would like to announce that there were adjustments between the Audited Financial Statements and the Unaudited Financial Statements for FY2018 following the finalisation of the audit. Details and clarification of the adjustments are annexed to this Announcement.

By Order of the Board
HONG LAI HUAT GROUP LIMITED
Dato’Dr. Ong Bee Huat
Executive Deputy Chairman
12 April 2019

HONG LAI HUAT GROUP LIMITED
Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2018

Reconciliation Schedule between FY 2018 Audited Results vs Unaudited Results

	Group		Variance		Note
	FY 2018 S\$'000 Audited	FY 2018 S\$'000 Unaudited	S\$'000	%	
Revenue	34,386	34,763	(377)	-1%	a
Cost of sales	(15,819)	(19,970)	4,151	-21%	b
Gross profit	<u>18,567</u>	<u>14,793</u>			
Other income	8,575	8,496	79	1%	c
Distribution and selling expenses	(4,260)	(3,858)	(402)	10%	d
Administrative expenses	(13,232)	(13,079)	(153)	1%	e
Other expenses	(4,493)	(134)	(4,359)	3253%	f
Finance costs	(384)	(384)			
Profit before income tax	<u>4,773</u>	<u>5,834</u>			
Income tax benefit	2,817	2,107	710	34%	g
Profit for the year	<u>7,590</u>	<u>7,941</u>			
Other comprehensive income:					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation	1,616	1,528	88	6%	h
Other comprehensive income for the year, net of tax	1,616	1,528			
Total comprehensive income for the year	<u>9,206</u>	<u>9,469</u>			

Note:

- a. Revenue
Overstatement of revenue.
- b. Cost of sales
Overstatement of cost of sales.
- c. Other income
Net foreign exchange gain recognised.
- d. Distribution and selling expenses
Commission fee recognised on property sales.
- e. Administrative expenses
Depreciation recognised to reflect the revised concession land leasehold tenure from 70 years to 50 years offset by capitalisation of biological assets planting cost.
- f. Other expenses
Impairment losses recognised on change in fair value of biological assets and investment properties, and written-off of plant and equipment.
- g. Income tax benefit
Deferred tax assets recognised on impairment loss on change in fair value of biological assets.
- h. Foreign currency translation
Adjustments noted on translation difference on biological assets, property, plant and equipment.

HONG LAI HUAT GROUP LIMITED
 Statements of Financial Position
 For the financial year ended 31 December 2018

Reconciliation Schedule between FY 2018 Audited Results vs Unaudited Results

	Group		Variance		Note
	31-12-18 S\$'000 Audited	31-12-18 S\$'000 Unaudited	S\$'000	%	
Current assets					
Cash and bank balances	25,231	25,231			
Trade receivables	2,787	2,967	(180)	-6%	i
Other receivables and deposits	428	428			
Prepayments	620	620			
Investment securities	1,102	1,102			
Inventories	105	105			
Biological assets	5,129	8,920	(3,791)	-43%	j
Development properties	18,892	14,684	4,208	29%	k
Total current assets	54,294	54,057			
Non-current assets					
Other receivables and deposits	41	41			
Property, plant and equipment	83,018	93,520	(10,502)	-11%	l
Investment properties	12,505	12,514	(9)	0%	i/m
Intangible assets	7	6	1	17%	i/m
Total non-current assets	95,571	106,081			
Total assets	149,865	160,138			
Liabilities and equity					
Current liabilities					
Trade payables	5,228	4,820	408	8%	m
Other payables and accruals	1,645	1,439	206	14%	n
Provision for taxation	26	1	25	2500%	o
Bank loans and overdraft	686	686			
Finance lease liabilities	105	105			
Total current liabilities	7,690	7,051			
Non-current liabilities					
Bank loans and overdraft	1,245	1,245			
Finance lease liabilities	900	939	(39)	-4%	p
Deferred tax liabilities	11,109	13,772	(2,663)	-19%	q
Total non-current liabilities	13,254	15,956			
Capital, reserves and non-controlling interests					
Share capital	123,131	123,131			
Retained earnings	6,506	14,580			
Capital reserve	414	414			
Asset revaluation reserve	2,775	2,775			
Foreign currency translation reserve	(3,905)	(3,769)	(136)	4%	r
Equity attributable to owners of the company	128,921	137,131			
Non-controlling interests	-	-			
Total equity	128,921	137,131			
Total liabilities and equity	149,865	160,138			

Note:

i/m: Immaterial variance

HONG LAI HUAT GROUP LIMITED
Statements of Financial Position
For the financial year ended 31 December 2018

Reconciliation Schedule between FY 2018 Audited Results vs Unaudited Results

Note:

- i. Trade receivables
Overstatement of unbilled receivables (contract assets).
- j. Biological assets
Impairment loss recognised on change in fair value of biological assets.
- k. Development properties
Understatement of development cost.
- l. Property, plant and equipment
Carrying amount and depreciation recognised to reflect the revised concession land leasehold tenure from 70 years to 50 years.
- m. Trade payables
Understatement of commission fee payable on property sales.
- n. Other payables and accruals
Understatement of deposits received.
- o. Provision for taxation
Provision for taxation under-provided.
- p. Finance lease liabilities
Adjustment to concession land rental to reflect the revised concession land leasehold tenure from 70 years to 50 years.
- q. Deferred tax liabilities
Adjustment to reflect the revised concession land leasehold tenure from 70 years to 50 years.
- r. Foreign currency translation
Adjustments noted on translation difference on biological assets, property, plant and equipment.