



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 199905292D)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (“1H FY2021”)

CONTENTS

Condensed interim consolidated statement of comprehensive income	1
Condensed interim statement of financial position	2
Condensed interim consolidated statement of changes in equity	3
Condensed interim consolidated statement of cash flows	5
Notes to the condensed interim financial statements	6
Other information required by Listing Rule Appendix 7.2	15

HONG LAI HUAT GROUP LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 30 June 2021

	Note	Group		Change %
		6 months ended 30 June		
		FY 2021 (Unaudited) S\$'000	FY 2020 (Unaudited) S\$'000	
Revenue	3	12,102	5,524	119%
Cost of sales		(6,939)	(2,479)	180%
Gross profit		5,163	3,045	70%
Other income		1,366	2,084	-34%
Distribution and selling expenses		(142)	(121)	17%
Administrative expenses		(4,222)	(5,584)	-24%
Other expenses		(3,357)	(61)	N.M.
Share of profit (loss) of joint venture		82	(465)	-118%
Finance costs		(155)	(50)	210%
Loss before income tax	4	(1,265)	(1,152)	10%
Income tax expense	5	(37)	(188)	-80%
Loss for the period		(1,302)	(1,340)	-3%
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations		1,520	2,572	
Other comprehensive income for the period, net of tax		1,520	2,572	
Total comprehensive income for the period		218	1,232	
Loss attributable to:				
Owners of the company		(1,302)	(1,340)	
Non-controlling interests		-	-	
		(1,302)	(1,340)	
Total comprehensive income attributable to:				
Owners of the company		218	1,232	
Non-controlling interests		-	-	
		218	1,232	

Note:

N.M. - Not meaningful

HONG LAI HUAT GROUP LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	Group		Company	
		30/6/2021	31/12/2020	30/6/2021	31/12/2020
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
<u>Current assets</u>					
Cash and bank balances		16,234	9,535	4,193	680
Trade receivables		14,227	6,136	-	-
Other receivables and deposits		1,682	1,391	53	38
Prepayments		1,163	26,081	58	99
Amounts due from subsidiaries		-	-	54,429	32,836
Financial assets at fair value through profit or loss		100	100	-	-
Inventories		244	156	-	-
Biological assets	6	5,187	5,515	-	-
Completed development properties held for sale	7	18,034	23,653	-	-
Development properties	7	30,189	-	-	-
		<u>87,060</u>	<u>72,567</u>	<u>58,733</u>	<u>33,653</u>
Disposal group assets classified as held for sale	8	4,800	-	-	-
Total current assets		<u>91,860</u>	<u>72,567</u>	<u>58,733</u>	<u>33,653</u>
<u>Non-current assets</u>					
Other receivables and deposits		40	40	-	-
Property, plant and equipment	9	11,140	10,711	48	70
Right-of-use assets	10	64,849	64,674	85	148
Investment properties	11	-	8,000	-	-
Joint venture		6,599	6,405	-	-
Investment in subsidiaries		-	-	100,129	100,129
Financial assets at fair value through profit or loss		240	240	240	240
Total non-current assets		<u>82,868</u>	<u>90,070</u>	<u>100,502</u>	<u>100,587</u>
Total assets		<u>174,728</u>	<u>162,637</u>	<u>159,235</u>	<u>134,240</u>
<u>Liabilities and equity</u>					
<u>Current liabilities</u>					
Trade payables		4,055	2,472	-	-
Other payables and accruals		8,383	8,222	226	378
Amounts due to subsidiaries		-	-	7,683	8,286
Income tax payable		-	27	-	-
Bank loans	12	1,843	3,179	1,843	1,828
Lease liabilities	12	92	156	28	72
Loan from controlling shareholder		-	147	-	-
Total current liabilities		<u>14,373</u>	<u>14,203</u>	<u>9,780</u>	<u>10,564</u>
<u>Non-current liabilities</u>					
Bank loans	12	4,111	4,818	4,111	4,818
Lease liabilities	12	724	779	30	43
Loan from controlling shareholder		-	14,177	-	-
Deferred tax liabilities		11,211	11,020	17	17
Total non-current liabilities		<u>16,046</u>	<u>30,794</u>	<u>4,158</u>	<u>4,878</u>
<u>Capital, reserves and non-controlling interests</u>					
Share capital	13	121,053	94,602	121,053	94,602
Retained earnings		25,894	27,196	24,703	24,655
Capital reserve		414	414	(459)	(459)
Asset revaluation reserve		2,775	2,775	-	-
Foreign currency translation reserve		(5,827)	(7,347)	-	-
Total equity		<u>144,309</u>	<u>117,640</u>	<u>145,297</u>	<u>118,798</u>
Total liabilities and equity		<u>174,728</u>	<u>162,637</u>	<u>159,235</u>	<u>134,240</u>

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2021

		Attributable to owners of the company					
	Note	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 (Unaudited)							
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
At 1 January 2021		94,602	27,196	414	2,775	(7,347)	117,640
Total comprehensive (loss) income for the period:							
Loss for the period		-	(1,302)	-	-	-	(1,302)
Other comprehensive income for the period		-	-	-	-	1,520	1,520
Total		-	(1,302)	-	-	1,520	218
Transactions with owners, recognised directly in equity:							
Rights issue	13	26,929	-	-	-	-	26,929
Rights issue expenses	13	(478)	-	-	-	-	(478)
Total		26,451	-	-	-	-	26,451
Balance at 30 June 2021		121,053	25,894	414	2,775	(5,827)	144,309

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
For the financial period ended 30 June 2021

	Note	Share capital S\$'000	Retained earnings S\$'000	Capital reserves S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>					
At 1 January 2020		94,602	1,434	(459)	95,577
Restatements		-	22,969	-	22,969
At 1 January 2020 (Restated)		94,602	24,403	(459)	118,546
Total comprehensive income for the period:					
Profit for the period		-	51	-	51
Balance at 30 June 2020		94,602	24,454	(459)	118,597
At 1 January 2021		94,602	24,655	(459)	118,798
Total comprehensive income for the period:					
Profit for the period		-	48	-	48
Transactions with owners, recognised directly in equity:					
Rights issue	13	26,929	-	-	26,929
Rights issue expenses	13	(478)	-	-	(478)
Total		26,451	-	-	26,451
Balance at 30 June 2021		121,053	24,703	(459)	145,297

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2021

	Note	Group	
		6 months ended 30 June	
		FY 2021 (Unaudited) S\$'000	FY 2020 (Unaudited) S\$'000
Operating activities			
Loss before tax		(1,265)	(1,152)
Adjustments for:			
Depreciation of property, plant and equipment	9	637	814
Depreciation of right-of-use assets	10	931	971
Fair value loss on biological assets	6	157	-
Gain on disposal of property, plant and equipment		(6)	(35)
Impairment loss on assets classified as held for sale	8	3,200	-
Loss on change in fair value of financial assets at fair value through profit or loss		-	60
Foreign exchange adjustments		(596)	(1,012)
Interest income		(47)	(86)
Interest expense		155	50
Share of (profit) loss of joint venture		(82)	465
Operating cash flows before movement in working capital		3,084	75
Trade receivables		(8,091)	2,805
Other receivables and deposits		(291)	(185)
Prepayments		131	746
Inventories		(88)	(270)
Biological assets		265	(451)
Development properties		5,619	(1,908)
Trade payables		1,583	(554)
Other payables and accruals		161	542
Cash generated from operations		2,373	800
Income tax paid		(64)	(240)
Net cash from operating activities		2,309	560
Investing activities			
Investment in joint venture		-	(1,395)
Interest received		47	86
Purchase of property, plant and equipment	9	(913)	(242)
Acquisition of freehold land	7	(4,709)	-
Proceeds from sale of property, plant and equipment		5	14
Proceeds from disposal of assets classified as held for sale		-	695
Net cash used in investing activities		(5,570)	(842)
Financing activities			
New bank loans raised		-	8,847
Repayment of controlling shareholder loan		(258)	-
Repayment for bank loans		(1,998)	(517)
Repayment for lease liabilities		(82)	(111)
Proceeds from rights issue, net (Note (a))	13	12,777	-
Share issue expenses	13	(478)	-
Interest paid		(155)	(50)
Net cash from financing activities		9,806	8,169
Net increase in cash and cash equivalents		6,545	7,887
Effect of exchange rate changes on balances held in foreign currencies		154	970
Cash and cash equivalents at beginning of period		9,535	11,305
Cash and cash equivalents at end of period		16,234	20,162

Significant non-cash transactions

- (a) During the period, the repayment of the loan from controlling shareholder loan of S\$14,410,000 was partially settled non-cash via offset against proceeds due from controlling shareholder relating to its subscription for rights shares of S\$14,152,000.

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

Hong Lai Huat Group Limited (the "Company") (Co. Reg. No. 199905292D) is domiciled and incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. The Company's registered address and principal place of business is at 1 Gateway Drive #20-12/13 Westgate Tower, Singapore 608531.

The principal activity of the Company is that of investment holding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and financial performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore Dollar ("S\$"), which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

New and revised standards that are adopted

In the current financial period, the Group has adopted all the new and revised SFRS(I)s and Interpretations of SFRS(I)s ("INT SFRS(I)") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and INT SFRS(I).

The adoption of these new and revised SFRS(I)s and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ending 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Use of estimates and judgements

The preparation of condensed interim financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the financial year are disclosed in Note 3 in our financial year ended 31 December 2020 Annual Report.

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, amounts due from/to subsidiaries and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

3. REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market and timing of revenue recognition.

(a) Disaggregation of revenue

	Primary geographical markets	Group	
		6 months ended 30 June	
Timing of revenue recognition		FY 2021 (Unaudited) S\$'000	FY 2020 (Unaudited) S\$'000
<u>Recognised at a point of time</u>			
Sale of crops	Cambodia	758	1,443
Sale of completed development properties	Cambodia	10,733	-
<u>Recognised over time</u>			
Sale of development properties under construction	Cambodia	-	3,550
Rental income from lease of resort	Singapore	611	531
		<u>12,102</u>	<u>5,524</u>

HONG LAI HUAT GROUP LIMITED

3. REVENUE (cont'd)

(b) Segmentation information

(Unaudited) 6 months ended 30 June 2021	Agriculture	Property development and real estate	Others	Elimination	Group
	division S\$'000	division S\$'000	S\$'000	S\$'000	S\$'000
Revenue:					
External sales	1,369	10,733	-	-	12,102
Inter-segment sales	-	-	1,200	(1,200)	-
	<u>1,369</u>	<u>10,733</u>	<u>1,200</u>	<u>(1,200)</u>	<u>12,102</u>
Results:					
Interest income	-	43	4	-	47
Gain on disposal of property, plant and equipment	6	-	-	-	6
Impairment loss on assets classified as held for sale	(3,200)	-	-	-	(3,200)
Depreciation expense	(1,448)	(33)	(87)	-	(1,568)
Finance costs	(52)	-	(103)	-	(155)
Income tax expense	(1)	-	(36)	-	(37)
Segment (loss) profit	<u>(1,031)</u>	<u>2,551</u>	<u>48</u>	<u>(2,869)</u>	<u>(1,302)</u>
Assets:					
Additions to non-current assets	911	-	2	-	913
Segment assets	<u>87,354</u>	<u>82,697</u>	<u>4,677</u>	<u>-</u>	<u>174,728</u>
Segment liabilities	<u>(13,274)</u>	<u>(10,891)</u>	<u>(6,254)</u>	<u>-</u>	<u>(30,419)</u>
(Unaudited)					
6 months ended 30 June 2020					
Revenue:					
External sales	1,974	3,550	-	-	5,524
Inter-segment sales	-	-	950	(950)	-
	<u>1,974</u>	<u>3,550</u>	<u>950</u>	<u>(950)</u>	<u>5,524</u>
Results:					
Interest income	-	81	30	(25)	86
Gain on disposal of property, plant and equipment	35	-	-	-	35
Loss on change in fair value of financial assets at fair value through profit or loss	-	(60)	-	-	(60)
Depreciation expense	(1,660)	(38)	(87)	-	(1,785)
Finance costs	(30)	(26)	(19)	25	(50)
Income tax expense	-	(188)	-	-	(188)
Segment (loss) profit	<u>(233)</u>	<u>(720)</u>	<u>51</u>	<u>(438)</u>	<u>(1,340)</u>
Assets:					
Additions to non-current assets	214	19	9	-	242
Segment assets	<u>96,852</u>	<u>62,295</u>	<u>2,008</u>	<u>-</u>	<u>161,155</u>
Segment liabilities	<u>(16,012)</u>	<u>(7,708)</u>	<u>(8,115)</u>	<u>-</u>	<u>(31,835)</u>

HONG LAI HUAT GROUP LIMITED

4. Loss before income tax

Loss before income tax is arrived at after charging (crediting) the following:

	Group	
	6 months ended 30 June	
	FY 2021	FY 2020
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Depreciation of property, plant and equipment	637	814
Depreciation of right-of-use assets	931	971
Gain on disposal of property, plant and equipment	(6)	(35)
Grant income from Job Support Scheme	(100)	(86)
Interest income from bank deposits	(47)	(86)
Impairment loss on assets classified as held for sale	3,200	-
Fair value loss on biological assets	157	-
Loss on change in fair value of financial assets at fair value through profit or loss	-	60
Rental income	(247)	-
Net foreign exchange gain	(631)	(1,770)

5. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	6 months ended 30 June	
	FY 2021	FY 2020
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Income tax:		
- Current	37	4
- Under provision in respect of prior years	-	184
Income tax expense recognised	37	188

6. Biological assets

	Group	
	30.06.2021	31.12.2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
At 1 January	5,515	5,436
Additions to cassava	84	1,294
Loss on fair value of biological assets	(157)	(302)
Decrease due to harvest	(349)	(812)
Currency translation differences	94	(101)
	5,187	5,515
	5,187	5,515

Biological assets relate to immature cassava that have yet to be harvested.

The immature cassava plantation costs consist of field preparation, planting, fertilising and maintenance and an allocation of other related costs. In general, a cassava plantation takes about ten months to reach maturity from the time the seedlings are planted.

Biological assets are measured at fair value less estimated point-of-sale costs. The fair value was determined based on the actual selling prices in the local market approximating those at period end and less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the assets.

7. Development properties

	Group	
	30.06.2021	31.12.2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Development properties under construction		
- Freehold land	30,189	-
- Development costs	-	-
	30,189	-
Completed development properties held for sale	18,034	23,653
	48,223	23,653
	48,223	23,653

Completed development properties held for sale are properties being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Completed development properties held for sale are held as inventories and are measured at the lower of cost and net realisable value.

The costs of properties held for sale include:

- Freehold rights for land;
- Amounts paid to contractors for construction; and
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

HONG LAI HUAT GROUP LIMITED

7. Development properties (cont'd)

Net realisable value of completed development properties held for sale is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period, less the estimated costs necessary to make the sale.

The fair values of the Group's freehold land and completed development properties held for sale at 30 June 2021 have been determined on the basis of valuations carried out by independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

8. Assets held for sale

On 6 June 2021, the Group entered into a Sale and Purchase Agreement with third party to dispose its entire shareholding interest of 12,631,962 shares, representing 100% of the entire issued shares of HLH Agri R&D Pte Ltd. The assets and liabilities attributable to HLH Agri R&D Pte Ltd, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the statement of financial position. The operations are included in the Group's agricultural division activities for segment reporting purposes (Note 3).

The net carrying amount of the relevant assets and liabilities are expected to exceed the proceeds of disposal and, accordingly, S\$3,200,000 impairment loss has been recognised on the classification of assets classified as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	Group 30.06.2021 (Unaudited) S\$'000
Investment properties	<u>8,000</u>
Total assets classified as held for sale	8,000
Impairment loss on assets classified as held for sale	<u>(3,200)</u>
Net assets of disposal group	<u><u>4,800</u></u>

HONG LAI HUAT GROUP LIMITED

9. Property, plant and equipment

	S\$'000
Group (Unaudited)	
Cost	
At 1 January 2021	24,825
Additions	913
Disposals	(63)
Currency translation differences	424
At 30 June 2021	<u>26,099</u>
Accumulated depreciation	
At 1 January 2021	14,114
Depreciation	637
Disposals	(40)
Currency translation differences	248
At 30 June 2021	<u>14,959</u>
Net carrying value	
At 30 June 2021	<u><u>11,140</u></u>

10. Right-of-use assets

	S\$'000
Group (Unaudited)	
Cost	
At 1 January 2021	71,790
Additions	-
Disposals	-
Currency translation differences	1,226
At 30 June 2021	<u>73,016</u>
Accumulated depreciation	
At 1 January 2021	7,116
Depreciation	931
Disposals	-
Currency translation differences	120
At 30 June 2021	<u>8,167</u>
Net carrying value	
At 30 June 2021	<u><u>64,849</u></u>

HONG LAI HUAT GROUP LIMITED

11. Investment properties

	Group	
	30.06.2021 (Unaudited) S\$'000	31.12.2020 (Audited) S\$'000
At 1 January	8,000	9,000
Reclassified to disposal group assets classified as held for sale	(4,800)	-
Impairment loss on assets classified as held for sale	(3,200)	-
Net fair values losses recognised in profit or loss	-	(1,000)
	<u>-</u>	<u>8,000</u>

12. Loans and borrowings

	Group	
	30.06.2021 (Unaudited) S\$'000	31.12.2020 (Audited) S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	<u>1,935</u>	<u>3,335</u>
 <u>Amount repayable after one year</u>		
Secured	<u>4,835</u>	<u>5,597</u>

As at 30 June 2021, secured borrowings were secured by a mortgage on a subsidiary's investment property and corporate guarantees provided by the Company and certain of the Company's subsidiaries.

13. Share capital

	Group and Company			
	30.06.2021 (Unaudited)		31.12.2020 (Audited)	
	Number of issued shares	Issued share capital S\$'000	Number of issued shares	Issued share capital S\$'000
At 1 January	221,933,192	94,602	221,933,192	94,602
Rights issue	295,910,922	26,929	-	-
Rights issue expenses	-	(478)	-	-
	<u>517,844,114</u>	<u>121,053</u>	<u>221,933,192</u>	<u>94,602</u>

(i) **Issued and Paid-Up Capital**

On 26 March 2021, the Company issued 4 rights shares for every 3 existing ordinary shares in the issued and paid-up capital of the Company at S\$0.091 per rights share held by the shareholders of the Company. The Company raised gross proceeds of S\$26,929,000 from the rights issue, with controlling shareholder subscribing S\$14,152,000 (155,512,000) of rights shares from the right issue which was settled via set off against the S\$14,410,000 outstanding under its loan extended to the Company.

As at 30 June 2021, the Company's issued and paid-up capital, excluding treasury shares, comprises 517,844,114 (31 December 2020: 221,933,192) ordinary shares.

(ii) **Treasury Shares**

The Company does not hold any treasury shares as at 30 June 2021 and 30 June 2020.

(iii) **Subsidiary Holdings**

None of the Company's subsidiaries held any shares in the Company as at 30 June 2021 and 30 June 2020.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 1. 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.

- 2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, (a) Updates on the efforts taken to resolve each outstanding audit issue. (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

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 2020.

- 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 adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2021. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The adoption of the new SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group for the current financial reporting period.

HONG LAI HUAT GROUP LIMITED

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	
	6 months ended 30 June	
	FY 2021 Singapore Cents	FY 2020 Singapore Cents
Earnings per ordinary share attributable to owners of the parent for:		
- Basic	(0.25)	(0.26)
- Diluted	(0.25)	(0.26)

The basic and diluted earnings per ordinary share were calculated based on the weighted average number of ordinary shares in issue of 517,844,114 as at 30 June 2021 and 30 June 2020 respectively. The comparative figures for earnings per ordinary share have been adjusted for the rights issue of 4 rights shares for every 3 existing ordinary shares in the issued and paid-up capital of the Company.

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	
	30.06.2021 Singapore Cents	31.12.2020 Singapore Cents	30.06.2021 Singapore Cents	31.12.2020 Singapore Cents
Net asset value per ordinary share based on issued share capital	27.87	22.72	28.06	22.94

Net asset value per ordinary share was calculated based on the number of ordinary shares in issue of 517,844,114 as at 30 June 2021 and 31 December 2020 respectively. The comparative figures for earnings per ordinary share have been adjusted for the rights issue of 4 rights shares for every 3 existing ordinary shares in the issued and paid-up capital of the Company.

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

Condensed interim consolidated statement of comprehensive income

Revenue and Gross profit

Revenue increased by S\$6.6 million from S\$5.5 million in 1H FY2020 to S\$12.1 million in 1H FY2021, mainly due to an increase in property sales as a result of the settlement agreement entered between PH One Development (Cambodia) Limited ("PH One"), a subsidiary of the Group and the previous buyer of its hotel in its D'Seaview project in Sihanoukville, Kingdom of Cambodia. Under the settlement agreement, PH One has acknowledged that the buyer has paid US\$4.2 million in accordance with the payment schedule provided in the sale and purchase agreement ("SPA") in 2018. And the buyer will make the remaining outstanding balance as the final settlement for the hotel.

Gross profit increased by S\$2.2 million from S\$3 million in 1H FY2020 to S\$5.2 million in 1H FY2021. This was mainly due to the sales of D'Seaview hotel in 1H FY2021.

Gross profit margin decreased by 12% from 55% in 1H FY2020 to 43% in 1H FY2021 mainly due to remaining outstanding balance of the hotel was recorded as revenue in current period. The US\$4.2 million progress payments deposits made by the buyer of the hotel was recorded as other income in 2018 when PH One has terminated the SPA due to failure by the buyer to make the requisite payments for the purchase of the hotel in accordance with the clauses in the SPA and forfeited the deposit made by the buyer.

Other income

Other income decreased by S\$0.7 million from S\$2.1 million in 1H FY2020 to S\$1.4 million in 1H FY2021, mainly due to net foreign exchange gain of S\$1.8 million in 1H FY2020 as compared to a net foreign exchange gain of S\$0.6 million in 1H FY2021, partially offset by an increase in rental received of S\$0.2 million in 1H FY2021.

Administrative expenses

Administrative expenses decreased by S\$1.4 million from S\$5.6 million in 1H FY2020 to S\$4.2 million in 1H FY2021, mainly due to higher professional fees incurred and strata title fee paid out for the property segment in 1H FY2020.

Other expenses

Other expenses increased by S\$3.3 million from S\$0.06 million in 1H FY2020 to S\$3.4 million in 1H FY2021, mainly due to (a) S\$3.2 million impairment loss has been recognised on the classification of assets classified as held for sale in 1H FY2021, and (b) fair value loss of S\$0.2 million on biological assets in 1H FY2021 which was absent in 1H FY2020.

Share of profit of joint venture

Share of profit of joint venture increased by S\$0.5 million from loss of S\$0.5 million in 1H FY2020 to profit of S\$0.08 million in 1H FY2021. The share of profit of joint venture was driven by (a) sale of higher value Royal Platinum ("RP") units and (b) a higher percentage of progressive revenue recognition on RP project in Cambodia in 1H FY2021 as compared to 1H FY2020, which construction commenced in May 2020.

Condensed interim consolidated statement of comprehensive income (cont'd)

Loss for the period

As a result of the above, the Group reported a loss attributable to owners of the Company of S\$1.3 million in 1H FY2021 and 1H FY2020 respectively.

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

Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June	
	FY 2021	FY 2020
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Cash at bank and on hand	4,034	9,170
Short-term fixed deposits with financial institutions	12,200	10,992
Cash and cash equivalents at end of period	16,234	20,162

Net cash surplus from operating activities were S\$2.3 million for 1H FY2021, mainly due to impairment loss on assets classified as held for sale is added back into the operating cash flow, partially offset by an increase in trade receivables due from buyer of D'Seaview hotel.

Net cash used in investing activities was S\$5.6 million for 1H FY2021, mainly due to final payment on acquisition of freehold land and purchase of leasehold property.

Net cash from financing activities was S\$9.8 million for 1H FY2021, mainly due to proceeds from rights issue, partially offset by repayment of bank loans and loan from controlling shareholder.

As a result, the balance of cash and cash equivalents at the end of 1H FY2021 increased by S\$6.7 million as compared to the end of previous year, to S\$16.2 million.

Condensed interim statement of financial position

Total Assets

Total Group assets increased by S\$12.1 million to S\$174.7 million. The increase was mainly due to (a) balances due from buyer of D'Seaview hotel and (b) final payment on acquisition of freehold land, partially offset by an impairment loss recognised on assets classified as held for sale.

Assets

'Trade receivables' increased mainly due to balances due from buyer of D'Seaview hotel.

'Prepayments' decreased mainly due to completion of acquisition of freehold land and transferred to 'Development properties'.

'Property, plant and equipment' increased mainly due to acquisition of leasehold property.

'Completed development properties held for sale' decreased mainly due to sale of D'Seaview hotel.

'Development properties' increased mainly due to acquisition of freehold land.

'Disposal group assets classified as held for sale' relates to the assets and liabilities attributable to HLH Agri R&D Pte Ltd ("HLHARD"), which are expected to be sold within twelve months. The net carrying amount of the relevant assets and liabilities are expected to exceed the proceeds of disposal and, accordingly, impairment loss has been recognised on the classification of assets classified as held for sale.

Condensed interim statement of financial position (Cont'd)

Assets (cont'd)

'Investment properties' decreased mainly due to propose sale of HLHARD and transferred to 'Disposal group assets classified as held for sale'.

Total Liabilities

Total Group liabilities decreased by S\$14.6 million to S\$30.4 million. The decrease was mainly due to repayment of bank loans and loan from controlling shareholder.

Liabilities

'Trade liabilities' increased mainly due to higher payables during the period.

'Bank loans' decreased mainly due to repayment of bank loans during the period.

'Loan form controlling shareholder' decreased mainly due to repayment of controlling shareholder loan during the period.

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

- On June 2021, the Group had received the official approval to convert its Agriculture land into multi use land in which the Group will develop the mega Cambodia-Singapore Agriculture Hub specialising in several key zoning such as food processing factories, solar energy, construction material, light industrial, livestock, plantation and aquaculture. The Group will seek to partner with several key international players to operate these zoning by way of joint cooperation model or leasing of land.

Property Division

- The Property Division in Cambodia had achieved net profit in 1H FY2021 as compared to net loss 1H FY2020.
- The Group's first completed mixed use development D'Seaview had seen improved collection from local as well as foreign buyers in 1H FY2021, the Group will continue to market the unsold balance units to the local and overseas market.
- The construction progress of Royal Platinum, which is the Group's second mixed development project in Phnom Penh, the capital city of Cambodia has reached level 7th out of the total 28 floors as of this announcement.
- The third plot of land, located in Toul Kork, Phom Penh which was acquired in September 2020 is currently in designing phases for the Group's third mixed use development project, the Group will monitor the pandemic situation closely before deciding when to launch the project.

Overall

Though the sales of the property units in Cambodia remains slow due to COVID-19 pandemic, the Group has sufficient liquidity from the rights issue, sale of D'Seaview hotel and proposed sale of its subsidiary to meet its near-term debt obligations and operation needs. The Group will also continue to exercise prudence in non-essential capital and operating expenditure.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No interim dividend has been declared or recommended for 1H FY2021.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

No interim dividend has been declared or recommended for 1H FY2020.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable as no dividend has been declared or recommended for 1H FY2021.

(d) The date the dividend is payable.

Not applicable as no dividend has been declared or recommended for 1H FY2021.

(e) Book closure date

Not applicable as no dividend has been declared or recommended for 1H FY2021.

12. If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision

No interim dividend has been declared or recommended for 1H FY2021. Given the current uncertain economic climate, the board of Directors deems it appropriate to conserve adequate resources for the Group's business activities.

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. Negative confirmation pursuant to Rule 705(5).

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.

HONG LAI HUAT GROUP LIMITED

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in format set out in Appendix 7.7) under Rule 720(1).

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

16. Use of proceeds

The Company refers announcements on 3 December 2020, 27 December 2020, 29 January 2021, 1 February 2021, 22 February 2021, 23 February 2021, 4 March 2021, 25 March 2021, 29 March 2021 and 13 April 2021 in relation to, among others, the Rights Issue and the offer information statement dated 4 March 2021 issued by the Company in relation to the Rights Issue (the "Offer Information Statement").

The Company would like to provide an update on the use of the net proceeds from the Rights Issue as follows:

Use of net proceeds	Allocation of net proceeds as disclosed in the Offer Information Statement (\$' million)	Net proceeds utilised as per earlier announcement (\$' million)	Net proceeds utilised as at date of this announcement (\$' million)	Net proceeds balance as at date of this announcement (\$' million)
Repayment of the Outstanding Indebtedness to the Undertaking Shareholder	14.4	(14.4)	-	-
Project development cost for on-going 2 nd mixed-use development project, Royal Platinum, located in Toul Kork	4.6	-	-	4.6
New project land and development cost for the 3 rd mixed-use development project located in Toul Kork	4.7	(4.7)	-	-
General working capital	2.7	-	-	2.7
Net proceeds	26.4	(19.1)	-	7.3

The above utilisation of the proceeds raised from the Rights Issue is consistent with the intended use of net proceeds disclosed in the Offer Information Statement.

The Company will continue to make periodic announcements on the utilisation of the balance of the proceeds from the Rights Issue as and when the proceeds are materially disbursed.

BY ORDER OF THE BOARD

Dato' Dr Ong Bee Huat
Executive Deputy Chairman and Group Chief Executive Officer
30 August 2021