

Unaudited Third Quarter Financial Results Announcement for the Period Ended 30 September 2019

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding Financial Year (“FY”).

Consolidated statement of comprehensive income

	3 months ended 30 September			9 months ended 30 September		
	FY 2019 S\$'000	FY 2018 S\$'000	Change %	FY 2019 S\$'000	FY 2018 S\$'000	Change %
Revenue	8,565	9,878	-13%	22,046	38,241	-42%
Cost of sales	(3,929)	(4,657)	-16%	(9,941)	(17,843)	-44%
Gross profit	4,636	5,221	-11%	12,105	20,398	-41%
Other income	1,125	473	138%	873	1,550	-44%
Distribution and selling expenses	(150)	(573)	-74%	(592)	(3,287)	-82%
Administrative expenses	(2,017)	(3,201)	-37%	(6,500)	(9,756)	-33%
Other expenses	(309)	(94)	229%	(1,072)	(128)	738%
Share of loss of joint venture	(530)	-	N.M.	(851)	-	N.M.
Finance costs	(26)	(79)	-67%	(83)	(351)	-76%
Profit before income tax	2,729	1,747	56%	3,880	8,426	-54%
Income tax expense	(236)	(272)	-13%	(805)	(446)	80%
Profit for the period	2,493	1,475	69%	3,075	7,980	-61%
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation	1,599	328		909	1,695	
Other comprehensive income for the period, net of tax	1,599	328		909	1,695	
Total comprehensive income for the period	4,092	1,803		3,984	9,675	
Profit attributable to:						
Owners of the company	2,493	1,475		3,075	7,980	
Non-controlling interests	-	-		-	-	
	2,493	1,475		3,075	7,980	
Total comprehensive income attributable to:						
Owners of the company	4,092	1,803		3,984	9,675	
Non-controlling interests	-	-		-	-	
	4,092	1,803		3,984	9,675	

Note:

N.M. - Not meaningful

1(a)(ii) Other profit and loss items disclosure

	3 months ended 30 September		9 months ended 30 September	
	FY 2019 S\$'000	FY 2018 S\$'000	FY 2019 S\$'000	FY 2018 S\$'000
The following items were credited/(charged) to the income statement:				
<u>Other income</u>				
Interest income from bank deposits	12	12	208	56
Net foreign exchange gain	1,082	134	589	1,044
<u>Administrative expenses</u>				
Depreciation of property, plant and equipment	(819)	(991)	(2,551)	(2,713)
Depreciation of right-of-use asset	(38)	-	(58)	-
<u>Other expenses</u>				
Loss on change in fair value of investment securities	(40)	(1)	(780)	(1)
Loss on disposal of assets held for sale	(260)	-	(260)	(13)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of financial position

	Group		Company	
	30-09-19 S\$'000	31-12-18 S\$'000	30-09-19 S\$'000	31-12-18 S\$'000
<u>Current assets</u>				
Cash and bank balances	15,715	25,231	1,060	2,270
Trade receivables	12,495	2,787	-	-
Other receivables and deposits	1,794	428	30	47
Prepayments	492	620	74	40
Amount due from subsidiaries	-	-	25,611	27,909
Investment securities	321	1,102	-	-
Inventories	91	105	-	-
Biological assets	5,349	5,129	-	-
Development properties	22,093	18,892	-	-
Total current assets	<u>58,350</u>	<u>54,294</u>	<u>26,775</u>	<u>30,266</u>
<u>Non-current assets</u>				
Other receivables and deposits	41	41	-	-
Property, plant and equipment	81,922	83,018	252	308
Right-of-use asset	148	-	148	-
Investment properties	10,731	12,505	731	731
Intangible assets	1	7	-	-
Joint venture	1,932	-	-	-
Investment in subsidiaries	-	-	77,160	77,160
Total non-current assets	<u>94,775</u>	<u>95,571</u>	<u>78,291</u>	<u>78,199</u>
Total assets	<u>153,125</u>	<u>149,865</u>	<u>105,066</u>	<u>108,465</u>
<u>Liabilities and equity</u>				
<u>Current liabilities</u>				
Trade payables	6,124	5,228	-	-
Other payables and accruals	1,422	1,645	217	375
Amount due to subsidiaries	-	-	9,085	11,437
Income tax payable	15	26	-	-
Bank loans and overdraft	686	686	-	-
Finance lease liabilities	197	105	102	25
Total current liabilities	<u>8,444</u>	<u>7,690</u>	<u>9,404</u>	<u>11,837</u>
<u>Non-current liabilities</u>				
Bank loans	728	1,245	-	-
Finance lease liabilities	1,029	900	151	94
Deferred tax liabilities	11,136	11,109	23	23
Total non-current liabilities	<u>12,893</u>	<u>13,254</u>	<u>174</u>	<u>117</u>
<u>Capital, reserves and non-controlling interests</u>				
Share capital	94,602	123,131	94,602	123,131
Retained earnings (Accumulated losses)	36,993	6,506	1,345	(26,161)
Capital reserve	414	414	(459)	(459)
Asset revaluation reserve	2,775	2,775	-	-
Foreign currency translation reserve	(2,996)	(3,905)	-	-
Equity attributable to owners of the company	<u>131,788</u>	<u>128,921</u>	<u>95,488</u>	<u>96,511</u>
Non-controlling interests	-	-	-	-
Total equity	<u>131,788</u>	<u>128,921</u>	<u>95,488</u>	<u>96,511</u>
Total liabilities and equity	<u>153,125</u>	<u>149,865</u>	<u>105,066</u>	<u>108,465</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 30-09-2019		As at 31-12-2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	686	-	686	-
Amount repayable after one year	728	-	1,245	-

Details of any collaterals

As at 30 September 2019, secured borrowing was secured by a mortgage on a subsidiary's investment property.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows

	9 months ended 30 September	
	FY 2019	FY 2018
	S\$'000	S\$'000
Operating activities		
Profit before tax	3,880	8,426
Adjustments for:		
Share of loss of joint venture	851	-
Interest expense	83	351
Depreciation of property, plant and equipment	2,551	2,713
Depreciation of right-of-use asset	58	-
Loss (Gain) on disposal of property, plant and equipment, net	10	(12)
Loss on change in fair value of investment securities	780	1
Loss on disposal of assets classified as held for sale	260	13
Written-off of property, plant and equipment	22	-
Foreign exchange adjustments	(289)	(790)
Interest income	(208)	(56)
Operating cash flows before movement in working capital	7,998	10,646
Trade receivables	(9,708)	(7,419)
Other receivables and deposits	(1,366)	(2,609)
Prepayments	128	(45)
Inventories	14	336
Biological assets	(220)	(977)
Development properties	(3,201)	(65)
Trade payables	896	(1,133)
Other payables and accruals	(223)	1,691
Cash (used in) from operation	(5,682)	425
Income tax paid	(805)	(643)
Interest received	208	56
Net cash used in operating activities	(6,279)	(162)
Investing activities		
Investment in joint venture	(2,796)	-
Addition to property, plant and equipment	(497)	(447)
Proceeds from sale of property, plant and equipment	88	315
Proceeds from disposal of assets classified as held for sale	1,537	14,304
Net cash (used in) from investing activities	(1,668)	14,172
Financing activities		
Dividend paid to owners of the Company	(1,110)	-
Repayment for bank loans	(517)	(3,134)
Repayment for convertible loan notes redeemed	-	(1,000)
Repayment for lease liabilities	(154)	(109)
Interest paid on convertible loan notes	-	(72)
Interest paid on lease liabilities	(18)	(11)
Interest paid on borrowing	(65)	(268)
Net cash used in financing activities	(1,864)	(4,594)
Net (decrease) increase in cash and cash equivalents	(9,811)	9,416
Effect of exchange rate changes on balances held in foreign currencies	295	19
Cash and cash equivalents at beginning of year	25,231	2,021
Cash and cash equivalents at end of period	15,715	11,456
<u>Cash and bank balances</u>		
Cash at bank and on hand	6,647	10,691
Short-term fixed deposits with financial institutions	9,068	765
Cash and cash equivalents at end of period	15,715	11,456

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of changes in equity

	Attributable to owners of the company					Total	Non-controlling interests	Total equity
	Share capital	(Accumulated losses) Retained earnings	Capital reserve	Asset revaluation reserve	Currency translation reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 January 2018	123,131	(1,084)	418	2,775	(5,521)	119,719	-	119,719
Total comprehensive income for the period								
Profit for the period	-	7,980	-	-	-	7,980	-	7,980
Other comprehensive income for the period	-	-	-	-	1,695	1,695	-	1,695
Total	-	7,980	-	-	1,695	9,675	-	9,675
Balance at 30 September 2018	123,131	6,896	418	2,775	(3,826)	129,394	-	129,394
Balance at 31 December 2018	123,131	6,506	414	2,775	(3,905)	128,921	-	128,921
Adjustment on adoption of SFRS(I) 16	-	(7)	-	-	-	(7)	-	(7)
Balance at 1 January 2019	123,131	6,499	414	2,775	(3,905)	128,914	-	128,914
Total comprehensive income for the period								
Profit for the period	-	3,075	-	-	-	3,075	-	3,075
Other comprehensive income for the period	-	-	-	-	909	909	-	909
Total	-	3,075	-	-	909	3,984	-	3,984
Transactions with owners, recognised directly in equity								
Dividends	-	(1,110)	-	-	-	(1,110)	-	(1,110)
Share capital restructuring	(28,529)	28,529	-	-	-	-	-	-
Total	(28,529)	27,419	-	-	-	(1,110)	-	(1,110)
Balance at 30 September 2019	94,602	36,993	414	2,775	(2,996)	131,788	-	131,788

Company's statement of changes in equity

	Share capital	(Accumulated losses) Retained earnings	Capital reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance at 1 January 2018	123,131	(27,873)	(455)	94,803
Total comprehensive loss for the period				
Loss for the period	-	(780)	-	(780)
Balance at 30 September 2018	123,131	(28,653)	(455)	94,023
Balance at 31 December 2018	123,131	(26,161)	(459)	96,511
Adjustment on adoption of SFRS(I) 16	-	(7)	-	(7)
Balance at 1 January 2019	123,131	(26,168)	(459)	96,504
Total comprehensive income for the period				
Profit for the period	-	94	-	94
Total	-	94	-	94
Transactions with owners, recognised directly in equity				
Dividends	-	(1,110)	-	(1,110)
Share capital restructuring	(28,529)	28,529	-	-
Total	(28,529)	27,419	-	(1,110)
Balance at 30 September 2019	94,602	1,345	(459)	95,488

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Proposed Share Capital Reduction was approved by the Shareholders at the extraordinary general meeting of the Company held on 30 April 2019 and the Share Capital Reduction has been completed on 14 June 2019. As a result of this Share Capital Reduction, accumulated losses of \$28,529,000 was offset against the issued and paid up capital of the Company, reducing the company's share capital by the equivalent amount.

There were no shares issued for the period under review.

The Company does not hold any treasury shares as at 30 September 2019 and 30 September 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares (excluding treasury shares) as at 30 September 2019 and 31 December 2018 were 221,933,192.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting year as compared to the most recent audited financial statements for the financial year ended 31 December 2018.

Certain comparative figures have been reclassified to conform to current period's presentation.

5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new accounting standards, amendment and interpretation to the existing standards which is mandatory for financial periods beginning on or after 1 January 2019.

Singapore Financial Reporting Standards (International) 16 – Leases (“SFRS(I) 16”)

The Group has applied SFRS(I) 16 from the mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Instead, the cumulative effect of applying the standard is recognised as an adjustment to opening balance of retained profits on 1 January 2019. Right-of-use asset was measured on transition as if the new rules had always been applied.

As at 1 January 2019, the Company recognised its existing operating lease arrangement as right-of-use asset with corresponding lease liability under the principles of SFRS(I) 16. As a result, the Group has recognised right-of-use asset of S\$207,000, lease liability of S\$214,000 and a decrease in retained profit of S\$7,000 as at 1 January 2019. The adoption of SFRS(I) 16 has no material impact to the results of the Group.

6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	9 months ended 30 September	
	FY 2019 Singapore Cents	FY 2018 Singapore Cents
Earnings per ordinary share attributable to owners of the parent for :		
- Basic	1.39	3.60
- Diluted	1.39	3.60

The basic and diluted earnings per ordinary share were calculated based on the weighted average number of ordinary shares in issue of 221,933,192 as at 30 September 2019 and 30 September 2018 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

- a. current period reported on; and
- b. immediately preceding financial year

	Group		Company	
	30-09-19 Singapore Cents	31-12-18 Singapore Cents	30-09-19 Singapore Cents	31-12-18 Singapore Cents
Net asset value per ordinary share based on issued share capital	59.38	58.09	43.03	43.49

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

8(a) Group performance review for the 9-months period ended September 2019 ("9M FY2019")

Revenue and Gross profit

Revenue was \$22.0 million, a decrease of \$16.2 million, mainly due to a lower percentage of revenue recognised from the Group's D'Seaview project in Cambodia, which was reaching completion. The property segment accounted for 92% of the Group's revenue in 9M FY2019.

Gross profit was \$12.1 million, a decrease of \$8.3 million, mainly due the reason mentioned above.

Gross profit margin remained fairly constant at 55% and 53% for 9M FY2019 and 9M FY2018 respectively.

Other income

Other income was \$0.9 million, a decrease of 0.7 million, mainly due to lower net foreign exchange gain.

Distribution and selling expenses

Distribution and selling expenses were \$0.6 million, a decrease of \$2.7 million, mainly due to lower sales and marketing activities and estate agencies commission paid out for the property segment.

Administrative expenses

Administrative expenses were \$6.5 million, a decrease of \$3.3 million, mainly due to lower professional fees paid out for the property segment and reduced expenses related to the upkeep of farm machinery.

Other expenses

Other expenses were \$1.1 million, an increase of \$0.9 million, mainly due to loss on disposal of the Group's investment property and net fair value loss on investment in quoted shares.

Share of loss of joint venture

Share of loss of joint venture was \$0.9 million, mainly due to incorporation costs, marketing activities, operating expenses and construction costs incurred by our joint venture company, Royal Hong Lai Huat One Company Limited ("RHLH1") in Cambodia. HLH Development Pte Ltd, a wholly owned subsidiary of the Group and Royal Group of Companies Limited have incorporated the joint venture company to develop a mixed-use development project in Phnom Penh, the capital city of Cambodia.

Profit for the period

Profit for the period was \$3.1 million, a decrease of \$4.9 million, mainly due to a lower percentage of revenue recognised from the Group's D'Seaview project in Cambodia, which was reaching completion, net fair value loss on investment in quoted shares and share of loss of joint-venture.

8(b) Cash flow, working capital, assets or liabilities of the Group

Cash flow and working capital

Net cash deficit from operating activities were \$6.3 million for 9M FY2019, mainly due to a decrease in operating profit and payment to sub-contractors.

Net cash used in investing activities was \$1.7 million for 9M FY2019, mainly due to investment in joint venture.

Net cash used in financing activities was \$1.9 million for 9M FY2019, mainly due to repayment of bank loans and dividends paid to owners of the Company.

As a result, the balance of cash and cash equivalents at the end of 9M FY2019 decreased by \$9.5 million as compared to the end of previous year, to \$15.7 million.

Assets

Total Group assets increased by \$3.3 million to \$153.1 million. The increase was mainly due to an increase in trade receivables, development properties and investment in joint-venture, offset by the decrease in cash and bank balances and investment properties.

Liabilities

Total Group liabilities increased by \$0.4 million to \$21.3 million. The increase was mainly due to an increase in trade payables and recognition of finance lease liabilities arising from adoption of SFRS(I) 16, offset by the decrease in other payables and accruals and bank loans.

9. Where a forecast, or a prospect statement, has been previously disclosed to our shareholders, any variance between it and the actual results.

The Company has not previously disclosed any forecast or a prospect statement.

10. A commentary at the date of the announcement of the 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.

Agriculture Division

- The Agriculture Division has commenced harvesting the cassava in October 2019. The harvested fresh cassava is processed into tapioca starch for local and oversea markets.
- The Plantation team has commenced new cultivation exercise of fresh cassava in fourth quarter 2019 and expects to complete the planting process by the end of 2019.

Property Division

- The commercial units of the D'Seaview project have been completed and handing over to our buyers progressively. The residential towers are targeted to complete by end of 2019.
- The Group's second mixed development project, Royal Platinum's piling exercise is expected to be completed by fourth quarter 2019 and targeted to commence construction in early 2020.
- The Property Division continues to seek new business development opportunities.

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

c. Date payable

Not applicable.

d. Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions.

14. Confirmation of undertakings from directors and executive officers.

The company has procured undertaking from all its directors and executive officers under Rule 720(1) of the listing manual.

15. Negative assurance on interim financial results under Rule 705(5) of the listing manual.

The Board of Directors of the Company confirms that, to the best of our knowledge, nothing has come to the attention which may render the interim financial results to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Dato' Dr Ong Bee Huat
Executive Deputy Chairman and Group Chief Executive Officer
11 November 2019