

Unaudited Half Year Financial Results Announcement for the Period Ended 30 June 2020

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

	6 months ended 30 June		
	FY 2020 S\$'000	FY 2019 S\$'000	Change %
Revenue	5,524	13,481	-59%
Cost of sales	(2,479)	(6,012)	-59%
Gross profit	3,045	7,469	-59%
Other income	2,084	241	765%
Distribution and selling expenses	(121)	(442)	-73%
Administrative expenses	(5,584)	(4,483)	25%
Other expenses	(61)	(1,256)	-95%
Share of loss of joint venture	(465)	(321)	45%
Finance costs	(50)	(57)	-12%
(Loss) Profit before income tax	(1,152)	1,151	-200%
Income tax expense	(188)	(569)	-67%
(Loss) Profit for the period	(1,340)	582	-330%
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	2,572	(690)	
Other comprehensive income (loss) for the period, net of tax	2,572	(690)	
Total comprehensive income (loss) for the period	1,232	(108)	
(Loss) Profit attributable to:			
Owners of the company	(1,340)	582	
Non-controlling interests	-	-	
	(1,340)	582	
Total comprehensive income (loss) attributable to:			
Owners of the company	1,232	(108)	
Non-controlling interests	-	-	
	1,232	(108)	

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

	6 months ended 30 June	
	FY 2020	FY 2019
	S\$'000	S\$'000
The following items were credited/(charged) to the income statement:		
Depreciation of property, plant and equipment	(814)	(719)
Depreciation of right-of-use asset	(971)	(1,052)
Government grant	86	3
Interest income from bank deposits	86	196
Loss on change in fair value of quoted investment	(60)	(740)
Gain (Loss) on disposal of property, plant and equipment	35	(1)
Net foreign exchange gain (loss)	1,770	(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	
	30-06-20	31-12-19	30-06-20	31-12-19
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current assets</u>				
Cash and bank balances	20,162	11,305	1,616	2,687
Trade receivables	12,418	15,223	-	-
Other receivables and deposits	2,077	1,894	37	48
Prepayments	584	1,330	50	65
Amount due from subsidiaries	-	-	32,758	24,329
Investment securities	101	161	-	-
Inventories	429	159	-	-
Biological assets	5,887	5,436	-	-
Properties held for sale	25,173	-	-	-
Development properties	-	23,265	-	-
Assets classified as held for sale	-	684	-	684
Total current assets	<u>66,831</u>	<u>59,457</u>	<u>34,461</u>	<u>27,813</u>
<u>Non-current assets</u>				
Other receivables and deposits	42	40	-	-
Property, plant and equipment	11,717	11,864	95	110
Right-of-use asset	69,200	67,681	210	273
Investment properties	9,000	9,000	-	-
Joint venture	4,365	3,315	-	-
Investment in subsidiaries	-	-	77,160	77,160
Total non-current assets	<u>94,324</u>	<u>91,900</u>	<u>77,465</u>	<u>77,543</u>
Total assets	<u>161,155</u>	<u>151,357</u>	<u>111,926</u>	<u>105,356</u>
<u>Liabilities and equity</u>				
<u>Current liabilities</u>				
Trade payables	4,980	5,534	-	-
Other payables and accruals	4,208	3,666	287	450
Amount due to subsidiaries	-	-	8,183	9,085
Income tax payable	80	132	-	-
Bank loans	2,874	1,238	1,847	-
Lease liabilities	142	248	106	106
Total current liabilities	<u>12,284</u>	<u>10,818</u>	<u>10,423</u>	<u>9,641</u>
<u>Non-current liabilities</u>				
Bank loans	6,643	-	5,793	-
Lease liabilities	912	886	65	121
Deferred tax liabilities	11,996	11,565	17	17
Total non-current liabilities	<u>19,551</u>	<u>12,451</u>	<u>5,875</u>	<u>138</u>
<u>Capital, reserves and non-controlling interests</u>				
Share capital	94,602	94,602	94,602	94,602
Retained earnings	34,387	35,727	1,485	1,434
Capital reserve	414	414	(459)	(459)
Asset revaluation reserve	2,775	2,775	-	-
Foreign currency translation reserve	(2,858)	(5,430)	-	-
Equity attributable to owners of the company	<u>129,320</u>	<u>128,088</u>	<u>95,628</u>	<u>95,577</u>
Non-controlling interests	-	-	-	-
Total equity	<u>129,320</u>	<u>128,088</u>	<u>95,628</u>	<u>95,577</u>
Total liabilities and equity	<u>161,155</u>	<u>151,357</u>	<u>111,926</u>	<u>105,356</u>

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

	As at 30-06-2020		As at 31-12-2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	2,874	-	1,238	-
Amount repayable after one year	6,643	-	-	-

Details of any collaterals

As at 30 June 2020, secured borrowings were secured by a mortgage on a subsidiary's investment property and corporate guarantees provided by subsidiaries.

- 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 2020	FY 2019
	S\$'000	S\$'000
Operating activities		
Profit before tax	(1,152)	1,151
Adjustments for:		
Share of loss of joint venture	465	321
Interest expense	50	57
Depreciation of property, plant and equipment	814	719
Depreciation of right-of-use asset	971	1,052
(Gain) Loss on disposal of property, plant and equipment, net	(35)	1
Loss on change in fair value of quoted investment	60	740
Written-off of property, plant and equipment	-	22
Foreign exchange adjustments	(1,012)	317
Interest income	(86)	(196)
Operating cash flows before movement in working capital	75	4,184
Trade receivables	2,805	(4,714)
Other receivables and deposits	(185)	(800)
Prepayments	746	104
Inventories	(270)	4
Biological assets	(451)	(51)
Development properties/ properties held for sale	(1,908)	(1,096)
Trade payables	(554)	254
Other payables and accruals	542	129
Cash from (used in) operation	800	(1,986)
Interest paid	(50)	(57)
Income tax paid	(240)	(569)
Interest received	86	196
Net cash from (used in) operating activities	596	(2,416)
Investing activities		
Investment in joint venture	(1,395)	(2,803)
Purchase of property, plant and equipment	(242)	(442)
Proceeds from sale of property, plant and equipment	14	56
Proceeds from disposal of assets classified as held for sale	695	-
Net cash used in investing activities	(928)	(3,189)
Financing activities		
New bank loans raised	8,847	-
Repayment for bank loans	(517)	(342)
Repayment for lease liabilities	(111)	(100)
Net cash from (used in) financing activities	8,219	(442)
Net increase (decrease) in cash and cash equivalents	7,887	(6,047)
Effect of exchange rate changes on balances held in foreign currencies	970	(252)
Cash and cash equivalents at beginning of period	11,305	25,231
Cash and cash equivalents at end of period	20,162	18,932
<u>Cash and bank balances</u>		
Cash at bank and on hand	9,170	15,467
Short-term fixed deposits with financial institutions	10,992	3,465
Cash and cash equivalents at end of period	20,162	18,932

- 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					
	Share capital	Retained earnings	Capital reserve	Asset revaluation reserve	Currency translation reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
At 1 January 2019	123,131	6,506	414	2,775	(3,905)	128,921
Adjustment on adoption of SFRS(I) 16	-	(7)	-	-	-	(7)
At 1 January 2019	123,131	6,499	414	2,775	(3,905)	128,914
Total comprehensive income (loss) for the period:						
Profit for the period	-	582	-	-	-	582
Other comprehensive loss for the period	-	-	-	-	(690)	(690)
Total	-	582	-	-	(690)	(108)
Transactions with owners, recognised directly in equity:						
Share capital restructuring	(28,529)	28,529	-	-	-	-
Balance at 30 June 2019	94,602	35,610	414	2,775	(4,595)	128,806
At 1 January 2020	94,602	35,727	414	2,775	(5,430)	128,088
Total comprehensive (loss) income for the period:						
Loss for the period	-	(1,340)	-	-	-	(1,340)
Other comprehensive income for the period	-	-	-	-	2,572	2,572
Total	-	(1,340)	-	-	2,572	1,232
Balance at 30 June 2020	94,602	34,387	414	2,775	(2,858)	129,320

- 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.

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				
At 1 January 2019	123,131	(26,161)	(459)	96,511
Adjustment on adoption of SFRS(I) 16	-	(7)	-	(7)
At 1 January 2019	123,131	(26,168)	(459)	96,504
Total comprehensive income for the period:				
Profit for the period	-	45	-	45
Transactions with owners, recognised directly in equity:				
Share capital restructuring	(28,529)	28,529	-	-
Balance at 30 June 2019	<u>94,602</u>	<u>2,406</u>	<u>(459)</u>	<u>96,549</u>
At 1 January 2020	94,602	1,434	(459)	95,577
Total comprehensive income for the period:				
Profit for the period	-	51	-	51
Balance at 30 June 2020	<u>94,602</u>	<u>1,485</u>	<u>(459)</u>	<u>95,628</u>

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 period under review.

The Company does not hold any treasury shares as at 30 June 2020 and 30 June 2019.

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 2020 and 31 December 2019 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 period as compared to the most recent audited financial statements for the financial year ended 31 December 2019.

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 2020.

- Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material.
- Amendments to SFRS(I) 3 Business Combinations: Definition of a Business.
- Amendments to References to the Conceptual Framework in SFRS(I) Standards.

The adoption of the above SFRS(I) did not have any material impact on the financial statements of the Group and the Company for the financial period ended 30 June 2020.

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 2020 Singapore Cents	FY 2019 Singapore Cents
Earnings per ordinary share attributable to owners of the parent for :		
- Basic	(0.60)	0.26
- Diluted	(0.60)	0.26

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 2020 and 30 June 2019 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:

- current period reported on; and
- immediately preceding financial year

	Group		Company	
	30-06-20 Singapore Cents	31-12-19 Singapore Cents	30-06-20 Singapore Cents	31-12-19 Singapore Cents
Net asset value per ordinary share based on issued share capital	58.27	57.71	43.09	43.07

Net asset value per ordinary share was calculated based on the number of ordinary shares in issue of 221,933,192 as at 30 June 2020 and 31 December 2019 respectively.

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 2020 ("1H FY2020")

Revenue and Gross profit

Revenue was \$5.5 million, a decrease of \$8 million, mainly due to a lower progressive revenue recognition from the Group's D'Seaview project in Cambodia, which was completed and reduction in sales volumes as a result of COVID-19 pandemic in 1H FY2020.

Gross profit was \$3 million, a decrease of \$4.4 million, mainly due the reasons mentioned above.

Gross profit margin remained unchanged at 55% for 1H FY2020 and 1H FY2019 respectively.

Other income

Other income was \$2.1 million, an increase of \$1.8 million, mainly due to net foreign exchange gain of \$1.8 million in 1H FY2020 compared to net foreign exchange loss of \$0.5 million in 1H FY2019.

Distribution and selling expenses

Distribution and selling expenses were \$0.1 million, a decrease of \$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 \$5.6 million, an increase of \$1.1 million, mainly due to higher professional fees incurred and strata title transfer fee paid out for the property segment.

Other expenses

Other expenses were \$61 thousand, a decrease of \$1.2 million, mainly due to net fair value loss of \$0.7 million on investment in quoted shares and net foreign exchange loss of \$0.5 million in 1H FY2019.

Share of loss of joint venture

Share of loss of joint venture was \$0.5 million, compared to \$0.3 million in 1H FY2019. The share of loss was mainly due to a lower percentage of progressive revenue recognition, which construction commenced in May 2020 and slower sales as a result of COVID-19 pandemic in 1H FY2020 by our joint venture company, Royal Hong Lai Huat One Company Limited in Cambodia.

Loss for the period

Loss for the period was \$1.3 million, compared to \$0.6 million profit for 1H FY2019. The loss was mainly due to a lower progressive revenue recognition from the Group's D'Seaview project in Cambodia, which was completed and the impact from COVID-19 pandemic.

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

Cash flow and working capital

Net cash surplus from operating activities were \$0.6 million for 1H FY2020, mainly due to an increase in collection due from buyers of D'Seaview units.

Net cash used in investing activities was \$0.9 million for 1H FY2020, mainly due to investment in joint venture, partially offset by proceed from disposal of asset classified as held for sale.

Net cash from financing activities was \$8.2 million for 1H FY2020, mainly due to new bank loans raised.

As a result, the balance of cash and cash equivalents at the end of 1H FY2020 increased by \$8.9 million as compared to the end of previous year, to \$20.2 million.

Assets

Total Group assets increased by \$9.8 million to \$161.2 million. The increase was mainly due to an increase in cash and bank balances arising from new bank loans raised and development properties. The Group completed the D'Seaview project in Cambodia and had transferred the unsold completed units from development properties to properties held for sale.

The increase was offset by decrease in balances due from buyers of D'Seaview units.

Liabilities

Total Group liabilities increased by \$8.6 million to \$31.8 million. The increase was mainly due to new bank loans raised.

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 been focusing on the planting of fresh cassava since first quarter FY2020 as well as the production and export of native tapioca starch.

Property Division

- The D'Seaview mixed development project has reached its completion and is in the process of handing over its residential and commercial units to its buyers progressively. The handing over process for overseas buyers is expected to be slower due to the travel restrictions imposed by government to control the COVID-19 pandemic.
- The Royal Platinum, which is the Group's second mixed development project in Phnom Penh, the capital city of Cambodia has commenced its construction on 20th May 2020.

Overall

The Group has sufficient liquidity to meet its near-term debt obligations and operation needs. In 1H FY2020, the Group has secured \$8.8 million bank loans. In addition, the cash collected from handing over D'Seaview units to buyers will enable the Group to increase its cash reserves. The Group will continue to exercise prudence in non-essential capital and operating expenditure.

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil.

b. Corresponding Period of the Immediately Preceding Financial Year

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

Nil.

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 for the financial period ended 30 June 2020 to conserve cash in current uncertain market conditions.

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
11th August 2020