

Unaudited Second Quarter and Half Year Financial Results Announcement for the Period Ended 30 June 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 June			6 months ended 30 June		
	FY 2019 S\$'000	FY 2018 S\$'000	Change %	FY 2019 S\$'000	FY 2018 S\$'000	Change %
Revenue	5,990	11,586	-48%	13,481	28,363	-52%
Cost of sales	(2,703)	(5,386)	-50%	(6,012)	(13,186)	-54%
Gross profit	3,287	6,200	-47%	7,469	15,177	-51%
Other income	183	2,105	-91%	241	1,077	-78%
Distribution and selling expenses	(206)	(2,235)	-91%	(442)	(2,714)	-84%
Administrative expenses	(2,268)	(3,483)	-35%	(4,483)	(6,555)	-32%
Other expenses	(555)	(46)	N.M.	(1,256)	(34)	N.M.
Share of loss of joint venture	(206)	-	N.M.	(321)	-	N.M.
Finance costs	(27)	(130)	-79%	(57)	(272)	-79%
Profit before income tax	208	2,411	-91%	1,151	6,679	-83%
Income tax expense	(300)	(59)	409%	(569)	(174)	227%
(Loss) Profit for the period	(92)	2,352	-104%	582	6,505	-91%
Other comprehensive (loss) income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation	(280)	2,411		(690)	1,367	
Other comprehensive (loss) income for the period, net of tax	(280)	2,411		(690)	1,367	
Total comprehensive (loss) income for the period	(372)	4,763		(108)	7,872	
Profit (Loss) attributable to:						
Owners of the company	(92)	2,352		582	6,505	
Non-controlling interests	-	-		-	-	
	(92)	2,352		582	6,505	
Total comprehensive (loss) income attributable to:						
Owners of the company	(372)	4,763		(108)	7,872	
Non-controlling interests	-	-		-	-	
	(372)	4,763		(108)	7,872	

Note:

N.M. - Not meaningful

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

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
The following items were credited/(charged) to the income statement:				
<u>Other income</u>				
Interest income from bank deposits	165	9	196	44
Net foreign exchange gain	-	1,915	-	910
<u>Administrative expenses</u>				
Depreciation of property, plant and equipment	(874)	(874)	(1,732)	(1,722)
Depreciation of right-of-use asset	(19)	-	(39)	-
<u>Other expenses</u>				
Loss on change in fair value of investment securities	(380)	-	(740)	-
Net foreign exchange loss	(154)	-	(493)	-

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	
	30-06-19 S\$'000	31-12-18 S\$'000	30-06-19 S\$'000	31-12-18 S\$'000
<u>Current assets</u>				
Cash and bank balances	18,932	25,231	2,361	2,270
Trade receivables	7,501	2,787	-	-
Other receivables and deposits	1,228	428	49	47
Prepayments	516	620	47	40
Amount due from subsidiaries	-	-	25,344	27,909
Investment securities	362	1,102	-	-
Inventories	101	105	-	-
Biological assets	5,180	5,129	-	-
Development properties	19,988	18,892	-	-
Assets classified as held for sale	1,758	-	-	-
Total current assets	55,566	54,294	27,801	30,266
<u>Non-current assets</u>				
Other receivables and deposits	40	41	-	-
Property, plant and equipment	80,952	83,018	272	308
Right-of-use asset	168	-	168	-
Investment properties	10,731	12,505	731	731
Intangible assets	3	7	-	-
Joint venture	2,415	-	-	-
Investment in subsidiaries	-	-	77,160	77,160
Total non-current assets	94,309	95,571	78,331	78,199
Total assets	149,875	149,865	106,132	108,465
<u>Liabilities and equity</u>				
<u>Current liabilities</u>				
Trade payables	5,482	5,228	-	-
Other payables and accruals	1,774	1,645	151	375
Amount due to subsidiaries	-	-	9,130	11,437
Income tax payable	-	26	-	-
Bank loans and overdraft	686	686	-	-
Finance lease liabilities	198	105	102	25
Total current liabilities	8,140	7,690	9,383	11,837
<u>Non-current liabilities</u>				
Bank loans	903	1,245	-	-
Finance lease liabilities	1,063	900	177	94
Deferred tax liabilities	10,963	11,109	23	23
Total non-current liabilities	12,929	13,254	200	117
<u>Capital, reserves and non-controlling interests</u>				
Share capital	94,602	123,131	94,602	123,131
Retained earnings (Accumulated losses)	35,610	6,506	2,406	(26,161)
Capital reserve	414	414	(459)	(459)
Asset revaluation reserve	2,775	2,775	-	-
Foreign currency translation reserve	(4,595)	(3,905)	-	-
Equity attributable to owners of the company	128,806	128,921	96,549	96,511
Non-controlling interests	-	-	-	-
Total equity	128,806	128,921	96,549	96,511
Total liabilities and equity	149,875	149,865	106,132	108,465

Note:

N.M. : Not meaningful

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

	As at 31-06-2019		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	903	-	1,245	-

Details of any collaterals

As at 30 June 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

	6 months ended 30 June	
	FY 2019	FY 2018
	S\$'000	S\$'000
Operating activities		
Profit before tax	1,151	6,679
Adjustments for:		
Share of loss of joint venture	321	-
Interest expense	57	272
Depreciation of property, plant and equipment	1,732	1,722
Depreciation of right-of-use asset	39	-
Loss (Gain) on disposal of property, plant and equipment, net	1	(4)
Loss on change in fair value of investment securities	740	-
Loss on disposal of assets classified as held for sale	-	13
Written-off of property, plant and equipment	22	-
Foreign exchange adjustments	317	(1,405)
Interest income	(196)	(44)
Operating cash flows before movement in working capital	<u>4,184</u>	<u>7,233</u>
Trade receivables	(4,714)	(5,700)
Other receivables and deposits	(800)	(1,825)
Prepayments	104	(72)
Inventories	4	297
Biological assets	(51)	-
Development properties	(1,096)	(493)
Trade payables	254	2,031
Other payables and accruals	129	484
Cash (used in) from operation	<u>(1,986)</u>	<u>1,955</u>
Income tax paid	(569)	(345)
Interest received	196	44
Net cash (used in) from operating activities	<u>(2,359)</u>	<u>1,654</u>
Investing activities		
Investment in joint venture	(2,803)	-
Addition to property, plant and equipment	(442)	(298)
Proceeds from sale of property, plant and equipment	56	453
Proceeds from disposal of assets classified as held for sale	-	2,846
Net cash (used in) from investing activities	<u>(3,189)</u>	<u>3,001</u>
Financing activities		
Repayment for bank loans	(342)	(355)
Repayment for lease liabilities	(100)	(50)
Interest paid on lease liabilities	(12)	(7)
Interest paid on borrowing	(45)	(265)
Net cash used in financing activities	<u>(499)</u>	<u>(677)</u>
Net (decrease) increase in cash and cash equivalents	(6,047)	3,978
Effect of exchange rate changes on balances held in foreign currencies	(252)	17
Cash and cash equivalents at beginning of year	<u>25,231</u>	<u>2,021</u>
Cash and cash equivalents at end of period	<u>18,932</u>	<u>6,016</u>
<u>Cash and bank balances</u>		
Cash at bank and on hand	15,467	5,253
Short-term fixed deposits with financial institutions	3,465	763
Cash and cash equivalents at end of period	<u>18,932</u>	<u>6,016</u>

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 equity
	Share capital	(Accumulated losses) Retained earnings	Capital reserve	Asset revaluation reserve	Currency translation reserve	Total	Non-controlling interests	
	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	-	6,505	-	-	-	6,505	-	6,505
Other comprehensive income for the period	-	-	-	-	1,367	1,367	-	1,367
Total	-	6,505	-	-	1,367	7,872	-	7,872
Balance at 30 June 2018	123,131	5,421	418	2,775	(4,154)	127,591	-	127,591
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	-	582	-	-	-	582	-	582
Other comprehensive loss for the period	-	-	-	-	(690)	(690)	-	(690)
Total	-	582	-	-	(690)	(108)	-	(108)
Others								
Share capital restructuring	(28,529)	28,529	-	-	-	-	-	-
Balance at 30 June 2019	94,602	35,610	414	2,775	(4,595)	128,806	-	128,806

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 June 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 profit for the period				
Profit for the period	-	45	-	45
Others				
Share capital restructuring	(28,529)	28,529	-	-
Balance at 30 June 2019	94,602	2,406	(459)	96,549

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 June 2019 and 30 June 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 June 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	
	6 months ended 30 June	
	FY 2019 Singapore Cents	FY 2018 Singapore Cents
Earnings per ordinary share attributable to owners of the parent for :		
- Basic	0.26	2.93
- Diluted	0.26	2.93

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 June 2019 and 30 June 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	
	30-06-19 Singapore Cents	31-12-18 Singapore Cents	30-06-19 Singapore Cents	31-12-18 Singapore Cents
Net asset value per ordinary share based on issued share capital	58.04	58.09	43.50	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 6-months period ended June 2019 ("1H FY2019")

Revenue and Gross profit

Revenue was \$13.5 million, a decrease of \$14.9 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 90% of the Group's revenue in 1H FY2019.

Gross profit was \$7.5 million, a decrease of \$7.7 million, mainly due the reason mentioned above.

Gross profit margin remained fairly constant at 55% and 54% for 1H FY2019 and 1H FY2018 respectively.

Other income

Other income was \$0.2 million, a decrease of 0.9 million, mainly due to net foreign exchange gain of \$0.9 million in 1H FY2018 compared net foreign exchange loss of \$0.5 million in 1H FY2019.

Distribution and selling expenses

Distribution and selling expenses were \$0.4 million, a decrease of S\$2.3 million, mainly due to lower sales and marketing activities and estate agencies commission paid out for the property segment.

Administrative expenses

Administrative expenses were \$4.5 million, a decrease of \$2.1 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 \$1.3 million, an increase of \$1.2 million, mainly due to net foreign exchange loss of \$0.5 million and net fair value loss of \$0.7 million on investment in quoted shares in 1H FY2019.

Share of loss of joint venture

Share of loss of joint venture was \$0.3 million, mainly due to incorporation costs, marketing activities 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 period

Profit for the period was \$0.6 million, a decrease of \$5.9 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 \$2.4 million in 1H FY2019 compared to a net cash surplus of \$1.7 million in 1H FY2018. The deficit was mainly due to a decrease in operating profit.

Net cash used in investing activities was \$3.2 million for 1H FY2019, mainly due to investment in joint venture.

Net cash used in financing activities was \$0.5 million for 1H FY2019, mainly due to repayment of bank loans and lease liabilities.

As a result, the balance of cash and cash equivalents at the end of 1H FY2019 decreased by \$6.3 million as compared to the end of previous year, to \$18.9 million.

Assets

Total assets as at 30 June 2019 were \$149.9 million. Compared to 31 December 2018, total assets remained fairly unchanged. The increase in total assets was mainly due to trade receivables arising from increase in balances due from buyers of D'Seaview units, deposit paid for ownership transfer fee arising from D'Seaview project and the investment in joint venture to develop a mixed-use development project in Phnom Penh, offset by decrease in cash and bank balances, and investment securities arising from fair value loss of quoted investments.

Liabilities

Total liabilities as at 30 June 2019 were \$21.1 million. Compared to 31 December 2018, total liabilities remained fairly unchanged. The increase in total liabilities was mainly due to recognition of lease liabilities arising from adoption of SFRS(I) 16 and deposit collected upon signing of the Sale and Purchase Agreement, offset by 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 expects to harvest the fresh cassava in Q3 FY2019. The harvested fresh cassava will either be sold directly or processed into tapioca starch.

Property Division

- The Property Division in Cambodia have started to handover the commercial units of the D'Seaview project progressively since May 2019. The D'Seaview residential towers are targeted to complete within the next 6 months.
- Royal Platinum, the Group's second mixed-use development project, held its ground breaking ceremony on the 7 May in Toul Kork district, Phnom Penh, the capital city of Cambodia. The Property Division has successfully soft launched the project for sale on 24 June 2019 in Phnom Penh and will be organising a sale launch in Singapore on 6 September 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
5 August 2019