

Unaudited Second Quarter Financial Statement and Related Announcement for the Period Ended 30 June 2016

Part 1 - Information required for announcements of quarterly (Q1, Q2 & Q3), half-year and full year results

- 1(a) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	<----- Group ----->			<----- Group ----->		
	Quarter ended 30 June			Half Year ended		
	2016	2015	Change	2016	2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	1,887	1,466	29	3,819	2,888	32
Cost of sales	(156)	(439)	(65)	(398)	(900)	(56)
Gross profit	1,731	1,027	69	3,421	1,988	72
Other income	4,142	474	>100	4,225	819	>100
Distribution and selling expenses	(427)	-	NM	(789)	-	NM
Administrative expenses	(1,683)	(1,271)	32	(3,307)	(2,383)	39
Other expenses	(202)	(10)	>100	(2,143)	(462)	>100
Finance costs	(141)	(36)	>100	(397)	(72)	>100
Profit/(Loss) before taxation	3,421	184	>100	1,010	(110)	NM
Income tax expenses	61	-	NM	95	7	>100
Net profit/(loss) for the period (note (i))	3,481	184	>100	1,105	(103)	NM
Other comprehensive income						
Foreign currency translation	-	(1,199)	NM	(2,796)	831	NM
Exchange differences on monetary items forming part of net investment in a foreign operation	-	(1,217)	NM	-	-	-
Other comprehensive income/(loss) for the period, net of tax	-	(2,416)	NM	(2,796)	831	NM
Total comprehensive income/(loss) for the period	3,481	(2,232)	NM	(1,691)	728	NM
Net profit/(loss) attributable to:						
Owners of the parent	3,468	185	>100	1,093	(96)	NM
Non-controlling interests	13	(1)	NM	13	(7)	NM
	3,481	184	>100	1,105	(103)	NM
Total comprehensive income/(loss) attributable to:						
Owners of the parent	3,481	(2,227)	NM	(1,686)	733	NM
Non-controlling interests	-	(5)	NM	(5)	(5)	-
	3,481	(2,232)	NM	(1,691)	728	NM

NM - Not meaningful

Note (i) – Net profit/(loss) for the period

This is determined after the followings:

	<----- Group ----->		<----- Group ----->	
	Quarter ended 30 June		Half year ended 30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Fair value loss on held for trading investment securities	-	(19)	-	(425)
Gain on change in fair value of investment properties	4,000	-	4,000	-
Gain on disposal of property, plant and equipment	63	9	53	40
Interest income	8	8	11	12
Net foreign exchange gain/(loss)	(195)	430	(2,110)	553
Depreciation of property, plant and equipment	(446)	(583)	(894)	(1,173)

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

Balance Sheets

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current assets				
Property, plant and equipment	14,740	15,989	34	43
Investment properties	102,122	102,389	276	276
Investments in subsidiaries	-	-	1,000	1,000
	116,862	118,378	1,310	1,319
Current assets				
Development property	15,696	14,440	-	-
Inventories	686	627	-	-
Biological assets	27	206	-	-
Trade receivables	6,482	4,764	-	-
Other receivables, deposits and prepayments	1,319	1,126	2	20
Amounts due from subsidiaries	-	-	92,504	84,367
Amounts due from non-controlling shareholders	16	-	-	-
Investment securities	2	3	-	-
Cash and cash equivalents	2,922	3,419	209	64
	27,150	24,584	92,715	84,451
Total assets	144,012	142,962	94,025	85,770
Equity and liabilities				
Current liabilities				
Trade payables	459	3,465	-	-
Other payables and accruals	6,840	3,430	235	904
Amounts due to subsidiaries	-	-	9,162	9,254
Loans from a director	-	4,737	-	-
Provision for taxation	43	135	-	-
Loans and borrowings	2,257	6,757	-	-
	9,599	18,524	9,397	10,158
Net current assets	17,551	6,060	83,318	74,293
Non-current liabilities				
Deferred tax liabilities	13,460	14,090	-	-
Loans and borrowings	5,515	2,772	-	-
Other payables and accruals	1,350	1,415	-	-
	20,325	18,277	-	-
Total liabilities	29,924	36,801	9,397	10,158
Net assets	114,088	106,161	84,628	75,612
Equity attributable to owners of the parent				
Share capital	86,502	76,897	86,502	76,897
Other reserves	43,909	46,705	(459)	(459)
Accumulated losses	(16,412)	(17,517)	(1,415)	(826)
	113,999	106,085	84,628	75,612
Non-controlling interests	89	76	-	-
Total equity	114,088	106,161	84,628	75,612
Total equity and liabilities	144,012	142,962	94,025	85,770

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

	As at 30.06.2016		As at 31.12.2015	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	2,257	-	6,757	-
Amount repayable after one year	5,515	-	2,772	-

Details of any collaterals

As at 30 June 2016, the Group's borrowings were secured by way of the followings:-

- Charge and assignment over all bank accounts of a subsidiary;
- Assignment of all receivables of a subsidiary;
- Charge over all shares of a subsidiary;
- Legal mortgage over freehold land of a subsidiary;
- Charge over specified lists of vehicles, machineries and equipment of two subsidiaries; and
- Assignment of interests in insurance policies of two subsidiaries.

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

Consolidated Cash Flow Statement

	<----- Group ----->		<----- Group ----->	
	Quarter ended		Half year ended	
	30 June		30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(Loss) before taxation	3,421	184	1,008	(110)
<u>Adjustments for:</u>				
Interest expense	27	36	55	72
Depreciation of property, plant and equipment	446	583	894	1,173
Gain on change in fair value of investment properties	(4,000)	-	(4,000)	-
Gain on disposal of property, plant and equipment	(63)	(9)	(53)	(40)
Fixed assets written off	-	-	-	36
Foreign exchange adjustments	(97)	(441)	1,329	(560)
Fair value loss on held for trading investment securities	-	19	-	425
Interest income	(8)	(8)	(11)	(12)
Operating (loss)/profit before working capital changes	(275)	364	(779)	984
<u>Changes in working capital</u>				
Trade and other receivables	(1,085)	1,081	(2,164)	(424)
Development properties	(1,457)	(1,633)	(1,257)	(1,633)
Inventories and biological assets	(72)	37	82	66
Trade and other payables	401	(96)	887	(264)
Cash flows (used in)/from operations	(2,488)	(247)	(3,231)	(1,271)
Interest paid	(27)	(36)	(55)	(72)
Income tax received/(paid)	(58)	-	(10)	6
Interest received	8	8	11	12
Net cash flows (used in)/from operating activities	(2,565)	(275)	(3,285)	(1,325)
Cash flows from investing activities				
Purchase of property, plant and equipment	(286)	(106)	(524)	(515)
Proceeds from sale of property, plant and equipment	104	45	225	151
Net cash flows (used in)/from investing activities	(182)	(61)	(299)	(364)
Cash flows from financing activities				
Proceeds from overdrafts	372	-	372	-
Repayment of term loans	(1,378)	(1,074)	(1,959)	(1,074)
Repayment to hire purchase creditors	(41)	(20)	(41)	(40)
Repayment of loans from a director	(5,664)	-	(4,753)	831
Payment of dividends to minority shareholders of subsidiary	-	-	-	(997)
Proceeds from issuance of new rights shares	9,605	-	9,605	-
Net cash flows from/(used in) financing activities	2,894	(1,094)	3,224	(1,280)
Net increase/(decrease) in cash and cash equivalents	147	(1,430)	(360)	(2,969)
Cash and cash equivalents at beginning of period	2,775	3,797	3,419	5,202
Effect of exchange rate changes on balances held in foreign currencies	-	(79)	(137)	55
Cash and cash equivalents at end of period	2,922	2,288	2,922	2,288
<u>Cash and cash equivalent at end of period</u>				

	30.06.2016	30.06.2015
	S\$'000	S\$'000
Cash at bank and in hand	2,182	2,254
Fixed deposits with financial institutions	740	34
	2,922	2,288

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.

Statements of Changes in Equity

	<u>Attributable to owners of the parent</u>						Equity total
	Share Capital	Accumulated losses	Capital reserve	Asset revaluation reserve	Currency translation reserve	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
Balance at 1 January 2015	76,897	(23,006)	481	39,614	1,966	1,255	97,207
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	-	2,024	6	2,030
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	1,217	-	1,217
Net loss for 1Q2015	-	(281)	-	-	-	(6)	(287)
Total comprehensive income for 1Q2015	-	(281)	-	-	3,241	-	2,960
Dividend paid to a non-controlling shareholder	-	-	-	-	-	(997)	(997)
Total distribution to owners	-	-	-	-	-	(997)	(997)
Balance at 31 March 2015	76,897	(23,287)	481	39,614	5,207	258	99,170
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	-	(1,195)	(4)	(1,199)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	(1,217)	-	(1,217)
Net profit for 2Q2015	-	185	-	-	-	(1)	184
Total comprehensive loss for 2Q2015	-	185	-	-	(2,412)	(5)	(2,232)
Balance at 30 June 2015	76,897	(23,102)	481	39,614	2,795	253	96,938
Balance at 1 January 2016	76,897	(17,516)	481	40,521	5,703	76	106,162
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	-	(2,796)	-	(2,796)
Net loss for 1Q2016	-	(2,377)	-	-	-	-	(2,377)
Total comprehensive loss for 1Q2016	-	(2,377)	-	-	(2,796)	-	(5,173)
Balance at 31 March 2016	76,897	(19,893)	481	40,521	2,907	77	100,989
Net profit for 2Q2016	-	3,481	-	-	-	12	3,493
Total comprehensive income for 2Q2016	-	3,481	-	-	-	12	3,493
Right issue	9,605	-	-	-	-	-	9,605
Total contributions by and distribution to owners	9,605	-	-	-	-	-	9,605
Balance at 30 June 2016	86,502	(16,412)	481	40,521	2,907	89	114,088

	Share Capital	Accumulated losses	Capital reserve	Equity total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance at 1 January 2015	76,897	-	(459)	76,438
Net loss for 1Q2015	-	(411)	-	(411)
Total comprehensive loss for 1Q2015	-	(411)	-	(411)
Balance at 31 March 2015	76,897	(411)	(459)	76,027
Net loss for 2Q2015	-	(39)	-	(39)
Total comprehensive loss for 2Q2015	-	(39)	-	(39)
Balance at 30 June 2015	76,897	(450)	(459)	75,988
Balance at 1 January 2016	76,897	(826)	(459)	75,612
Net loss for 1Q2016	-	(101)	-	(101)
Total comprehensive loss for 1Q2016	-	(101)	-	(101)
Balance at 31 March 2016	76,897	(927)	(459)	75,511
Net loss for 2Q2016	-	(488)	-	(488)
Total comprehensive loss for 2Q2016	-	(488)	-	(488)
Right issue	9,605	-	-	9,605
Total contributions by and distribution to owners	9,605	-	-	9,605
Balance at 30 June 2016	86,502	(1,415)	(459)	84,628

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 issuance of 1,600,857,253 Rights Shares of \$0.006 each during the period under review.

Resulting in the increase of the share capital by \$9.605 million from \$76.897 million to \$86.502 million.

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 shares excluding treasury shares as at 30 June 2016 and 31 December 2015 were 5,558,068,582 and 3,957,211,329 ordinary shares respectively.

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.

The Company has no treasury shares.

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

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

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of 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.

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2015 have been applied in the preparation for the unaudited financial statements for the financial period ended 30 June 2016.

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

Not applicable.

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

	<----- Group ----->		<----- Group ----->	
	Quarter ended		Half year ended	
	30 June		30 June	
	2016	2015	2016	2015
	in cents	in cents	in cents	in cents
Profit/(Loss) per ordinary share attributable to owners of the parent for the period:-				
Basic	0.062	0.005	0.020	(0.002)
Diluted	0.062	0.005	0.020	(0.002)

The basic and diluted earnings per share are calculated based on the weighted average number of shares in issue during the period of 5,558,068,582 (31.12.2015: 3,957,211,329).

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	in cents	in cents	in cents	in cents
Net asset value per ordinary share based on issued share capital	2.05	2.68	1.52	1.91

The computation of net asset value per share is based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 5,558,068,582 (2015: 3,957,211,329) shares.

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 financial period reported on.

Revenue and Gross Profit

Revenue

	<----- Group ----->			
	Quarter ended		Half year ended	
	30 June		30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Agriculture Division	1,887	1,466	3,819	2,888

The Group's revenue increased by \$0.931 million from \$2.888 million in 1H2015 to \$3.819 million in 1H2016 due to increase in cooperation income from Zhong Fu amounting to US\$0.5 million per half year.

Gross profit

	<----- Group ----->			
	Quarter ended		Half-year ended	
	30 June		30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Agriculture Division	1,731	1,027	3,421	1,988

The Group's gross profit increased by \$1.433 million from \$1.988 million in 1H2015 to \$3.421 million in 1H2016. This was mainly contributed by the increase of cooperation income by US\$0.5 million to US\$2 million in 1H2016 as compared to US\$1.5 million in 1H2015 benefiting from the joint operations with Zhong Fu. Gross profit of D'Kranji resorts has also improved after sub-letting to Sun & Earth Pte Ltd.

Other income

The Group's other income increased by \$3.406 million from \$0.819 million in 1H2015 to \$4.225 million in 1H2016 due mainly to revaluation gain on D'Kranji resort amounting to \$4.0 million.

Distribution and selling expenses

Marketing expenses of \$0.427 million were incurred in 2QFY2016 and \$0.789 million in 1H2016 in relation to the new sales and marketing activities by the property development in Cambodia. There were no marketing expenses incurred in 1H2015.

Administrative expenses

Administrative expenses of the Group increased by \$0.412 million to \$1.683 million in Q2FY2016 as compared to \$1.271 million in Q2FY2015 due mainly to professional and related fees incurred in relation to the rights issue of \$0.3 million and the increase in costs of management and staff as both property and agriculture businesses expanded.

Other expenses

The increase in other expenses of \$1.681 million from \$0.462 million 1H2015 to \$2.143 million was due mainly to unrealised exchange loss as a result of depreciation of the US dollars.

Finance costs

Finance costs increased by \$0.325 million from \$0.072 million in 1H2015 to \$0.397million in 1H2016 due mainly to the increase in interest expenses as a result of working capital loans taken up to finance the property development project as well as starch factory in Cambodia.

Review of Financial Results

In summary, the Group recorded a net profit of \$3.481 million in Q2FY2016 as compared to the profit of \$0.184 million in Q2FY2015 due mainly to revaluation gain on D'Kranji resorts amounting to \$4.0 million.

Review of Financial Position

The Group's property, plant and equipment ("PPE") was \$15.99 million as at 31 December 2015. In the first half of 2016, the Group acquired \$0.524 million of new PPE and disposed off \$0.172 million of the PPE. Together with the depreciation charges of \$0.894 million and forex impact of \$0.708 million. The ending Group's PPE became \$14.74 million.

The Group's investment properties decreased from \$102.389 million as at 31 December 2015 to \$102.123 million in the first half of 2016 or by \$0.266 million despite revaluation gain of \$4.0 million due mainly to the depreciation of US dollars.

The Group's development properties increased by \$1.256 million from \$14.440 million as at 31 December 2015 to \$15.696 million in the first half of 2016 due to work done for D'Seaview project.

Trade receivables increased by \$1.718 million from \$4.764 million as at 31 December 2015 to \$6.482 million as at 30 June 2016. This was mainly due to the accrual of cooperation income due from Zhong Fu for the 1H2016 of US\$2 million.

Trade creditors reduced by about \$3 million to \$0.459 million as at 30 June 2016 from \$3.465 million as at 31 December 2015 due mainly to the repayment of land costs.

Other payables and accruals increased from \$3.43 million as at 31 December 2015 to \$6.84 million as at 30 June 2016 or by \$3.41 million due to the increase in customer deposits as well as deferred revenue for property development project in Cambodia.

The company issued and paid-up share capital of \$76.897 million as at 31 Dec 2015 increased by \$9.605 million to \$86.502 million due to the issuance of 1,600,857,253 Rights Shares at \$0.006 each.

The net assets of the Group was \$114.088 million as at 30 June 2016 and \$106.161 million as at 31 December 2015. The increase of approximately \$7.927 million was mainly attributable to the right issue of \$9.605 million, net profit of \$1.105 million and reduction in foreign currency translation reserves by \$2.796 million due to the weakening of US dollars.

Review of Cash Flow Statement

Net cash flows used in operating activities in 1HFY2016 was \$3.285 million as compared to \$1.325 million generated in 1HFY2015 due mainly to the development costs for D'Seaview project amounting to \$1.457 million.

Net cash flow of \$0.299 million in 1HFY2016 was used in investment activities as compared to \$0.364 million in 1HFY2015. The Group also generated proceeds of \$0.225 million from sales of plant and equipment in Cambodia in 1HFY2016 compared to \$0.151 million in 1HFY2015.

Net cash flow of \$2.894 million was generated from financing activities in 2Q2016 due mainly to the right issue of \$9.605 million in April 2016 offset by the repayment of the director's loan of \$5.664 million.

Overall, cash and cash equivalents of the Group stood at \$2.922 million as at 30 June 2016.

The decrease in cash and cash equivalents by \$0.360 million during the first half 2016 was due substantially to the repayment of director's loan, term loan repayments of \$1.959 million and the development property costs of \$1.457 million offset by the right issue of \$9.605 million.

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

Not Applicable

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 upgraded its 11,000 hectares farmland into an Agriculture Park that comprises the cultivation area for cassava (tapioca), and HLH's first cassava starch factory. The starch factory has a yearly production capacity of 36,000 tons. The Park will also have a designated area suitable for livestock and aquaculture farming which the company will be actively sourcing for international investors to set up their operations in the park.

PROPERTY DEVELOPMENT DIVISION

HLH's first overseas mixed development project, D'Seaview, in Sihanoukville has sold 51% of its residential units. The balance of residential units as well as its 14,000 sqm of commercial space comprising two office buildings, F&B retails and hotel are now being actively marketed.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on?

No.

(b) Corresponding period of the Immediately Preceding Financial Year?

Any dividend declared for the corresponding period of the Immediately Preceding Financial Year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

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 Company did not seek and does not have a shareholders' general mandate pursuant to Rule 920 of the Listing Manual.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial results of the Group for the period ended 30 June 2016 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

HELEN CAMPOS
COMPANY SECRETARY
2 August 2016