

Unaudited First Quarter Financial Results Announcement for the Period Ended 31 March 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**

	<b>3 months ended 31 March</b>		
	<b>FY 2019</b>	<b>FY 2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	7,491	16,777	-55%
Cost of sales	(3,309)	(7,800)	-58%
<b>Gross profit</b>	4,182	8,977	-53%
Other income	58	145	-60%
Distribution and selling expenses	(236)	(479)	-51%
Administrative expenses	(2,215)	(3,072)	-28%
Other expenses	(701)	(1,161)	-40%
Share of loss of joint venture	(115)	-	N.M.
Finance costs	(30)	(142)	-79%
<b>Profit before income tax</b>	943	4,268	-78%
Income tax expense	(269)	(115)	134%
<b>Profit for the period</b>	674	4,153	-84%
<b>Other comprehensive income:</b>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation	(410)	(1,044)	
<b>Other comprehensive loss for the period, net of tax</b>	(410)	(1,044)	
<b>Total comprehensive income for the period</b>	264	3,109	
<b>Profit attributable to:</b>			
Owners of the company	674	4,153	
Non-controlling interests	-	-	
	674	4,153	
<b>Total comprehensive income attributable to:</b>			
Owners of the company	264	3,109	
Non-controlling interests	-	-	
	264	3,109	

Note:

N.M. - Not meaningful

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

### 3 months ended 31 March

	FY 2019	FY 2018
	S\$'000	S\$'000

The following items were credited/(charged) to the income statement:

#### Other income

Interest income from bank deposits	31	35
Gain on disposal of property, plant and equipment	-	16

#### Administrative expenses

Depreciation of property, plant and equipment	(858)	(848)
Depreciation of right-of-use asset	(20)	-

#### Other expenses

Loss on change in fair value of investment securities	(360)	-
Net foreign exchange loss	(339)	(1,009)

**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	
	31-03-19	31-12-18	31-03-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current assets</u>				
Cash and bank balances	22,765	25,231	3,407	2,270
Trade receivables	4,686	2,787	-	-
Other receivables and deposits	791	428	50	47
Prepayments	416	620	50	40
Amount due from subsidiaries	-	-	24,555	27,909
Investment securities	742	1,102	-	-
Inventories	113	105	-	-
Biological assets	5,137	5,129	-	-
Development properties	19,462	18,892	-	-
Total current assets	54,112	54,294	28,062	30,266
<u>Non-current assets</u>				
Other receivables and deposits	41	41	-	-
Property, plant and equipment	82,034	83,018	292	308
Right-of-use asset	187	-	187	-
Investment properties	12,493	12,505	731	731
Intangible assets	4	7	-	-
Joint venture	1,271	-	-	-
Investment in subsidiaries	-	-	77,160	77,160
Total non-current assets	96,030	95,571	78,370	78,199
Total assets	150,142	149,865	106,432	108,465
<u>Liabilities and equity</u>				
<u>Current liabilities</u>				
Trade payables	5,535	5,228	-	-
Other payables and accruals	1,367	1,645	343	375
Amount due to subsidiaries	-	-	9,195	11,437
Income tax payable	-	26	-	-
Bank loans and overdraft	686	686	-	-
Finance lease liabilities	198	105	102	25
Total current liabilities	7,786	7,690	9,640	11,837
<u>Non-current liabilities</u>				
Bank loans	1,075	1,245	-	-
Finance lease liabilities	1,112	900	204	94
Deferred tax liabilities	10,991	11,109	23	23
Total non-current liabilities	13,178	13,254	227	117
<u>Capital, reserves and non-controlling interests</u>				
Share capital	123,131	123,131	123,131	123,131
Retained earnings (Accumulated losses)	7,173	6,506	(26,107)	(26,161)
Capital reserve	414	414	(459)	(459)
Asset revaluation reserve	2,775	2,775	-	-
Foreign currency translation reserve	(4,315)	(3,905)	-	-
Equity attributable to owners of the company	129,178	128,921	96,565	96,511
Non-controlling interests	-	-	-	-
Total equity	129,178	128,921	96,565	96,511
Total liabilities and equity	150,142	149,865	106,432	108,465

Note:

N.M. : Not meaningful

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

	As at 31-03-2019		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	1,075	-	1,245	-

**Details of any collaterals**

As at 31 March 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**

	<b>3 months ended 31 March</b>	
	<b>FY 2019</b>	<b>FY 2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before tax	943	4,268
Adjustments for:		
Share of loss of joint venture	115	-
Interest expense	30	142
Depreciation of property, plant and equipment	858	848
Depreciation of right-of-use asset	20	-
Gain on disposal of property, plant and equipment, net	-	(16)
Loss on change in fair value of investment securities	360	-
Foreign exchange adjustments	35	565
Interest income	(31)	(35)
Operating cash flows before movement in working capital	<u>2,330</u>	<u>5,772</u>
Trade receivables	(1,899)	(5,940)
Other receivables and deposits	(364)	(200)
Prepayments	204	(22)
Inventories	(8)	(128)
Biological assets	(8)	667
Development properties	(570)	2,778
Trade payables	307	(234)
Other payables and accruals	(278)	517
Cash (used in) from operation	<u>(286)</u>	<u>3,210</u>
Income tax paid	(269)	(303)
Interest received	31	35
Net cash (used in) from operating activities	<u>(524)</u>	<u>2,942</u>
<b>Investing activities</b>		
Investment in joint venture	(1,392)	-
Addition to property, plant and equipment	(116)	(149)
Proceeds from sale of property, plant and equipment	1	55
Net cash used in investing activities	<u>(1,507)</u>	<u>(94)</u>
<b>Financing activities</b>		
Repayment for bank loans	(170)	(162)
Repayment for lease liabilities	(47)	(20)
Repayment for overdraft	-	(63)
Interest paid on lease liabilities	(7)	(4)
Interest paid on borrowing	(23)	(138)
Net cash used in financing activities	<u>(247)</u>	<u>(387)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(2,278)</b>	<b>2,461</b>
Effect of exchange rate changes on balances held in foreign currencies	(188)	(19)
Cash and cash equivalents at beginning of year	<u>25,231</u>	<u>2,021</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>22,765</u></b>	<b><u>4,463</u></b>

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							Non-controlling interests	Total equity
	Share capital	(Accumulated losses) Retained earnings	Capital reserve	Asset revaluation reserve	Currency translation reserve	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
<b>Group</b>									
Balance at 1 January 2018	123,131	(1,084)	418	2,775	(5,521)	119,719	-	119,719	
<b>Total comprehensive income for the period</b>									
Profit for the period	-	4,268	-	-	-	4,268	-	4,268	
Other comprehensive loss for the period	-	-	-	-	(1,044)	(1,044)	-	(1,044)	
Total	-	4,268	-	-	(1,044)	3,224	-	3,224	
<b>Balance at 31 March 2018</b>	<b>123,131</b>	<b>3,184</b>	<b>418</b>	<b>2,775</b>	<b>(6,565)</b>	<b>122,943</b>	<b>-</b>	<b>122,943</b>	
<b>Balance at 31 December 2018</b>	<b>123,131</b>	<b>6,506</b>	<b>414</b>	<b>2,775</b>	<b>(3,905)</b>	<b>128,921</b>	<b>-</b>	<b>128,921</b>	
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	
<b>Total comprehensive income for the period</b>									
Profit for the period	-	674	-	-	-	674	-	674	
Other comprehensive loss for the period	-	-	-	-	(410)	(410)	-	(410)	
Total	-	674	-	-	(410)	264	-	264	
<b>Balance at 31 March 2019</b>	<b>123,131</b>	<b>7,173</b>	<b>414</b>	<b>2,775</b>	<b>(4,315)</b>	<b>129,178</b>	<b>-</b>	<b>129,178</b>	

**Company's statement of changes in equity**

	Share capital	Accumulated losses	Capital reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>				
Balance at 1 January 2018	123,131	(27,873)	(455)	94,803
<b>Total comprehensive loss for the period</b>				
Loss for the period	-	(695)	-	(695)
Balance at 31 March 2018	123,131	(28,568)	(455)	94,108
<b>Balance at 31 December 2018</b>	<b>123,131</b>	<b>(26,161)</b>	<b>(459)</b>	<b>96,511</b>
Adjustment on adoption of SFRS(I) 16	-	(7)	-	(7)
Balance at 1 January 2019	123,131	(26,168)	(459)	96,504
<b>Total comprehensive profit for the period</b>				
Profit for the period	-	61	-	61
<b>Balance at 31 March 2019</b>	<b>123,131</b>	<b>(26,107)</b>	<b>(459)</b>	<b>96,565</b>

**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.**

There were no shares issued for the year under review.

The Company does not hold any treasury shares as at 31 March 2019 and 31 March 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 31 March 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	
	3 months ended 31 March	
	FY 2019 Singapore Cents	FY 2018 Singapore Cents
Earnings per ordinary share attributable to owners of the parent for :		
- Basic	0.30	1.87
- Diluted	0.30	1.87

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 31 March 2019 and 31 March 2018 respectively. The comparative figures for earnings per ordinary share have been adjusted for the share consolidation of every thirty existing issued ordinary shares into one ordinary share.

**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	
	31-03-19 Singapore Cents	31-12-18 Singapore Cents	31-03-19 Singapore Cents	31-12-18 Singapore Cents
Net asset value per ordinary share based on issued share capital	58.21	58.09	43.51	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 3-months period ended March 2019 ("Q1 FY2019")**

**Revenue and Gross profit**

Revenue was \$7.5 million, a decrease of \$9.3 million, mainly due to tail-end sales of the Group's D'Seaview project in Cambodia. The property segment accounted for 88% of the Group's revenue in Q1 FY2019.

Gross profit was \$4.2 million, a decrease of \$4.8 million, mainly due to tail-end sales of the Group's D'Seaview project in the property segment.

**Distribution and selling expenses**

Distribution and selling expenses were \$0.2 million, a decrease of S\$0.3 million, mainly due to lower sales and marketing activities and estate agencies commission paid out for the property segment.

**Administrative expenses**

Administrative expenses were \$2.2 million, a decrease of \$0.9 million, mainly due to lower professional fees paid out for the property segment.

**Other expenses**

Other expenses were \$0.7 million, a decrease of \$0.5 million, mainly due to net foreign exchange loss of \$1.0 million in Q1 FY2018.

**Share of loss of joint venture**

Share of loss of joint venture was \$0.1 million, mainly due to incorporation costs and administrative expenses 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 year**

Profit for the year was \$0.7 million, a decrease of \$3.5 million, mainly due to tail-end sales of the Group's D'Seaview project in Cambodia 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 \$0.5 million in Q1 FY2019 compared to a net cash surplus of \$2.9 million in Q1 FY2018. The deficit was mainly due to a decrease in operating profit.

Net cash used investing activities was \$1.5 million for Q1 FY2019, mainly due to investment in joint venture.

Net cash used in financing activities was \$0.2 million, mainly due to repayment of bank loans and lease liabilities.

As a result, the balance of cash and cash equivalents at the end of Q1 FY2019 decreased by \$2.4 million as compared to the end of previous year, to \$22.8 million.

### **Assets**

Total assets as at 31 March 2019 were \$150.1 million. Compared to 31 December 2018, total assets increased by \$0.2 million mainly due to increase in trade receivables arising from increase in balances due from buyers of D'Seaview units, and the investment in joint venture to develop a mixed-use development project in Phnom Penh, the capital city of Cambodia.

The increase was partially offset by decrease in cash and bank balances, and investment securities arising from fair value losses of quoted investments.

### **Liabilities**

Total liabilities as at 31 March 2019 were \$21.0 million. Compared to 31 December 2018, total liabilities remained fairly unchanged. The increase in total liabilities mainly due to recognition of lease liabilities arising from adoption of SFRS(I) 16 and trade payables were offset by decrease in other payables and accruals, and repayment of bank loan.

## **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 will continue to focus on increasing the yield of fresh cassava in our Agriculture Farm located in Aoral District, Kingdom of Cambodia. The harvested fresh cassava will either be sold directly or processed into native tapioca starch.

### **Property Division**

- The Property Division will start to handover the commercial units of the D'Seaview project in May and the completion of the residential towers is targeted to be end of FY2019.
- Meanwhile, Royal Platinum which is the Group's second mixed-use development project, held its ground breaking ceremony on the 7<sup>th</sup> May in Toul Kork district, Phnom Penh, the capital city of Cambodia. The Division targets to start selling the project at the end of May 2019.

**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  
13 May 2019