



HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No. 199905292D)

CONDENSED FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

CONTENTS

Condensed consolidated statement of comprehensive income	1
Condensed statement of financial position	2
Condensed consolidated statement of changes in equity	3
Condensed consolidated statement of cash flows	5
Notes to the condensed financial statements	7
Other information required by Listing Rule Appendix 7.2	20

HONG LAI HUAT GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2021

	Note	Group		Change %
		12 months ended 31 December		
		FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000	
Revenue	3	16,727	7,202	132%
Cost of sales		(6,354)	(4,431)	43%
Gross profit		10,373	2,771	274%
Other income		2,467	745	231%
Distribution and selling expenses		(99)	(257)	-61%
Administrative expenses		(8,378)	(9,353)	-10%
Other expenses		(502)	(863)	-42%
Share of profit (loss) of joint venture		77	(853)	N.M
Finance costs		(186)	(273)	-32%
Profit (loss) before income tax	4	3,752	(8,083)	N.M
Income tax credit	5	2,310	261	785%
Profit (loss) for the year from continuing operation		6,062	(7,822)	N.M
Loss for the year from discontinued operation	6	(2,820)	(709)	298%
Profit (loss) for the year		3,242	(8,531)	N.M
Other comprehensive income (loss):				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences arising on consolidation		2,558	(1,724)	
Share of other comprehensive income (loss) of joint venture		85	(193)	
Other comprehensive income (loss) for the year, net of tax		2,643	(1,917)	
Total comprehensive income (loss) for the year		5,885	(10,448)	
Profit (loss) attributable to:				
Equity holders of the company		3,242	(8,531)	
Non-controlling interests		-	-	
		3,242	(8,531)	
Total comprehensive income (loss) attributable to:				
Equity holders of the company		5,885	(10,448)	
Non-controlling interests		-	-	
		5,885	(10,448)	

Note:

N.M. - Not meaningful

HONG LAI HUAT GROUP LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	Group		Company	
		31-12-21	31-12-20	31-12-21	31-12-20
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Current assets</u>					
Cash and bank balances		26,072	9,535	1,804	680
Trade receivables		4,096	6,136	-	-
Other receivables and deposits		1,209	1,391	6	38
Prepayments		759	26,081	92	99
Amounts due from subsidiaries		-	-	58,524	32,836
Financial assets at fair value through profit or loss		100	100	-	-
Inventories		96	156	-	-
Biological assets	7	5,070	5,515	-	-
Completed development properties held for sale	8	17,775	23,653	-	-
Development properties	8	30,437	-	-	-
Total current assets		<u>85,614</u>	<u>72,567</u>	<u>60,426</u>	<u>33,653</u>
<u>Non-current assets</u>					
Other receivables and deposits		40	40	-	-
Property, plant and equipment	9	10,695	10,711	151	70
Right-of-use assets	10	64,516	64,674	59	148
Investment properties	13	-	8,000	-	-
Joint venture		11,983	6,405	-	-
Investment in associates		2	-	-	-
Investment in subsidiaries		-	-	100,129	100,129
Financial assets at fair value through profit or loss		243	240	243	240
Total non-current assets		<u>87,479</u>	<u>90,070</u>	<u>100,582</u>	<u>100,587</u>
Total assets		<u>173,093</u>	<u>162,637</u>	<u>161,008</u>	<u>134,240</u>
<u>Liabilities and equity</u>					
<u>Current liabilities</u>					
Trade payables		964	2,472	-	-
Other payables and accruals		7,319	8,222	351	378
Amounts due to subsidiaries		-	-	10,236	8,286
Income tax payable		20	27	-	-
Bank loans	11	1,846	3,179	1,846	1,828
Lease liabilities	11	135	156	25	72
Loan from controlling shareholder		-	147	-	-
Total current liabilities		<u>10,284</u>	<u>14,203</u>	<u>12,458</u>	<u>10,564</u>
<u>Non-current liabilities</u>					
Bank loans	11	3,163	4,818	3,163	4,818
Lease liabilities	11	897	779	16	43
Loan from controlling shareholder	12	-	14,177	-	-
Deferred tax liabilities		8,803	11,020	17	17
Total non-current liabilities		<u>12,863</u>	<u>30,794</u>	<u>3,196</u>	<u>4,878</u>
<u>Capital, reserves and non-controlling interests</u>					
Share capital	12	121,023	94,602	121,023	94,602
Retained earnings		30,438	27,196	24,790	24,655
Capital reserve		414	414	(459)	(459)
Asset revaluation reserve		2,775	2,775	-	-
Foreign currency translation reserve		(4,704)	(7,347)	-	-
Total equity		<u>149,946</u>	<u>117,640</u>	<u>145,354</u>	<u>118,798</u>
Total liabilities and equity		<u>173,093</u>	<u>162,637</u>	<u>161,008</u>	<u>134,240</u>

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2021

Note	Attributable to owners of the company					Total equity S\$'000
	Share capital S\$'000	Retained earnings S\$'000	Capital reserve S\$'000	Asset revaluation reserve S\$'000	Currency translation reserve S\$'000	
Group						
At 1 January 2020	94,602	35,727	414	2,775	(5,430)	128,088
Total comprehensive loss for the year:						
Loss for the year	-	(8,531)	-	-	-	(8,531)
<i>Other comprehensive loss:</i>						
Currency translation differences arising on consolidation	-	-	-	-	(1,724)	(1,724)
Share of other comprehensive loss of joint venture	-	-	-	-	(193)	(193)
Total	-	(8,531)	-	-	(1,917)	(10,448)
Balance at 31 December 2020 (audited)	94,602	27,196	414	2,775	(7,347)	117,640
At 1 January 2021	94,602	27,196	414	2,775	(7,347)	117,640
Total comprehensive income for the year:						
Profit for the year	-	3,242	-	-	-	3,242
<i>Other comprehensive income:</i>						
Currency translation differences arising on consolidation	-	-	-	-	2,558	2,558
Share of other comprehensive income of joint venture	-	-	-	-	85	85
Total	-	3,242	-	-	2,643	5,885
Transactions with owners, recognised directly in equity:						
Rights issue	12	26,929	-	-	-	26,929
Rights issue expenses	12	(508)	-	-	-	(508)
Total		26,421	-	-	-	26,421
Balance at 31 December 2021 (unaudited)	121,023	30,438	414	2,775	(4,704)	149,946

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2021

	Note	Share capital S\$'000	Retained earnings S\$'000	Capital reserves S\$'000	Total equity S\$'000
<u>Company</u>					
At 1 January 2020		94,602	24,403	(459)	118,546
Total comprehensive income for the year:					
Profit for the year		-	252	-	252
Balance at 31 December 2020 (audited)		94,602	24,655	(459)	118,798
At 1 January 2021		94,602	24,655	(459)	118,798
Total comprehensive income for the year:					
Profit for the year		-	135	-	135
Transactions with owners, recognised directly in equity:					
Rights issue	12	26,929	-	-	26,929
Rights issue expenses	12	(508)	-	-	(508)
Total		26,421	-	-	26,421
Balance at 31 December 2021 (unaudited)		121,023	24,790	(459)	145,354

The accompanying notes form an integral part of these financial statements

HONG LAI HUAT GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	Note	Group	
		12 months ended 31 December	
		FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000
Operating activities			
Profit (loss) before tax (Note (a))		932	(8,759)
Adjustments for:			
Depreciation of property, plant and equipment	9	1,257	1,570
Depreciation of right-of-use assets	10	1,877	1,925
Fair value loss on biological assets	7	384	302
Fair value loss on investment properties		-	1,000
Property, plant and equipment written off		117	12
Gain on disposal of property, plant and equipment		(308)	(41)
Loss on disposal of subsidiary	6	3,200	-
Fair value (gain) loss on financial assets at fair value through profit or loss		(3)	60
Foreign exchange adjustments		294	174
Interest income		(189)	(238)
Interest expense		237	349
Share of (profit) loss of joint venture		(77)	853
Operating cash flows before movement in working capital		<u>7,721</u>	<u>(2,793)</u>
Trade receivables		2,039	9,195
Other receivables and deposits		182	498
Prepayments		410	(25,840)
Inventories		60	-
Biological assets		173	(482)
Completed development properties held for sale		5,878	(821)
Development properties		(4,865)	-
Trade payables		(1,508)	(2,299)
Other payables and accruals		<u>(903)</u>	<u>4,003</u>
Cash generated from (used in) operations		9,187	(18,539)
Income tax paid		<u>(94)</u>	<u>(269)</u>
Net cash from (used in) operating activities		<u>9,093</u>	<u>(18,808)</u>
Investing activities			
Investment in joint venture		(5,416)	(4,136)
Investment in associate		(2)	-
Interest received		189	238
Purchase of property, plant and equipment	9	(1,236)	(613)
Purchase of right-of-use assets (Note (b))	10	(246)	-
Purchase of financial assets at fair value through profit or loss		-	(240)
Proceeds on disposal of property, plant and equipment		501	82
Proceeds on disposal of financial assets at fair value through profit or loss		-	1
Proceeds on disposal of subsidiary	13	4,800	-
Proceeds on disposal of assets classified as held for sale		-	684
Net cash used in investing activities		<u>(1,410)</u>	<u>(3,984)</u>
Financing activities			
Proceeds from bank loans		-	8,847
Proceeds from loan from controlling shareholder		-	14,789
Repayment of controlling shareholder loan		(258)	-
Repayment of bank loans		(2,943)	(1,995)
Repayment of lease liabilities		(163)	(190)
Proceeds from rights issue, net (Note (c))	12	12,777	-
Share issue expenses	12	(508)	-
Interest paid		<u>(237)</u>	<u>(196)</u>
Net cash from financing activities		<u>8,668</u>	<u>21,255</u>
Net increase (decrease) in cash and cash equivalents			
Effect of exchange rate changes on balances held in foreign currencies		16,351	(1,537)
Cash and cash equivalents at beginning of year		186	(233)
Cash and cash equivalents at end of year		<u>9,535</u>	<u>11,305</u>
Cash and cash equivalents at end of year		<u>26,072</u>	<u>9,535</u>

HONG LAI HUAT GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2021

	Group	
	12 months ended 31 December	
	FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000
Cash at bank and on hand	11,636	4,016
Short-term fixed deposits with financial institutions	14,436	5,519
Cash and cash equivalents at end of year	26,072	9,535

Significant non-cash transactions

- (a) Reconciliation to statement of comprehensive income

The balance reflected as profit (loss) before tax in the condensed consolidated statement of cash flows is derived as follows:

	Group	
	12 months ended 31 December	
	FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000
Profit (loss) before tax from discontinued operation (Note 6)	380	(676)
Loss on disposal of subsidiary (Note 13)	(3,200)	-
Profit (loss) before tax from continuing operation (Page 1)	3,752	(8,083)
	932	(8,759)

- (b) During the year, the Group acquired right-of-use asset with an aggregate cost of S\$486,000 (2020: nil) of which S\$240,000 (2020: nil) was acquired under finance lease arrangement.
- (c) During the year, the repayment of the loan from controlling shareholder 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.

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 10 Bukit Batok Crescent #13-05 The Spire Building, Singapore 658079.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed financial statements for the full year ended 31 December 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 year, 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 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 12 months ended 31 December	
		FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000
Timing of revenue recognition			
<i>Continuing operations</i>			
<u>Recognised at a point of time</u>			
Sale of crops	Cambodia	1,443	2,793
Sale of completed development properties	Cambodia	15,284	4,032
<u>Recognised over time</u>			
Sale of development properties under construction	Cambodia	-	377
		<u>16,727</u>	<u>7,202</u>
<i>Discontinued operation</i>			
<u>Recognised over time</u>			
Rental income from lease of resort	Singapore	<u>611</u>	<u>762</u>

HONG LAI HUAT GROUP LIMITED

3. REVENUE (cont'd)

(b) Segmentation information

(Unaudited) 12 months ended 31 December 2021	Agriculture division S\$'000	Property development and real estate division S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
Continuing operations					
Revenue:					
External sales	1,443	15,284	-	-	16,727
Inter-segment sales	15	-	2,800	(2,815)	-
	<u>1,458</u>	<u>15,284</u>	<u>2,800</u>	<u>(2,815)</u>	<u>16,727</u>
Results:					
Interest income	-	181	7	-	188
Gain on disposal of property, plant and equipment	48	260	-	-	308
Fair value loss on biological assets	(384)	-	-	-	(384)
Depreciation expense	(2,850)	(119)	(136)	-	(3,105)
Finance costs	(1)	-	(185)	-	(186)
Income tax credit (expense)	2,378	(32)	(36)	-	2,310
Segment (loss) profit	<u>(3,361)</u>	<u>7,226</u>	<u>135</u>	<u>2,062</u>	<u>6,062</u>
Assets:					
Additions to non-current assets	1,210	488	24	-	1,722
Segment assets	<u>84,202</u>	<u>86,536</u>	<u>2,355</u>	<u>-</u>	<u>173,093</u>
Segment liabilities	<u>(9,878)</u>	<u>(7,851)</u>	<u>(5,418)</u>	<u>-</u>	<u>(23,147)</u>
Discontinued operation					
Revenue:					
External sales	611	-	-	-	611
Interest income	1	-	-	-	1
Depreciation expense	(29)	-	-	-	(29)
Finance costs	(51)	-	-	-	(51)
Loss on disposal of subsidiary	(3,200)	-	-	-	(3,200)
Segment loss	<u>(2,820)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,820)</u>

HONG LAI HUAT GROUP LIMITED

3. REVENUE (cont'd)

(b) Segmentation information (cont'd)

(Audited) 12 months ended 31 December 2020	Agriculture	Property development and real estate	Others	Elimination	Group
	division S\$'000	division S\$'000	S\$'000	S\$'000	S\$'000
Continuing operations					
Revenue:					
External sales	2,792	4,410	-	-	7,202
Inter-segment sales	-	-	2,550	(2,550)	-
	<u>2,792</u>	<u>4,410</u>	<u>2,550</u>	<u>(2,550)</u>	<u>7,202</u>
Results:					
Interest income	1	227	36	(28)	236
Gain on disposal of property, plant and equipment	41	-	-	-	41
Fair value loss on biological assets	(302)	-	-	-	(302)
Fair value loss on financial assets at fair value through profit or loss	-	(60)	-	-	(60)
Depreciation expense	(3,204)	(72)	(175)	-	(3,451)
Finance costs	(1)	(182)	(118)	28	(273)
Income tax credit (expense)	449	(188)	-	-	261
Segment (loss) profit	<u>(4,662)</u>	<u>(2,957)</u>	<u>252</u>	<u>(455)</u>	<u>(7,822)</u>
Assets:					
Additions to non-current assets	582	22	9	-	613
Segment assets	<u>89,888</u>	<u>71,473</u>	<u>1,276</u>	<u>-</u>	<u>162,637</u>
Segment liabilities	<u>(14,760)</u>	<u>(23,081)</u>	<u>(7,156)</u>	<u>-</u>	<u>(44,997)</u>
Discontinued operation					
Revenue:					
External sales	762	-	-	-	762
Interest income	2	-	-	-	2
Depreciation expense	(44)	-	-	-	(44)
Finance costs	(76)	-	-	-	(76)
Income tax expense	(33)	-	-	-	(33)
Segment loss	<u>(980)</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>(709)</u>

(c) Geographical information

	Revenue from external customers		Non-Current Assets	
	FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000	FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000
Continuing operations				
Singapore	-	-	13,536	6,629
Cambodia	16,727	7,202	73,660	75,028
Total	<u>16,727</u>	<u>7,202</u>	<u>87,196</u>	<u>81,657</u>
Discontinued operation				
Singapore	611	762	-	8,133

4. Profit (loss) before income tax

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

	Group	
	12 months ended 31 December	
	FY 2021 (Unaudited) S\$'000	FY 2020 (Audited) S\$'000
<i>Continuing operations</i>		
Depreciation of property, plant and equipment	1,257	1,570
Depreciation of right-of-use assets	1,848	1,881
Deposit forfeited on cancellation	(835)	(31)
Gain on disposal of property, plant and equipment and right-of-use asset	(308)	(41)
Grant income from Job Support Scheme	(48)	(135)
Interest income from bank deposits	(188)	(236)
Property, plant and equipment written off	117	12
Fair value loss on biological assets	384	302
Fair value (gain) loss on financial assets at fair value through profit or loss	(3)	60
Rental income	(611)	(177)
Net foreign exchange (gain) loss	(110)	174
<i>Discontinued operation</i>		
Depreciation of right-of-use assets	29	44
Grant income from Job Support Scheme	(67)	(26)
Fair value loss on investment property	-	1,000
Loss on disposal of subsidiary	3,200	-
Interest income from bank deposits	(1)	(2)

5. Income tax credit

	Group	
	12 months ended 31 December	
	FY 2021	FY 2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
<i>Continuing operations</i>		
Income tax expense (credit) attributable to profit (loss)		
is made up of:		
- Current income tax	28	164
- Deferred tax	(1,015)	(449)
	<u>(987)</u>	<u>(285)</u>
Under (over) provision in respect of prior years:		
- Current income tax	91	(62)
- Deferred tax	(1,414)	86
	<u>(2,310)</u>	<u>(261)</u>
<i>Discontinued operation</i>		
Income tax expense attributable to profit (loss)		
is made up of:		
- Current income tax	-	33
- Deferred tax	-	-
	<u>-</u>	<u>33</u>

6. Discontinued operation

The Company refers announcement on 22 April 2021, 6 June 2021 and 6 September 2021 in relation to, among others, the disposal of HLH Agri R&D Pte Ltd. 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 disposal was completed on 6 September 2021, on which date control of HLH Agri R&D Pte Ltd passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 13.

The results of the discontinued operation, which have been included in the profit (loss) for the year, were as follows:

	Group	
	31.12.2021	31.12.2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Revenue	611	762
Other income	78	28
Administrative expenses	(258)	(390)
Other expenses	-	(1,000)
Finance costs	(51)	(76)
Profit (loss) before tax	<u>380</u>	<u>(676)</u>
Income tax expense	-	(33)
	380	(709)
Loss on disposal of subsidiary (Note 13)	<u>(3,200)</u>	<u>-</u>
Loss for the year from discontinued operation	<u><u>(2,820)</u></u>	<u><u>(709)</u></u>

The cash flows attributable to the discontinued operation for the period from 1 January 2021 to 6 September 2021 are as follows:

	Group	
	06.09.2021	31.12.2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Net cash from operating activities	1,500	134
Net cash used in investing activities	-	(150)
Net cash (used in) from financing activities	<u>(1,425)</u>	<u>17</u>
Net increase in cash and cash equivalents	<u><u>75</u></u>	<u><u>1</u></u>

7. **Biological assets**

	Group	
	31.12.2021 (Unaudited) S\$'000	31.12.2020 (Audited) S\$'000
At 1 January	5,515	5,436
Additions to cassava during the year	463	1,294
Loss on fair value of biological assets	(384)	(302)
Decrease due to harvest	(636)	(812)
Currency translation differences	112	(101)
	5,070	5,515

Valuation of biological assets

The fair values of the Group's biological assets at 31 December 2021 and 31 December 2020 have been determined on the basis of valuations carried out at the respective year end dates by independent professional valuer having an appropriate recognised professional qualification and recent experience in the location and category of the assets being valued.

8. **Development properties**

	Group	
	31.12.2021 (Unaudited) S\$'000	31.12.2020 (Audited) S\$'000
Development properties		
- Freehold land	30,295	-
- Development costs	142	-
	30,437	-
Completed development properties held for sale	17,775	23,653
	48,212	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.

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 year, 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 31 December 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.

HONG LAI HUAT GROUP LIMITED

9. Property, plant and equipment

	S\$'000
Group (Unaudited)	
Cost	
At 1 January 2021	24,825
Additions	1,236
Disposals	(818)
Written off	(234)
Reclassification	216
Currency translation differences	512
At 31 December 2021	<u>25,737</u>
Accumulated depreciation	
At 1 January 2021	14,114
Depreciation	1,257
Disposals	(625)
Written off	(117)
Reclassification	115
Currency translation differences	298
At 31 December 2021	<u>15,042</u>
Net carrying value	
At 31 December 2020	<u>10,711</u>
At 31 December 2021	<u>10,695</u>

10. Right-of-use assets

	S\$'000
Group (Unaudited)	
Cost	
At 1 January 2021	71,790
Additions (Note (a))	486
Disposals	(642)
Reclassification	(216)
Currency translation differences	1,479
At 31 December 2021	<u>72,897</u>
Accumulated depreciation	
At 1 January 2021	7,116
Depreciation	1,877
Disposals	(642)
Reclassification	(115)
Currency translation differences	145
At 31 December 2021	<u>8,381</u>
Net carrying value	
At 31 December 2020	<u>64,674</u>
At 31 December 2021	<u>64,516</u>

- (a) During the year, the Group acquired right-of-use asset with an aggregate cost of S\$486,000 (2020: nil) of which S\$240,000 (2020: nil) was acquired under finance lease arrangement.

11. Loans and borrowings

	Group	
	31.12.2021 (Unaudited) S\$'000	31.12.2020 (Audited) S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	1,981	3,335
 <u>Amount repayable after one year</u>		
Secured	4,060	5,597

As at 31 December 2021, secured borrowings were secured by corporate guarantees provided by the Company and certain of the Company's subsidiaries.

12. Share capital

	Group and Company			
	31.12.2021 (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	-	(508)	-	-
	<u>517,844,114</u>	<u>121,023</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 31 December 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 31 December 2021 and 31 December 2020.

(iii) **Subsidiary Holdings**

None of the Company's subsidiaries held any shares in the Company as at 31 December 2021 and 31 December 2020.

13. Disposal of subsidiary

As referred to in Note 6, on 6 September 2021, the Group discontinued its agriculture operation in Singapore at the time of the disposal of its interest in HLH Agri R&D Pte Ltd.

The net assets of HLH Agri R&D Pte Ltd at the date of disposal were as follows:

	06.09.2021 (Unaudited) S\$'000
Non-current asset	
Investment property	8,000
Net asset derecognised	<u>8,000</u>
Consideration received	
Cash	<u>4,800</u>
Loss on disposal	
Consideration received	4,800
Net asset derecognised	<u>(8,000)</u>
Loss on disposal	<u>(3,200)</u>

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.

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	
	12 months ended 31 December	
	FY 2021 Singapore Cents	FY 2020 Singapore Cents
Earnings per ordinary share attributable to owners of the parent for:		
From continuing and discontinued operations:		
- Basic	0.63	(1.65)
- Diluted	0.63	(1.65)
From continuing operations:		
- Basic	1.17	(1.51)
- Diluted	1.17	(1.51)

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 31 December 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.

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	
	31.12.2021 Singapore Cents	31.12.2020 Singapore Cents	31.12.2021 Singapore Cents	31.12.2020 Singapore Cents
Net asset value per ordinary share based on issued share capital	28.96	22.72	28.07	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 31 December 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 consolidated statement of comprehensive income

Revenue and Gross profit

Revenue increased by S\$9.5 million from S\$7.2 million in FY2020 to S\$16.7 million in FY2021, driven by stronger property sales in Cambodia. The property segment accounted for 91% of the Group's revenue in FY2021.

Gross profit grew 274% to S\$10.4 million in FY2021 from S\$2.8 million in FY2020.

Gross profit margin grew 24% to 62% in FY2021 from 38% in FY2020.

Other income

Other income increased by S\$1.8 million from S\$0.7 million in FY2020 to S\$2.5 million in FY2021, mainly due to (a) forfeiture of S\$0.8 million progressive deposits from property sales, (b) S\$0.3 million gain on disposal of property, plant and equipment, and (c) S\$0.6 million rental income.

Administrative expenses

Administrative expenses decreased by S\$1.0 million from S\$9.4 million in FY2020 to S\$8.4 million in FY2021, mainly due to higher professional fees incurred and strata title fee paid out for the property segment in FY2020.

Other expenses

Other expenses decreased by S\$0.4 million from S\$0.9 million in FY2020 to S\$0.5 million in FY2021, mainly due to net foreign exchange loss in FY2020 as compared to a net foreign exchange gain in FY2021.

Share of profit of joint venture

Share of profit of joint venture was S\$77 thousand in FY2021 as compared to a loss of S\$0.9 million in FY2020. The share of profit of joint venture was driven by (a) sales of higher value Royal Platinum ("RP") units and (b) a higher percentage of progressive revenue recognition on RP project in Cambodia in FY2021 as compared to FY2020, which construction commenced in May 2020.

Profit for the year

The Group reported S\$3.2 million profit attributable to equity holders of the Company in FY2021 as compared to S\$8.5 million loss in FY2020.

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

Condensed consolidated statement of cash flows

Net cash surplus from operating activities were S\$9.1 million for FY2021, mainly due to (a) collection due from buyers of D'Seaview properties, and (b) stronger property sales, partially offset by final payment on acquisition of freehold land.

Net cash used in investing activities was S\$1.4 million for FY2021, mainly due to (a) investment in joint venture, and (b) purchase of leasehold property.

Net cash from financing activities was S\$8.7 million for FY2021, mainly due to proceeds from rights issue, partially offset by repayment of bank loans and settlement of loan from controlling shareholder.

As a result, the balance of cash and cash equivalents at the end of FY2021 increased by S\$16.6 million as compared to the end of previous year, to S\$26.1 million.

Condensed statement of financial position

Total Assets

Total Group assets increased by S\$10.5 million to S\$173.1 million. The increase was mainly due to (a) sales of D'Seaview properties, and (b) proceeds from rights issue, partially offset by investment property derecognised upon disposal of subsidiary.

Assets

'Trade receivables' decreased mainly due to (a) collection due from buyers of D'Seaview properties, and (b) termination of property sale contracts.

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

'Completed development properties held for sale' decreased mainly due to stronger sale.

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

'Investment properties' relates to the asset attributable to HLH Agri R&D Pte Ltd ("HLHARD"), which were derecognised on disposal completion date, on which date control of HLHARD passed to the acquirer.

'Joint venture' relates to investment in the Group's Royal Platinum project in Cambodia.

Total Liabilities

Total Group liabilities decreased by S\$21.9 million to S\$23.1 million. The decrease was mainly due to (a) repayment of bank loans, and (b) settlement of loan from controlling shareholder.

Liabilities

'Trade liabilities' decreased mainly due to payment made to sub-contractors and suppliers.

'Bank loans' decreased mainly due to repayment of bank loans.

'Loan from controlling shareholder' decreased mainly due to settlement of loan from controlling shareholder.

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

The Company has not previously disclosed any forecast or a prospect statement.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Agriculture Division

- The Agriculture division will continue to focus on the cassava plantation in the designated plantation zone inside the Agri Hub mega development project which was announced in June of FY2021 whereby it will plant, harvest and sell the raw cassava to the local and overseas market.

Property Division

- With the border opening in Q4 of FY2021, our first mixed-use project, the D'Seaview continue to see progressive takeover of the sold units by the foreign buyers as well as improved sales of the balance units. The division will continue to market the balance units to potential buyers for FY2022.
- The Royal Platinum mixed-use project which is our second project in Phnom Penh, the capital city of Kingdom of Cambodia has seen the construction completed 26% as of the end of FY2021. Sales have also improved in accordance with opening of border as well as relaxation of the local measures. The division will continue to market the balance units to potential buyers for FY2022.
- The third and fourth piece of land are currently under designing and feasibility stages, the division will make relevant announcement to the shareholders once the project is ready to be launch to the market.
- The division will also continue to market the different zonings of the Agri Hub mega development project in accordance to the master blueprint approved by the Royal Government of Cambodia towards the local and international companies.

11. If a decision regarding dividend has been made:

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

The Directors are pleased to recommend a final dividend (one-tier tax exempt) of 0.2 cents per ordinary share, amounting approximately to S\$1.0 million in respect of the financial year ended 31 December 2021 for approval by the shareholders at the next Annual General Meeting to be convened on 29 April 2022.

Name of dividend	Proposed Final
Dividend type	Ordinary
Dividend amount per Share (in cents)	0.2 cents per ordinary share (one-tier tax)
Tax rate	One-tier tax exempt

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

Please refer to note 11(a).

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

No dividend has been declared or recommended for 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).

Please refer to note 11(a).

(d) The date the dividend is payable.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be announced at a later date.

(e) Book closure date

The books closure date will be announced at a later date.

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

Not applicable, please refer to note 11(a).

HONG LAI HUAT GROUP LIMITED

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 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.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8 above.

16. A breakdown of revenue and profit

	Group		
	FY 2021 S\$'000	FY 2020 S\$'000	Change %
<u>First half</u>			
<i>Continuing operations</i>			
Revenue reported	11,491	4,993	130%
Operating loss after tax reported	(1,714)	(1,663)	3%
<i>Discontinued operation</i>			
Revenue reported	611	531	15%
Operating profit after tax reported	412	323	28%
<u>Second half</u>			
<i>Continuing operations</i>			
Revenue reported	5,236	2,209	137%
Operating profit (loss) after tax reported	7,776	(6,159)	N.M.
<i>Discontinued operation</i>			
Revenue reported	-	231	N.M.
Operating loss after tax reported	(3,232)	(1,032)	213%

Note:

N.M. - Not meaningful

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY 2021 S\$	FY 2020 S\$
Ordinary	1,035,688	-
Preference	-	-
Total:	1,035,688	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wong Jr. Winston	43	Son of Prof. Wong Wen-Young Winston, Vice Chairman/ Non-Executive Director and substantial shareholder.	Regional Business Development Manager with effect from February 2009. He is responsible for identifying regional business opportunities and developing short & medium term regional business strategies.	N.A.
Ong Bee Wah	57	Brother of Dato Dr. Ong Bee Huat, Chief Executive Officer, Executive Deputy Chairman and substantial shareholder.	Operational Director in Cambodia. He is responsible for operations and sales for Agriculture business.	N.A.
Ong Jia Ming	29	Son of Dato Dr. Ong Bee Huat, Chief Executive Officer, Executive Deputy Chairman and substantial shareholder.	Executive Director with effect from October 2016. He is responsible for group strategies and business development.	N.A.
Ong Jia Jing	28	Son of Dato Dr. Ong Bee Huat, Chief Executive Officer, Executive Deputy Chairman and substantial shareholder.	Group General Manager and Executive Director with effect from September 2020. He is responsible for the group agriculture division.	N.A.

19. 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, 13 April 2021 and 30 August 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 (S\$' million)	Net proceeds utilised as per earlier announcement (S\$' million)	Net proceeds utilised as at date of this announcement (S\$' million)	Net proceeds balance as at date of this announcement (S\$' 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)	(4.6)	2.7

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
28 February 2022