

groove aroma *treat*
 CHAT PLAY CHILL
 CHARM DRINK
 FUN CHUG NIBBLE sip
 CHEER
 DINE Eat *Mix*
 Entertain
 Bite TASTE
 PARTY
 JIG SPIN dub step zest
 shake
 snack YAY music DANCE
 APPETITE slurp CHEW relish
 shuffling, chatter, indulge, rock n roll, delight, pamper, chatter, mix, munch, savour, FUN, FEAST, CHOMP

CHASWOOD RESOURCES HOLDINGS LTD.
 Annual Report 2011



This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is:

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CHASWOOD RESOURCES HOLDINGS LTD.
(Formerly known as Asia Silk Holdings Limited)
Annual Report 2011

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Corporate Information

CURRENT BOARD OF DIRECTORS

Executive:

Mr Andrew Roach Reddy (Managing Director)

Non-Independent Non-Executive:

Mr N. Sivagurunathan V. Narayanasamy (Chairman)

Mr Ng Teck Wah

Datuk Lim Chih Li @ Lin Zhili ("Datuk Jared Lim Chih Li")

Independent Non-Executive:

Mr Augustine A/L T.K. James

Mr Phang Ian Cher Shen

PROPOSED NEW BOARD OF DIRECTORS (from 30 April 2012)

Executive:

Mr Andrew Roach Reddy (Managing Director)

Non-Independent Non-Executive:

Dato' Mohammed Azlan Bin Hashim (Chairman)

Mr Ng Teck Wah

Datuk Jared Lim Chih Li

Independent Non-Executive:

Mr Ng Teck Sim Colin

Mr Christopher John McAuliffe

AUDIT COMMITTEE

Mr Augustine A/L T.K. James (Chairman)

Mr Phang Ian Cher Shen

Mr Ng Teck Wah

NOMINATING COMMITTEE

Mr Augustine A/L T.K. James (Chairman)

Mr Phang Ian Cher Shen

Mr Ng Teck Wah

REMUNERATION COMMITTEE

Mr Phang Ian Cher Shen (Chairman)

Mr Augustine A/L T.K. James

Mr Ng Teck Wah

SECRETARIES

Mr Ong Wei Jin

Ms Goh Wei Lin

STOCK EXCHANGE

Asia Silk Holdings Limited was admitted to the SGX Catalist of the SGX-ST on 26 May 2005. Pursuant to the Proposed Transactions (as defined herein), Asia Silk Holdings Limited, *inter alia*, was renamed Chaswood Resources Holdings Ltd. and the Shares resumed trading on SGX Catalist on 21 March 2012. Please refer to "Corporate Milestones" on Page 5 of this annual report for a summary of the Proposed Transactions.

REGISTERED OFFICE

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Phone: (603) 7727 2257

Fax: (603) 7727 2267

WEBSITE OF THE CHASWOOD GROUP

www.chaswood.com.my

SHARE REGISTRARS

Tricor Barbinder Share Registration Services

80 Robinson Road

#02-00

Singapore 068898

COMPANY REGISTRATION NUMBER

200401894D

PRINCIPAL BANKERS OF THE CHASWOOD GROUP

CIMB Bank Berhad

Level 2 Lot P5.5

Persiaran Perbandaran

Bangunan UMNO Section 14

40675 Shah Alam

Selangor Malaysia

AmBank (M) Berhad

Level 18 Menara Dion

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

AUDITOR

Appointed for the financial year ended 31 December 2011:

Baker Tilly TFW LLP

Audit Partner-in-Charge:

Ms Tay Guat Peng

(appointed since financial year ended 31 December 2008)

Appointed for the financial year ending 31 December 2012:

RSM Chio Lim LLP

Audit Partner-in-Charge:

Mr Paul Lee Seng Meng

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of Chaswood Resources Holdings Ltd. (formerly known as Asia Silk Holdings Limited) (the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 December 2011 ("**FY2011**").

On 1 March 2012, Asia Silk Holdings Limited ("**Asia Silk**") successfully completed the acquisition of the entire equity interest of Chaswood Resources Sdn. Bhd. ("**Chaswood**") for a purchase consideration of approximately S\$60.8 million satisfied via the allotment and issuance of approximately 2.03 billion new ordinary shares ("**Consideration Shares**") at S\$0.03 per Consideration Share by Asia Silk ("**Chaswood Acquisition**"). The Chaswood Acquisition resulted in a reverse takeover of Asia Silk, with Chaswood assuming the listing status of Asia Silk, renamed as Chaswood Resources Holdings Ltd. Please refer to page 5 of this annual report on the major milestones in relation to the Chaswood Acquisition. Pursuant to the Chaswood Acquisition, the shares of Chaswood Resources Holdings Ltd. resumed trading on the official list of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Catalist Board on 21 March 2012.

As one of the leading multi concept casual dining operator in Malaysia, Chaswood and its subsidiaries ("**Chaswood Group**") currently has 13 brands and owns and operates 42 restaurants, cafes and bars in Malaysia and Singapore under the various brand names. Please refer to the Message from Mr Andrew Roach Reddy, the Managing Director, for further information on the Chaswood Group's business on pages 61 to 64 of this annual report.

Prior to the Chaswood Acquisition, the Company completed the disposal of its entire legal and beneficial interests in Wuxi Dingqiu Silk Co., Ltd. and its subsidiaries ("**Disposal**"), which had been loss making since 2007. Wuxi Dingqiu Silk Co., Ltd. and its subsidiaries are principally in the spun silk yarn, spun silk fabric and garment manufacturing business operating in the People's Republic of China ("**Textile group**"). The aggregate cash consideration of the Disposal of S\$2.0 million (approximately RMB9.6 million) ("**Consideration**") which was arrived at after arms length negotiations and on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the business valuation undertaken by a professional valuer. The Consideration was received in two tranches: (a) deposit of S\$0.5 million (approximately RMB2.4 million) received in 2011 and; (b) the balance of S\$1.5 million (approximately RMB7.2 million) on the completion date on 9 January 2012. After deducting expenses relating to the Disposal, the net Consideration is S\$1.8 million (approximately RMB8.6 million).

FINANCIAL PERFORMANCE

The audited financial performance, financial position and cash flows for FY2011 presented in this annual report, reflect the respective financial information of Asia Silk and its subsidiaries, prior to the completion of the Chaswood Acquisition.

In FY2011, the Company undertook various corporate exercises including issue of Subscription Shares (as defined herein), the Disposal, a Capital Reduction (as defined herein) exercise and the Chaswood Acquisition. The Company incurred a loss of approximately RMB4.6 million in FY2011 which mainly made up of legal and professional fees in relation to these corporate exercises. The Textile group continued to report a loss of approximately RMB5.0 million in FY2011. Total loss of the Group amounted to approximately RMB9.6 million in FY2011.

FINANCIAL POSITION

The Group's shareholders' equity was approximately RMB5.4 million as at 31 December 2011. This was represented mainly by the carrying value of the Group's investment in the Textile group and bank and cash balances. On 12 April 2011, the Company issued 12,000,000 new ordinary shares ("**Subscription Shares**") at an issue price of S\$0.0308 per Subscription Share, amounting to approximately S\$0.4 million (RMB1.9 million) for general working capital purposes. The Subscription Shares were issued, listed and quoted for trading on SGX-ST Catalist Board on 13 April 2011. The net proceeds from the issuance of the Subscription Shares had been fully utilized for the intended purpose as announced on 27 September 2011.

Chairman's Statement

At the Extraordinary General Meeting held on 29 June 2011, the Company's Shareholders approved a Capital Reduction Exercise ("**Capital Reduction**") pursuant to Section 78A read together with Section 78C of the Singapore Companies Act (Cap. 50) ("**the Act**"), through the cancellation of the issued share capital of the Company which had been lost or was unrepresented by available assets to the extent of approximately S\$14.3 million (approximately RMB70.7 million). There was no change in the total number of issued shares in the Company held by Shareholders immediately after the Capital Reduction, nor did the Capital Reduction involve the payment to any Shareholders of any paid-up share capital of the Company. On 15 August 2011, the Company announced that the Capital Reduction had taken effect with the Company's compliance with all the requirements of the Act and the lodgment of the relevant documents containing the reduction information with the Accounting and Corporate Regulatory Authority of Singapore. The Company's issued and paid-up share capital after the Capital Reduction was S\$396,882.

CASH FLOWS

The Group reported total cash and cash equivalents of approximately RMB8.0 million as at 31 December 2011, comprising approximately RMB1.4 million from the Company and approximately RMB6.6 million from the Textile group. The Company's cash balance was contributed by deposit received from the Disposal of the Textile group and net proceeds from issuance of the Subscription Shares, offset by expenses incurred by the Company in FY2011.

DIVIDEND

In line with the Group's policy of strengthening its financial position, the Board is not recommending any dividend distribution to the Shareholders for FY2011.

ACKNOWLEDGEMENT

The Board would like to thank our loyal shareholders for their confidence, trust and patience while the Group underwent the Disposal of the Textile group and the Chaswood Acquisition, and as well as the various corporate exercises during the year and in the first quarter of financial year ending 31 December 2012.

As the outgoing Chairman of the Board, I am grateful to my fellow Directors and Mr Edwin Sugiarto, former Non-Independent Non-Executive Chairman who resigned on 1 March 2012, for their invaluable contribution and continuous guidance.

As announced on 1 March 2012, I, together with Mr Augustine A/L T.K. James and Mr Phang Ian Cher Shen shall retire/resign after the completion of the forthcoming Annual General Meeting ("**AGM**") on 30 April 2012. To steer the Group forward, I shall leave the management of the Group in the good hands of Mr Andrew Roach Reddy, Managing Director, together with the Non-Independent Non-Executive Directors, Mr Ng Teck Wah and Datuk Jared Lim Chih Li, who are also the Joint Managing Directors of Asiasons Capital Limited. Please also join me in welcoming the proposed new board members, namely, Dato' Mohammed Azlan Bin Hashim, Mr Ng Teck Sim Colin and Mr Christopher John McAuliffe, who will be appointed on the day of the AGM.

N. Sivagurunathan V. Narayanasamy
Non-Independent Non-Executive Chairman

Corporate Milestones

Major Milestones in Relation to the Chaswood Acquisition

Date	Milestone
25 March 2011	Execution of a memorandum of understanding (“ MOU ”) with Posh Corridor Sdn. Bhd. and Andrew Roach Reddy (collectively, the “ Vendors ”) in respect of the proposed acquisition of the entire issued and paid-up share capital of Chaswood Resources Sdn. Bhd. (“ Chaswood ”) from the Vendors (“ Proposed Acquisition ”).
25 July 2011	Execution of a Sale and Purchase Agreement (“ SPA ”) with the Vendors in respect of the Proposed Acquisition.
30 December 2011	Lodgement of circular to Shareholders with SGX-ST containing, <i>inter alia</i> , the following: (1) The Proposed Acquisition of the entire issued and paid up share capital of Chaswood for a Purchase Consideration of S\$60,785,347; (2) Proposed issue and allotment of 2,026,178,233 Consideration Shares in satisfaction of the Purchase Consideration for the Proposed Acquisition; (3) Proposed Post Acquisition Consolidation of every ten Shares into one Share; (4) Proposed Whitewash Resolution for the waiver by Independent Shareholders of their rights to receive mandatory general offer from the Vendors and their concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties; (5) Proposed issue and allotment of 10,500,000 New Compliance Shares pursuant to the Proposed Compliance Placement, for the purpose of meeting the shareholding distribution requirements of the Catalist Rules. In addition, 10,500,000 million Participating Vendor Shares will be sold to investors in connection with Proposed Compliance Placement; (6) Proposed change of auditors from Baker Tilly TFW LLP to RSM Chio Lim LLP upon completion of the Proposed Acquisition and for the financial year ending 31 December 2012; and (7) Proposed change of name of the Company from “ Asia Silk Holdings Limited ” to “ Chaswood Resources Holdings Ltd. ” collectively, the “ Proposed Transactions ”.
9 January 2012	Completion of the Disposal of the entire legal and beneficial interests in Wuxi Dingqiu Silk Co., Ltd and its subsidiaries.
1 February 2012	Received Shareholders’ approval at the Extraordinary General Meeting on the Proposed Transactions.
1 March 2012	(1) Completion of the Proposed Acquisition and issuance and allotment of approximately 2.03 billion Consideration Shares. (2) Appointments of Mr Andrew Roach Reddy (Managing Director), Mr Ng Teck Wah (Non-Independent Non-Executive Director), Datuk Jared Lim Chih Li (Non-Independent Non-Executive Director) and Mr Lim Cheng Seong (Chief Financial Officer). (3) Change of Auditors to RSM Chio Lim LLP. (4) Change of the Company’s name to Chaswood Resources Holdings Ltd..
2 March 2012	Suspension of trading of Company’s Shares.
12 March 2012	Completion of Post Acquisition Share Consolidation of every ten shares into one share.
20 March 2012	Completion of the Compliance Placement of 10,500,000 million New Compliance Shares and Sale of 10,500,000 million Participating Vendor Shares at a Placement Price of S\$0.30 (“ Compliance Placement ”) to restore public float (Note (a)).
21 March 2012	Resumption of trading on SGX-ST.

All capitalised terms, unless otherwise defined herein, shall bear the same meanings ascribed to them in the Company’s circular dated 30 December 2011.

Note (a)

As at the date of this annual report, the net proceeds from the Compliance Placement have not been materially disbursed. The Company will continue to make periodic announcements on the utilisation of the net proceeds raised as and when such proceeds are materially disbursed.

Board of Directors

MR N. SIVAGURUNATHAN V. NARAYANASAMY was appointed to the Board on 14 June 2010 and redesignated as the Group's Non-Independent Non-Executive Chairman on 1 March 2012. Mr Narayanasamy is admitted as an Advocate and Solicitor of the High Court of Malaysia and is currently a Senior Partner with Messrs Shamiah K.E. Ng & Siva, Advocate & Solicitors in Malaysia. He has extensive experience in financial restructuring exercise and was a director of several companies listed on the Malaysia Exchange. Mr Narayanasamy also holds a Bachelor of Arts (Honours) in Human Resource Management & Political Science from National University of Malaysia and a Master of Business Administration degree from University of Glastonbury in United Kingdom.

MR ANDREW ROACH REDDY is our Managing Director and was appointed to the Board on 1 March 2012 pursuant to the completion of the Chaswood Acquisition. He is responsible for the formulation of the Chaswood Group's strategic directions and expansion plans and management of overall business development. He has been in the hotel and service industry for about 18 years.

The seed of his casual dining empire were planted when he joined BistroAmericana Holdings Sdn. Bhd. as a general manager in 1993 and subsequently became the director of various T.G.I. Friday's restaurants six years later. With a wealth of experience under his belt, an unrelenting drive for success, he founded Chaswood with two other partners in 2002 and took the business under his personal charge; buying the T.G.I. Friday's franchise from BistroAmericana Holdings Pte. Ltd.,. As the Managing Director, Mr Andrew Reddy spearheaded the growth of the Chaswood Group business and operations to the present size and scale. Under his charge, Chaswood Group has expanded to being one of Malaysia's largest multi-concept restaurant operators. He holds a Masters of Business Administration in General and Strategic Management (Honourary) from the Maastricht School of Management, Netherlands.

MR NG TECK WAH was appointed to the Board as the Non-Independent Non-Executive Director on 1 March 2012 pursuant to the completion of the Chaswood Acquisition. Mr Ng is a founder and Joint Managing Director of Asiasons Capital Limited. He is also the Deputy Chairman of Asiasons WFG Financial Ltd. He is an Arthur Andersen thorough bred having joined the partnership upon graduation and has worked in various capacities throughout South East Asia before seeking early retirement in 2007 to join the Asiasons Group. Teck Wah shares the vision of Datuk Jared Lim Chih Li and Dato` Mohammed Azlan Bin Hashim in building a South East Asian private equity operations and brings to the table his 25 years of experience in consultancy, turnaround management, mergers and acquisition and transaction advisory. Most importantly, Teck Wah brings to the partnership a financial discipline critical in making the right decisions for the fund partnership.

Teck Wah's last position was as the Executive Director of Transaction Advisory Services in Ernst & Young KL. He is one of the founding directors of Arthur Andersen corporate finance in Malaysia. During his tenure in Arthur Andersen, he has served in Singapore, Hong Kong, Manila, Thailand and Indonesia and has helped to develop the emerging corporate finance divisions in South East Asia.

Teck Wah has a strong reputation in the market as a mergers and acquisitions and restructuring specialist and has built a pre-eminent status as a market leader in corporate transaction advisory in Malaysia. He has built a strong track record in leading large turnaround and insolvency assignments across a spectrum of industries.

Teck Wah has a Bachelor's of Commerce in Accounting from the University of Birmingham and is a fellow member of the Association of Chartered Certified Accountants UK (ACCA).

DATUK JARED LIM CHIH LI was appointed to the Board as the Non-Independent Non-Executive Director on 1 March 2012 pursuant to the completion of the Chaswood Acquisition. Datuk Jared is a founder and Joint Managing Director of Asiasons Capital Limited and is also a Director of Asiasons WFG Financial Limited. Datuk Jared is the visionary behind the setting up of an Asian-owned and Locally-grown private equity fund and conceptualized Asiasons' investment model of combining traditional value enhancing exercises with branding, design and online strategies.

Board of Directors

Prior to the formation of the Asiasons Group in 2007, Datuk Jared was an investment banker with Avenue Securities and was responsible for the setting up of the corporate finance unit, eventually building it up to a 40 man strong unit with a strong track record in Equity offerings, Restructurings, M&A and Bond Issues. Datuk Jared is the first investment banker in Malaysia to have successfully completed cross border equity offerings involving PRC enterprises, which eventually led to his conviction that it was timely to start an Emerging East Asian private equity model.

Datuk Jared is also a successful entrepreneur and is the Non-Executive Chairman of the privately owned Clearwater Group. The Clearwater Group is a boutique style Property and Lifestyle Group comprising the award winning Clearwater Residences in Damansara Heights and Green Luxury projects such as Bluconstellation and Dream City. The Group complements its properties with lifestyle projects such as the premier organic baby retail brand in Malaysia called BlueDotBaby; BE, a wellness centre combining Eastern healing therapies with Western technologies to offer a unique combination of services; and Glenn Doman Malaysia, a child enrichment focused company in Malaysia representing the Institutes for the Achievement of Human Potential of Philadelphia USA.

Datuk Jared has a Bachelor's degree in Economics and Accounting from the University of Bristol and obtained a First Class in Masters of Finance from the University of Hull and the Chartered Financial Analyst (CFA) qualification at the same time shortly after graduating from Bristol.

MR AUGUSTINE A/L T.K. JAMES is our Independent Non-Executive Director and was appointed to the Board on 7 October 2010. He is a Chartered Accountant with the Malaysian Institute of Accountants and a Certified Public Accountant with the Malaysian Association of Certified Public Accountants. Mr James has more than 30 years of experience in public accounting practice and he handled various High Court of Malaysia appointed receivership assignments. He is currently managing the firm of Messrs James & Co in Malaysia and his professional practice covers auditing, accounting, secretarial, taxation and receivership services.

MR PHANG IAN CHER SHEN is our Independent Non-Executive Director and was appointed to the Board on 14 January 2011. With more than 20 years of experience in providing financial advisory services and managing both privately held and public listed companies, Mr Phang amassed numerous awards in recognition of his outstanding performance as a consultant in the financial markets. He is currently Director of a Global Investor Programme ("GIP") approved Private Equity fund in Singapore and is also engaged as Consultant to Morgan Stanley, Asia. Mr Phang was an executive director and chief operating officer of a SGX mainboard listed corporation from 2001 to 2003. He received his tertiary education at the University of British Columbia.

Key Officer

MR LIM CHENG SEONG was appointed as the Chief Financial Officer of the Chaswood Group on 1 March 2012 after the completion of the reverse takeover exercise. He is responsible for the overall financial accounting and financial reporting of the Chaswood Group. Mr Lim joined Chaswood as an accounts manager in 2005 and was promoted to the Financial Controller in 2008 and the Chief Financial Officer in 2011. Prior to joining Chaswood, he was the finance and accounts assistant manager with TA Enterprise Berhad from 2004 to 2005 where he was responsible for analysing the performance of the group for decision making purposes. Mr Lim was an audit supervisor with P.G. Lim & Associates for six years from 1999 till 2004 where his duties included performing external audit, advisory, taxation and accounting services for companies as well as performing due diligence reviews on potential acquisitions. He is a member of the Malaysian Institute of Accountants since 2003 and a fellow member of The Association of Chartered Certified Accountants, United Kingdom since 2007.

Report on Corporate Governance

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Chaswood Resources Holdings Ltd. (formerly known as Asia Silk Holdings Limited) (the “**Company**”) is committed to maintaining a high standard of corporate governance within and throughout the Company and its subsidiaries (collectively known as, the “**Group**”) based on which its operations, businesses and strategies are directed and controlled. Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the “**Shareholders**”). Pursuant to Rule 710 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), this report sets out the Company’s corporate governance practices and activities during the financial year ended 31 December 2011 (“**FY2011**”) with specific reference to the principles of the Code of Corporate Governance 2005 (the “**Code**”).

BOARD MATTERS

Board of Directors and Conduct of Affairs (Principle 1)

The Board comprises six Directors: two Independent Non-Executive Directors, three Non-Independent Non-Executive Directors and one Executive Director. The members of the Board are:

Mr N.Sivagurunathan V. Narayanasamy	- Non-Independent Non-Executive Chairman <i>(re-designated on 1 March 2012)</i>
Mr Andrew Roach Reddy	- Executive Director and Managing Director <i>(appointed on 1 March 2012)</i>
Mr Ng Teck Wah	- Non-Independent Non-Executive Director <i>(appointed on 1 March 2012)</i>
Datuk Jared Lim Chih Li	- Non-Independent Non-Executive Director <i>(appointed on 1 March 2012)</i>
Mr Augustine A/L T.K. James	- Independent Non-Executive Director
Mr Phang Ian Cher Shen	- Independent Non-Executive Director
Ms Ding Zhiying	- Executive Director and Chief Executive Officer <i>(resigned on 11 January 2012)</i>
Mr Edwin Sugiarto	- Non-Independent Non-Executive Chairman <i>(resigned on 1 March 2012)</i>

The Board is entrusted with the responsibility for the overall management of the Group with primary function to protect Shareholders’ interests and to enhance long-term value and returns for its Shareholders. To fulfill this role, the Board is responsible for setting strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals.

Apart from its statutory responsibilities, the Board is also responsible for the following key matters:

- (a) approving broad policies, strategies and financial objectives of the Group and monitor the achievement of these objectives;
- (b) reviewing and approving annual budgets, major funding proposals, investment and divestment proposals;
- (c) reviewing management performance;
- (d) reviewing the adequacy and integrity of the Group’s internal controls, risk management systems and financial reporting systems;

Report on Corporate Governance

- (e) ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;
- (f) ensuring accurate, adequate and timely reporting to, and communication with Shareholders; and
- (g) assuming the responsibility for the satisfactory fulfillment of social responsibilities of the Group.

Matters which are specifically reserved to the full Board for approval are those involving corporate plans and budgets, material acquisition and disposal of assets, corporate or financial restructuring, share issuances, placement, dividends and other returns to Shareholders, and matters involving interested person transactions and major undertakings outside the ordinary course of business.

Certain functions have been delegated to various Board committees, namely, the Audit Committee, the Nominating Committee and the Remuneration Committee.

The Board and the Audit Committee meet at least two times a year to review, considered and approved the Company's key strategic and operational matters, major investments, disposal and funding decisions. It also reviews and approves the half year and financial year end results before public announcements. The Board and the Audit Committee will continue their practice of meetings as frequently as circumstances require in order that the Board can provide guidance on the strategic direction of the Company. The Company's Articles of Association allow meetings to be conducted both physically and by way of telephone conferencing or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other, provided that the requisite quorum is present.

Each Director's participation in the meetings held during the year under review is summarised in the table below:

Attendance Record of the Board and Committee Meetings

	Board Committees							
	Board		Audit		Remuneration		Nominating	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Directors/ Board Members								
Ding Zhiying ⁽¹⁾	3	2	NA	NA	NA	NA	1	1
Edwin Sugiarto ⁽²⁾	3	3	2	2	1	1	NA	NA
N.Sivagurunathan V. Narayanasamy	3	3	NA	NA	NA	NA	NA	NA
Augustine A/L T.K. James	3	3	2	2	1	1	1	1
Phang Ian Cher Shen	3	3	2	2	1	1	1	1

NA - Not a Member of the Committee

- (1) Ms Ding Zhiying resigned on 11 January 2012 and relinquished her position as the Executive Director and Chief Executive Officer and a member of the Nominating Committee on the same day.
- (2) Mr Edwin Sugiarto resigned on 1 March 2012 and relinquished his position as the Non-Independent Non-Executive Chairman and a member of the Audit and Remuneration Committees on the same day.
- (3) Mr Andrew Roach Reddy, Mr Ng Teck Wah and Datuk Jared Lim Chih Li were appointed on 1 March 2012 and after FY2011.

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected role and responsibilities. Where possible and when an opportunity arises, the Directors will be invited to locations within the Group's operations to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

Report on Corporate Governance

On Directors' training, the Group has instituted orientation programmes to familiarise new Directors with the Group's core business and governance practice. The programmes are briefed by the former Chief Executive Officer ("CEO") on the Group's history, business operations, policies, strategic plans and objectives. Directors and senior executives are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations.

Board Composition and Guidance (Principle 2)

As at the date of this report, the Board comprises two Independent Non-Executive Directors, three Non-Independent Non-Executive Directors and an Executive Director and Managing Director/Chief Executive Officer. Key information regarding the current Directors can be found on page 6 to page 7 of this annual report. The Nominating Committee reviews the independence of each Independent Non-Executive Director annually and adopts the Code's definition of what constitutes an Independent Director in its review.

The Nominating Committee is of the view that there is a sufficient strong independent element in the Board which could enable the independent exercise of objective judgement on corporate affairs of the Group, taking into account the number of Independent Directors sitting on the current Board together with the size and scope of the affairs and operations of the Group. The Board will constantly examine its size with a view to determine its impact upon its effectiveness. The Board also considers that its composition of Non-Executive and Independent Directors provide an effective Board with a combination of core competencies of knowledge, business contacts and extensive business and commercial experience. This balance is vital in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account the long term interests of the Group.

Pursuant to the completion of the Chaswood Acquisition, Mr Andrew Roach Reddy was appointed as the Executive Director and Managing Director of the Company. Mr Ng Teck Wah and Datuk Jared Lim Chih Li were appointed as Non-Independent Non-Executive Directors of the Company. Mr N. Sivagurunathan V. Narayanasamy, who is an existing director, was re-designated as Non-Independent Non-Executive Chairman of the Company, in place of Mr Edwin Sugiarto. Mr Augustine A/L T.K. James and Mr Phang Ian Cher Shen remained as Independent Directors of the Company. The current constitution of the Board is a temporary arrangement to facilitate the finalisation of the audited financial statements of the Group for FY2011.

Chairman and Chief Executive Officer (Principle 3)

The roles of the Chairman and the Chief Executive Officer are separate and their responsibilities are clearly defined to ensure an appropriate balance of power and authority within the Company.

Mr N. Sivagurunathan V. Narayanasamy ("**Mr Narayanasamy**") was re-designated from the Non-Independent Non-Executive Director to the Non-Independent Non-Executive Chairman of the Company on 1 March 2012 following the resignation of Mr Edwin Sugiarto ("**Mr Sugiarto**") who had held the same position up till his resignation on 1 March 2012. Mr Narayanasamy and Mr Sugiarto, during their respective tenure, take leading roles in ensuring the Company's compliance with corporate governance guidelines and monitors and translates the Board's decision and wishes into execution. They also undertake exercising control over the quality, quantity, accuracy and timeliness of information flow between the Board and Management of the Company as well as between the Company and its Shareholders. Constructive relations between the Board and the Management and between the Executive Directors and the Independent Directors are also encouraged by the respective Chairman and they ensure that each member of the Board and the Management works well together. Mr Andrew Roach Reddy ("**Mr Reddy**", who was appointed as the Managing Director of the Company on 1 March 2012 following the resignation of Ms Ding Zhiying ("**Ms Ding**") on 11 January 2012 and pursuant to the completion of the Chaswood Acquisition, Mr Reddy and Ms Ding are, during their respective tenure with the Company, responsible for the day-to-day operation, overall management, strategic planning and business development of the Group.

Report on Corporate Governance

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Further, the Audit Committee, Remuneration Committee and Nominating Committee are chaired by Independent Directors.

BOARD COMMITTEES

Nominating Committee (Principles 4 and 5)

The current members of the Nominating Committee (“**NC**”) comprise the following Directors, the majority of whom, including the Chairman are independent from the management.

Augustine A/L T.K. James (*Chairman*)
Phang Ian Cher Shen
Ng Teck Wah (*appointed on 1 March 2012*)
Ding Zhiying (*resigned on 11 January 2012*)

The current members of NC including the Chairman are Independent Directors except for Mr Ng Teck Wah, who is a Non-Independent Non-Executive Director. In addition, the Chairman is not associated with the substantial Shareholder of the Company.

The NC has adopted specific written terms of reference and is scheduled to meet at least once a year. Its role is to establish a formal and transparent process for:

- (a) identifying, reviewing and recommending candidates for appointment as Directors of the Company and appointment to the Board committees as well as to senior management positions in the Company;
- (b) re-nomination of Directors having regard to the Director’s contribution and performance;
- (c) determining annually whether or not a Director is independent; and
- (d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The NC reviews and assesses candidates for directorship before making recommendations to the Board. The NC takes into consideration the qualification and experience of each candidate, his / her ability to increase the effectiveness of the Board and to add value to the Group’s business in line with its strategic objectives.

In accordance with the provisions of the Company’s Articles of Association, at least one third of the Directors are required to retire by rotation from office and subject themselves to re-election by Shareholders at every annual general meeting. Every Director must retire from office at least once in every three years. A retiring Director is eligible for re-election.

The NC had recommended to the Board that Mr N. Sivagurunathan V. Narayanasamy (“**Mr Narayanasamy**”) be nominated for re-election at the forthcoming AGM for the purpose of the provision of Article 89 of the Company’s Articles of Association. Mr Narayanasamy has indicated that he will not be seeking re-election as a Director of the Company. Mr Andrew Roach Reddy, Mr Ng Teck Wah and Datuk Jared Lim Chih Li will be nominated for re-election in accordance with Article 88 of the Company’s Articles of Association.

Although the Non-Executive and Independent Directors hold directorships in other companies which are not within the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The Board of Directors has confirmed that the Non-Executive and Independent Directors have committed sufficient time, resources and expertise to the affairs of the Company to ensure their compliance with Principle 4.4 of the Code.

Report on Corporate Governance

In FY2011, the NC, in assessing the contribution of each Director and their commitment to the role, had considered his attendance and participation at Board and Board committee meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including the management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the Board as a whole, both quantitative and qualitative criteria are considered. Such criteria include consideration of the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

The NC held one meeting during the year under review.

Access to Information (Principle 6)

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with adequate and timely information prior to board meetings and on an on-going basis such as periodic management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise.

Directors have unrestricted access to the Company's records and information. The Board members have separate and independent access to senior management staff and whenever necessary, senior management staff will be invited to attend the Board meetings and Committee Meetings to answer additional queries from the Board Members and provide detailed insights into their areas of operations to the Board Members. A half-yearly report of the Group's activities is also provided to the Directors.

The Board, either individually or as a group, in the furtherance of their duties, has access to independent professional advice, if necessary, at the Company's expense.

The Board members have separate and independent access to the Company Secretaries. The representative of the Company Secretaries attends board meetings and committee meetings. The Company Secretaries assist the Board to ensure that Board procedures and rules and regulations are complied with. The appointment and the removal of the Company Secretaries is a matter for the Board as a whole.

Remuneration Matters (Principles 7, 8 and 9)

The function of the Remuneration Committee ("RC") is to review and recommend the remuneration of the Executive Directors of the Company and Directors' fees to the Board so as to provide a greater degree of objectivity and transparency in the setting of remuneration.

The current RC comprises entirely Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Phang Ian Cher Shen (Chairman)
Augustine A/L T.K. James
Ng Teck Wah (*appointed on 1 March 2012*)
Edwin Sugiarto (*resigned on 1 March 2012*)

The RC is scheduled to meet at least once a year and has adopted specific terms of reference. The RC has access to independent professional advice, if necessary.

The RC's main duties are:

- (a) to review and recommend to the Board in consultation with management and the Chairman of the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors of the Group, CEO and key executives, including those employees related to the Executive Directors and controlling Shareholders of the Group.
- (b) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

Report on Corporate Governance

As part of its review, the RC shall ensure that:

- (i) all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.
- (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and senior executives' performances.
- (iii) the remuneration package of employees related to Executive Directors and controlling Shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual Directors. No Director will be involved in deciding his own remuneration.

Mr Andrew Roach Reddy, the Executive Director and Managing Director has entered into a service agreement ("**Service Agreement**") with the Company. The Service Agreement spells out the terms of employment such as salary and other benefits. Mr Andrew Roach Reddy's service contract is not excessively long with onerous removal clauses. Under the Service Agreement, either party may inter alia, terminate the Service Agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary. The Non-Executive and Independent Directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Committees. The Directors' fees for the Independent Non-Executive Directors are determined by their respective contributions to the Company, taking into account factors such as effort and time spent as well as their responsibilities on the Board and Board committees.

The RC held one meeting during the year under review.

Directors' Remuneration

The RC ensures the level of remuneration is appropriate to attract, retain and motivate the Directors to run the Company successfully. The Executive Director's remuneration consists of a salary and bonuses. A proportion of the remuneration for the Executive Director is linked to performance in the form of performance bonus. Directors' fees for the Non-Executive Directors are subject to approval of Shareholders at the AGM of the Company. In FY2011, the RC met once and deliberated the Director's fees and remuneration of key officer.

A breakdown, showing the level and mix of each individual Director's remuneration payable for FY2011 is as follows:

	Salary and Fees	Performance Based Bonuses	Other Benefits	Total Remuneration
	%	%	%	%
\$250,000 and below				
<u>Executive Directors</u>				
Ding Zhiying ⁽¹⁾	100	–	–	100
<u>Non-Independent and Non-Executive Directors</u>				
Edwin Sugiarto ⁽²⁾	93	–	7	100
N. Sivagurunathan V. Narayanasamy	94	–	6	100
<u>Independent Directors</u>				
Phang Ian Cher Shen	93	–	7	100
Augustine A/L T.K. James	93	–	7	100

Mr Andrew Roach Reddy, Mr Ng Teck Wah and Datuk Jared Lim Chih Li were appointed on 1 March 2012 and after FY2011.

Report on Corporate Governance

Note:

- (1) Ms Ding Zhiying resigned on 11 January 2012.
- (2) Mr Edwin Sugiarto resigned on 1 March 2012.

The overall wage policies for the employees are linked to performance of the Group as well as the individual and determined by the Board and the RC. The Board will respond to any queries raised at AGM pertaining to such policies. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by the Shareholders.

Disclosure of the top executives' remuneration for FY2011 is as follows:

	Salary and Fees	Performance Based Bonuses	Other Benefits	Total Remuneration
	%	%	%	%
\$250,000 and below				
Jia Jinxiang	100	–	–	–
Wang Cai Fang	100	–	–	–

None of the employees whose remuneration exceeds S\$150,000 during the year are immediate family members of the Directors or substantial Shareholders.

Accountability and Audit (Principles 10, 11, 12 and 13)

The Board is mindful that it is accountable to the Shareholders and strives to ensure that full material information is timely disclosed to Shareholders in compliance with the statutory requirements and the Catalyst Rules. The Board's responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required). The Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis.

Price sensitive information is first publicly released after the review by the Board. Financial results and annual reports will be announced or issued within legally prescribed periods.

The Audit Committee ("**AC**") comprises the following Non-Executive Directors, the majority of whom including the Chairman, are Independent and majority of whom possess the appropriate accounting experience and / or related financial management expertise:

Augustine A/L T.K. James (redesignated from a Member to the Chairman on 11 August 2011)
Phang Ian Cher Shen (redesignated from the Chairman to a Member on 11 August 2011)
Ng Teck Wah (*appointed on 1 March 2012*)
Edwin Sugiarto (*resigned on 1 March 2012*)

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Report on Corporate Governance

The AC meets at least two times a year and performs the following functions:

- (a) review with the external auditor the audit plan, its evaluation of the system of internal accounting controls, its letter to management and the management's response;
- (b) review the half-yearly financial information and annual financial statements before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- (c) review the internal control procedures and ensure co-ordination between the external auditor and our management, and review the assistance given by our management to the auditor, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditor may wish to discuss (in the absence of the management, where necessary);
- (d) review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (e) consider the appointment or re-appointment of the external auditor and matters relating to the resignation or dismissal of the auditor;
- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- (g) review potential conflicts of interest, if any;
- (h) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of our AC; and
- (i) generally undertake such other functions and duties as may be required by the legislation, regulations or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC has full access to and full co-operation of the management and external auditor. It also has the discretion to invite any Director and Executive Director to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference, which has or is likely to have material impact on the Group's operating results or financial results.

The AC held two meetings during the year under review.

The AC has reviewed the external auditor's non-audit services and is satisfied that the nature and extent of such services has not prejudiced the independence and objectivity of the external auditor. The AC recognises the need to maintain a balance between the independence and objectivity of the external auditor and the work carried out by the external auditor based on value for money consideration. During FY2011, the audit and non-audit fees paid/payable to the external auditor were approximately S\$83,000 and S\$74,000 (including a prepayment of S\$71,000), respectively.

The external auditor carries out in the course of their statutory audit, a review of the effectiveness of the Group's material internal controls. Material non-compliance and internal control weaknesses noted during the audit are reported to the AC together with its recommendations. Management will follow up on the external auditor's recommendations in a joint effort to strengthen the Group's internal control systems.

The AC has also recommended to the Board a system of periodic reporting from key management staff of the Company and all its subsidiaries on whether any matters need to be drawn to the attention of AC for their evaluation and recommendation to the Board which may affect the Board's reporting of the negative assurance statement required under Rule 705 (5) of the Catalist Rules . This recommendation has been accepted by the Board and implemented.

Report on Corporate Governance

The Board recognises the importance of maintaining a system of internal control process to safeguard Shareholders' investments and the Group's business and assets. The Board noted that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. During the financial year, the AC had reviewed and the Board with the concurrence of the AC is of the opinion that there are adequate internal controls, addressing financial, operational and compliance risks.

Currently, the Chairman of the AC enquires and relies on reports from the Management and external auditor on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the external auditor its findings of the existence and adequacy of material accounting controls procedures as part of its audit for the financial year under review. The AC is of the view that the work carried out by the external auditor is adequate and is able to meet the audit obligations of the Company.

The AC has reviewed with the external auditor its findings of the existence and adequacy of material accounting control procedures as part of its audit in FY2011. The AC is of the view that the work carried out by the external auditor is adequate.

The AC will review and monitor the Company's internal controls and risk management practices, taking into consideration the risks which the Group is exposed to, and would recommend the establishment of internal audit function once the need arises.

Pursuant to the completion of the Chaswood Acquisition, Baker Tilly TFW LLP had resigned and RSM Chio Lim LLP was appointed as the Auditor of the Company for the financial year ending 31 December 2012 and to hold office until the conclusion of the next annual general meeting of the Company. The appointment of RSM Chio Lim LLP was approved by the shareholders at the Extraordinary General Meeting held on 1 February 2012.

The Company confirms that it is in compliance with Rule 712 of the Catalist Rules in relation to its appointment of the auditing firm for the Company. The Company has investments in overseas subsidiaries in the PRC as set out in note to financial statements on page 45 of this annual report. Baker Tilly TFW LLP had also been engaged as auditor of the subsidiaries for the sole purpose of preparing the consolidated financial statements. Accordingly, Rule 716 of the Catalist Rules is not applicable.

Following the completion of the disposal of the Company's entire legal and beneficial interests in Wuxi Dingjiu Silk Co., Ltd. (the "**Disposal**") as announced on 9 January 2012, Ms Wang Caifang resigned as the Chief Financial Officer ("**CFO**") of the Company with effect from 11 January 2012. Pursuant to the completion of the Acquisition, Mr Lim Cheng Seong was appointed the CFO of the Company with effect from 1 March 2012.

Communication with Shareholders (Principles 14 and 15)

The Company believes in regular and timely communication with Shareholders as part of the organisation's development to build systems and procedures that will enable the Company to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency to be as descriptive, detailed and forthcoming as possible in its disclosure of information and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules and the Companies Act, Cap. 50 of Singapore, the Board's policy is that all Shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to Shareholders on a timely basis through the SGXNET and the press.

The Company is in the full support of Shareholders participation at general meetings, the Shareholders are encourage to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Shareholders are allowed to vote in person or by proxy. The Notice of the AGM is dispatched to Shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 calendar days before the meeting.

Report on Corporate Governance

The Board welcomes questions from Shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Remuneration and Nominating Committees will be available at the meeting to respond to those questions relating to the work of these committees.

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member.

DEALINGS IN SECURITIES

In line with Rule 1204(19) of Catalist Rules on dealings in Securities, the Company has adopted an internal compliance codes in relation to dealings in the Company's securities to provide guidance to all its Directors and officers. The Company and its officers are not allowed to deal in the Company's securities on short-term considerations and they are also not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

Other than the sale and purchase agreement entered into between the Company and the Vendors (Posh Corridor Sdn. Bhd. and Andrew Roach Reddy) pursuant to the Chaswood Acquisition, there is no material contract or loan by the Company or its subsidiary companies involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Pursuant to the completion of the Acquisition on 1 March 2012, (i) Mr Andrew Roach Reddy has become the Managing Director and a substantial Shareholder of the Company and; (ii) Posh Corridor Sdn. Bhd. has become a substantial Shareholder of the Company.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Group regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The senior operational management sets the Group's risk management policy and strategy. The senior operational managers continuously evaluate and monitor the significant risks.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions will be transacted on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

Report on Corporate Governance

The aggregate value of the interested person transactions entered during the financial year under review is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
Jiangsu Hunting Garment Co., Ltd ("Jiangsu Hunting") ⁽¹⁾	1,015	Nil
Jiangsu Xindingqiu Silk Spinning Science & Technology Co., Ltd ("Jiangsu Xindingqiu") ⁽²⁾	491	Nil

The above transactions comprised:

- (1) lease land, plant and machinery from Jiangsu Hunting; and
- (2) lease with respect to premises and land from Jiangsu Xindingqiu.

NON-SPONSOR FEES

CIMB Bank Berhad, Singapore Branch was appointed to act as the Company's Continuing Sponsor, in place of Collins Stewart Pte Limited with effect from 18 July 2011.

In compliance with Rule 1204(21) of the Catalist Rules, non-sponsor fees accrued/paid to CIMB Bank Berhad, Singapore Branch and Collins Stewart Pte Limited during the financial year ended 31 December 2011 amounted to approximately S\$59,000 and S\$43,000, respectively.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Chaswood Resources Holdings Ltd. (formerly known as Asia Silk Holdings Limited) (the "**Company**") and its subsidiaries (the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2011.

On 1 March 2012, the Company changed its name from Asia Silk Holdings Limited to Chaswood Resources Holdings Ltd. to reflect the new business structure and ownership of the Company as set out in Note 31 to the financial statements.

1. Directors

The directors in office at the date of this report are:

N. Sivagurunathan V. Narayanasamy	–	Non-Independent Non-Executive Chairman
Andrew Roach Reddy	–	Executive Director and Managing Director, appointed on 1 March 2012
Ng Teck Wah	–	Non-Independent Non-Executive Director, appointed on 1 March 2012
Datuk Jared Lim Chih Li	–	Non-Independent Non-Executive Director, appointed on 1 March 2012
Augustine A/L T.K. James	–	Independent Non-Executive Director
Phang Ian Cher Shen	–	Independent Non-Executive Director

2. Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire shares in, or debentures of the Company or any other body corporate.

3. Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related companies as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act Cap. 50, except as follows:

Name of Director in which interest are held	Number of ordinary shares			
	Shareholdings registered in their own name		Shareholdings in which a director is deemed to have an interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Edwin Sugiarto (Non-Independent Non-Executive Chairman, resigned on 1 March 2012)	–	–	25,000,000	25,000,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2012.

By virtue of Section 7(4) of the Singapore Companies Act, Cap. 50, Mr Edwin Sugiarto, who resigned on 1 March 2012, was deemed to be interested in shares of the subsidiaries held by the Company.

Directors' Report

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit other than disclosed in the consolidated financial statements and this report by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

5. Share options

No option to take up unissued shares of the Company or its subsidiaries was granted during the financial year.

There were no shares during the financial year by virtue of the exercise of option to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6. Audit Committee

The members of the Audit Committee during the financial year and at the date of this report are:

Augustine A/L T.K. James	Chairman	<i>(redesignated from a Member to the Chairman on 11 August 2011)</i>
Ng Teck Wah	Member	<i>(appointed on 1 March 2012)</i>
Phang Ian Cher Shen	Member	<i>(redesignated from the Chairman to a Member on 11 August 2011)</i>
Edwin Sugiarto	Member	<i>(resigned on 1 March 2012)</i>

The Audit Committee carried out its functions specified in the Listing Manual and the Singapore Companies Act. The functions performed are detailed in the Report on Corporate Governance.

The Audit Committee is satisfied with the independence and objectivity of the external auditor.

7. Auditor

The auditor of the Company for the financial year ended 31 December 2011 is Baker Tilly TFW LLP. On 1 February 2012, RSM Chio Lim LLP has been appointed as the Company's auditor with effect from the financial year ending 31 December 2012.

8. Subsequent development

Subsequent to the release of the Group's and the Company's preliminary financial statements as announced on 29 February 2012, on 1 March 2012, the Company completed the acquisition of the entire issued and paid-up share capital of Chaswood Resources Sdn Bhd ("**Acquisition**") for a purchase consideration of S\$60,785,347, satisfied in full by the allotment and issue of 2,026,178,233 new ordinary shares in the capital of the Company as set out in Note 31 to the financial statements.

On behalf of the Directors

N. Sivagurunathan V. Narayanasamy
Non-Independent Non-Executive Chairman

Phang Ian Cher Shen
Independent Non-Executive Director

28 March 2012

Statement by Directors

In the opinion of the Directors:

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 23 to 60, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

N. Sivagurunathan V. Narayanasamy
Non-Independent Non-Executive Chairman

Phang Ian Cher Shen
Independent Non-Executive Director

28 March 2012

Independent Auditor's Report

TO THE MEMBERS OF CHASWOOD RESOURCES HOLDINGS LTD.
(FORMERLY KNOWN AS ASIA SILK HOLDINGS LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of Chaswood Resources Holdings Ltd. (formerly known as Asia Silk Holdings Limited) (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 23 to 60, which comprise the balance sheets of the Group and Company as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "**Act**") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP

Public Accountants and
Certified Public Accountants
Singapore

28 March 2012

Consolidated Statement of Comprehensive Income

For the Financial Year ended 31 December 2011

	Note	Group	
		2011 RMB'000	2010 RMB'000 (Restated)
Continuing operations			
Administrative expenses		(4,556)	(1,551)
Loss before tax from continuing operations	4	(4,556)	(1,551)
Tax expense	5	–	–
Loss from continuing operations, net of tax		(4,556)	(1,551)
Discontinued operations			
Loss from discontinued operations, net of tax	6	(5,010)	(4,492)
Loss for the financial year		(9,566)	(6,043)
Other comprehensive (loss)/income, net of tax			
Currency translation differences		(159)	53
Total comprehensive loss for the financial year		(9,725)	(5,990)
Attributable to:			
Owners of the Company		(9,725)	(5,990)
Total comprehensive loss for the financial year		(9,725)	(5,990)
Attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax		(4,715)	(1,498)
Total comprehensive loss from discontinued operations, net of tax		(5,010)	(4,492)
Total comprehensive loss for the financial year attributable to owners of the Company		(9,725)	(5,990)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(4,556)	(1,551)
Loss from discontinued operations, net of tax		(5,010)	(4,492)
Loss for the financial year attributable to owners of the Company		(9,566)	(6,043)
Loss per share from continuing operations attributable to owners of the Company (expressed in RMB fen)			
Basic	7	(3.41)	(1.24)
Diluted	7	(3.41)	(1.24)

The comparative figures for the financial year ended 31 December 2010 relating to the discontinued operations have been re-presented in Note 6.

The accompanying notes form an integral part of these financial statements.

Balance Sheets

At 31 December 2011

	Note	Group		Company	
		2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	-	17,272	-	-
Investments in subsidiaries	9	-	-	-	-
Long-term land use rights	10	-	752	-	-
		-	18,024	-	-
Current assets					
Inventories	11	-	11,854	-	-
Trade receivables	12	-	38,666	-	-
Transferable notes receivables	13	-	2,600	-	-
Other receivables	14	961	475	961	-
Amounts due from related parties (trade)	15	-	255	-	-
Amount due from a subsidiary (non-trade)	16	-	-	-	1,022
Pledged term deposits	17	-	2,000	-	-
Bank and cash balances	18	1,446	4,254	1,446	2
		2,407	60,104	2,407	1,024
Assets of Disposal Group classified as held for sale	6	63,943	-	8,635	-
Total assets		66,350	78,128	11,042	1,024
Current liabilities					
Trade payables	19	-	15,812	-	-
Transferable notes payables	20	-	4,000	-	-
Other payables	21	5,664	6,070	5,664	804
Amounts due to related parties	22	-	26,790	-	-
Interest-bearing bank loans	23	-	12,200	-	-
		5,664	64,872	5,664	804
Liabilities directly associated with Disposal Group classified as held for sale	6	55,308	-	-	-
Total liabilities		60,972	64,872	5,664	804
Net assets		5,378	13,256	5,378	220
EQUITY					
Equity attributable to the owners of the Company					
Share capital	24	430	69,274	430	69,274
Reserves		4,948	(56,018)	4,948	(69,054)
Total equity		5,378	13,256	5,378	220

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 December 2011

Group	Note	Attributable to owners of the Company					Total equity RMB'000
		Share capital RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Revenue reserve RMB'000	Total reserves RMB'000	
2011							
Balance at 1 January 2011		69,274	383	3,761	(60,162)	(56,018)	13,256
Issuance of share capital	24	1,925	–	–	–	–	1,925
Share issuance expenses	24	(78)	–	–	–	–	(78)
Capital reduction	24	(70,691)	–	–	70,691	70,691	–
Loss for the financial year		–	–	–	(9,566)	(9,566)	(9,566)
Other comprehensive loss							
Currency translation differences		–	(159)	–	–	(159)	(159)
Total comprehensive loss for the financial year		–	(159)	–	(9,566)	(9,725)	(9,725)
Balance at 31 December 2011		430	224	3,761	963	4,948	5,378
2010							
Balance at 1 January 2010		69,274	330	3,761	(54,119)	(50,028)	19,246
Loss for the financial year		–	–	–	(6,043)	(6,043)	(6,043)
Other comprehensive income							
Currency translation differences		–	53	–	–	53	53
Total comprehensive income/(loss) for the financial year		–	53	–	(6,043)	(5,990)	(5,990)
Balance at 31 December 2010		69,274	383	3,761	(60,162)	(56,018)	13,256

Company	Note	Attributable to owners of the Company				Total equity RMB'000
		Share capital RMB'000	Foreign currency translation reserve RMB'000	Revenue reserve RMB'000	Total reserves RMB'000	
2011						
Balance at 1 January 2011		69,274	1,637	(70,691)	(69,054)	220
Issuance of share capital	24	1,925	–	–	–	1,925
Share issuance expenses	24	(78)	–	–	–	(78)
Capital reduction	24	(70,691)	–	70,691	70,691	–
Profit for the financial year		–	–	3,470	3,470	3,470
Other comprehensive loss						
Currency translation differences		–	(159)	–	(159)	(159)
Total comprehensive (loss)/income for the financial year		–	(159)	3,470	3,311	3,311
Balance at 31 December 2011		430	1,478	3,470	4,948	5,378
2010						
Balance at 1 January 2010		69,274	1,584	(69,140)	(67,556)	1,718
Loss for the financial year		–	–	(1,551)	(1,551)	(1,551)
Other comprehensive income						
Currency translation differences		–	53	–	53	53
Total comprehensive income/(loss) for the financial year		–	53	(1,551)	(1,498)	(1,498)
Balance at 31 December 2010		69,274	1,637	(70,691)	(69,054)	220

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 31 December 2011

	2011 RMB'000	2010 RMB'000 (Restated)
Cash flows from operating activities		
Loss before tax		
- Continuing operations	(4,556)	(1,551)
- Discontinued operations	(5,010)	(4,492)
	(9,566)	(6,043)
Adjustments for:		
Depreciation of property, plant and equipment	1,412	3,374
Amortisation of land use rights	42	84
Loss on disposal of property, plant and equipment	52	-
Interest income	(31)	(141)
Reversal of inventories written down	(354)	(3,722)
Interest expenses	944	730
Allowance for doubtful receivables		
- trade	5,928	2,642
- non-trade	75	66
Impairment loss on property, plant and equipment	-	2,256
Impairment loss on property, plant and equipment written back	(3,038)	-
Property, plant and equipment written off	-	125
Operating cash flows before working capital changes	(4,536)	(629)
Inventories	1,188	2,929
Trade receivables and other receivables	9,633	3,776
Trade payables and other payables	4,206	(15,721)
Amounts due from related parties	129	(81)
Amounts due to related parties	(13,664)	593
Cash used in operations	(3,044)	(9,133)
Interest received	31	141
Net cash used in operating activities	(3,013)	(8,992)
Cash flows from investing activities		
Purchases of property, plant and equipment	(65)	(686)
Proceeds from disposal of property, plant and equipment	24	-
Deposit received on sale of Disposal Group	2,399	-
Net cash generated from/(used in) investing activities	2,358	(686)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	1,925	-
Share issuance expenses	(78)	-
Proceeds from bank loans	3,000	26,100
Repayment of bank loans	-	(29,100)
Decrease in term deposits pledged to banks for banking facilities	500	7,700
Interest paid	(944)	(730)
Net cash generated from financing activities	4,403	3,970
Net increase/(decrease) in cash and cash equivalents	3,748	(5,708)
Cash and cash equivalents at beginning of financial year	4,254	9,962
Cash and cash equivalents at end of financial year	8,002	4,254

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (cont'd)

For the Financial Year ended 31 December 2011

For the purpose of the consolidated statement of cash flows, cash and cash equivalents at the end of the financial year comprise the following:

	2011	2010
	RMB'000	RMB'000
Bank and cash balances:		
- Continuing operations	1,446	2
- Discontinued operations (Note 6)	6,556	4,252
	8,002	4,254

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

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

1. Corporate information

Chaswood Resources Holdings Ltd. (the “**Company**”) (Co. Reg. No. 200401894D) is incorporated and domiciled in Singapore.

On 1 March 2012, the Company changed its name from Asia Silk Holdings Limited to Chaswood Resources Holdings Ltd. to reflect the new business structure and ownership of the Company as set out in Note 31.

The principal activity of the Company is that of investment holding. The registered office of the Company is located at 80 Robinson Road #02-00, Singapore 068898.

On 9 January 2012, the Company completed the disposal of its entire legal and beneficial interests in Wuxi Dingqiu Silk Co., Ltd. and its subsidiaries, Guizhou Zhenxing Cocoon & Silk Co., Ltd., Suqian Xindingqiu Silk Co., Ltd. and Yixing Dingjia Textile & Garment Co., Ltd. (the “**Textile Group**”). The principal activities of the Textile Group are those of spun silk yarn, spun silk fabric and garment manufacturing and its principal place of business is located at Taihua Town, Yixing City, Jiangsu Province, the People’s Republic of China (the “**PRC**”), 214235 as set out in Note 9.

2. Significant accounting policies

a) Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“**FRS**”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi (“**RMB**”).

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. 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 those estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and cash equivalents, current receivables and payables approximate their respective fair values due to the relatively short-term maturity of the financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS (“**INT FRS**”) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

Identification of related party

With effect from 1 January 2011, the Group has applied the revised FRS 24 Related Party Disclosures (2010) to identify parties that are related to the Group and for determination of required related party disclosures. The wordings in the revised FRS 24 were improved to provide clarity and additional guidance in the definitions and disclosures for related parties.

The adoption of FRS 24 (2010) affects only disclosures made in the financial statements. There is no financial effect on the financial statements of the Group. The Group's related party disclosures are in Note 25.

At the date of the balance sheet, the following FRSs and INT FRSs were issued, revised or amended but not effective:

FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures - Transfers of Financial Assets

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

b) Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the 'non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

c) Revenue recognition

Revenue comprises the fair value for the sale of goods, net of goods and services tax, rebate and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue and related cost can be reliably measured.

Sale of inventories

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be reliably measured.

Interest income

Interest income is recognised on a time proportion method using the effective interest method.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

d) Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised in the profit or loss over the periods necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet date and is amortised to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

e) Borrowing costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds are recognised as expense using the effective interest method in the period in which they are incurred except for borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until all the activities necessary to prepare the qualifying asset for its intended use or sale are substantially completed.

f) Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

g) Income taxes

(i) Current tax

Current tax assets and liabilities of the Group for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

PRC corporate income tax is provided at rates applicable to enterprises in the PRC on the profit for financial reporting purposes, as adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax legislation, practices and interpretations thereof.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

g) Income taxes (cont'd)

(ii) Deferred tax

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing an asset to its working condition and location for its intended use less any trade discounts and rebates. Properties in the course of construction for future production are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the consolidated statement of comprehensive income during the financial year when it is incurred.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is charged so as to write off the cost of all property, plant and equipment, less any estimated residual value over their estimated useful lives, using the straight-line method as follows:

Leasehold buildings	–	30 years
Plant and machinery	–	10 years
Furniture, fixtures, office equipment and motor vehicles	–	5 years

The residual value, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

j) Intangible asset

Long-term land use rights is identified as an intangible asset and regarded to have a finite useful life as the land is valid only for a fixed number of years. Prior to 1 January 2009, the intangible asset was amortised over the estimated useful lives of 50 years. From 1 January 2009, the amortisation of land use rights is computed based on remaining business operations licence period of 10 years.

The intangible asset is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income as administrative expenses.

k) Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

l) Financial assets

(a) Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's only financial assets are loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within trade and other receivables and cash and cash equivalents on the balance sheets.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

(c) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

m) Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost determined on a weighted average basis.
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on a normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank and cash balances. Cash and short term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39.

o) Non-current assets held for sale and discontinued operations

Non-current assets and Disposal Group classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and Disposal Group are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or Disposal Group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a “discontinued operations” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

p) Financial liabilities

Financial liabilities include trade and other payables, transferable notes payables, amounts due to related parties and interest-bearing bank loans. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

q) Provisions

Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimates of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

r) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

s) Foreign currencies

(i) Functional and presentation currency

The Company and the subsidiaries' functional currencies are Singapore dollar (S\$) and RMB respectively, which reflects the economic substance of the underlying events and circumstances of respective entities within the Group. The subsidiaries are domiciled in the PRC and the selling prices and major costs of providing goods and services are primarily influenced by fluctuation in RMB.

The Group's principal operations are conducted in the PRC. Accordingly, the financial statements are presented in RMB.

(ii) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries, and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (2) Income and expenses are translated at average foreign exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (3) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation, are taken to the foreign currency translation reserve.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

2. Significant accounting policies (cont'd)

t) Statutory reserve

The statutory reserve represents appropriation of profits retained by a subsidiary. In accordance with the relevant PRC regulations and the Articles of Association of the subsidiary, the subsidiary is required to appropriate an amount of not less than 10% of the net profit for the period. The appropriation to statutory surplus reserve is required until the balance reaches 50% of the registered capital of the subsidiary.

The statutory surplus reserve can be used to set-off against any accumulated losses, increase capital, or other purposes approved by the relevant authorities. Statutory reserve is not distributable by way of cash dividends.

u) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

v) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

x) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

3. Critical accounting judgments and key sources of estimation uncertainty

Judgment made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgment that has the most significant effect on the amounts recognised in the financial statements.

(i) *Income taxes*

The Group has exposure to income taxes in Singapore and the PRC. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details in relation to tax expense/tax credit are disclosed in Note 5.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) *Allowance for bad and doubtful receivables*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The allowance for the bad and doubtful receivables is assessed based on an on-going assessment of the recoverability and aging analysis of the outstanding receivables and on management's estimate of the ultimate realisation of these receivables including creditworthiness and the past collection history of each customer. At 31 December 2011, the carrying amounts of the Group's trade receivables and other receivables are disclosed in Note 6, Note 12 and Note 14.

(ii) *Discontinued operations*

At the Extraordinary General Meeting held on 29 June 2011, the shareholders of the Company approved the disposal of the Company's entire legal and beneficial interests in Wuxi Dingqiu Silk Co., Ltd. and its subsidiaries, Guizhou Zhenxing Cocoon & Silk Co., Ltd., Suqian Xindingqiu Silk Co., Ltd. and Yixing Dingjia Textile & Garment Co., Ltd. (the "**Textile Group**").

The Textile Group was previously reported in the spun silk yarn, spun silk fabrics and garment segments, and therefore classified as Disposal Group for sale. The Board considered the Textile Group met the criteria to be classified as held for sale. For more details on the discontinued operations, refer to Note 6.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

4. Loss before tax from continuing operations

Loss before tax from continuing operations is arrived after charging/(crediting):

	Group	
	2011 RMB'000	2010 RMB'000
Audit fees paid/payable to:		
- auditor of the Company	398	412
Non-audit fees paid/payable to:		
- auditor of the Company	15	7
Directors' remuneration	401	273
Foreign exchange gain	(34)	-
Legal and other professional fees	3,300	529

5. Tax expense

	Group	
	2011 RMB'000	2010 RMB'000
Tax expense	-	-

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the domestic rates applicable in the countries where the Group operates due to the following factors:

	Group	
	2011 RMB'000	2010 RMB'000
Loss before tax from continuing operations	(4,556)	(1,551)
Loss before tax from discontinued operations	(5,010)	(4,492)
Accounting loss before tax	(9,566)	(6,043)
Tax calculated at domestic tax rates applicable to losses in the countries where the group entities operate	(2,027)	(1,705)
Tax losses for which no deferred income tax asset were recognised	246	653
Expenses not deductible for tax purpose	2,589	1,982
Income not subject to tax	(808)	(930)
Tax expense	-	-

At the balance sheet date, the Group has tax losses of approximately RMB26,284,000 (2010: RMB25,600,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

6. Discontinued operations and Disposal Group classified as held for sale

On 9 January 2012, the Company completed the disposal of the Textile Group for an aggregate cash consideration of S\$2,000,000 (approximately RMB9,596,000) (“**Consideration**”).

The Consideration was arrived at after arms length negotiations and on a willing-buyer willing-seller basis, taking into consideration, inter alia, the business valuation undertaken by a valuer. After deducting expenses relating to the Disposal, the net Consideration is S\$1,800,000 (approximately RMB8,635,000). The Consideration was received in two (2) tranches in the following manners: (A) S\$500,000 (approximately RMB2,399,000) as a deposit received during the financial year (Note 21) and; (B) the balance of the Consideration of S\$1,500,000 (approximately RMB7,195,000) on the completion date.

In compliance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities related to the Textile Group have been presented as the Company’s Disposal Group under “**Disposal Group classified as held for sale**” (“**Disposal Group**”) on the balance sheet as at 31 December 2011 and the results from the Disposal Group are presented separately on the statement of comprehensive income as “Discontinued operations” for the financial year ended 31 December 2011. The comparative figures in the consolidated statement of comprehensive income for the corresponding financial year ended 31 December 2010 relating to the discontinued operations have been re-presented.

Balance sheet disclosures

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December are as follows:

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Assets:				
Investments in subsidiaries (Note 9)	–	–	8,635	–
Property, plant and equipment (Note 8)	18,887	–	–	–
Long-term land use rights (Note 10)	710	–	–	–
Inventories (Note 11)	11,020	–	–	–
Trade receivables (Note 12)	20,383	–	–	–
Transferable notes receivables (Note 13)	3,660	–	–	–
Other receivables (Note 14)	1,101	–	–	–
Amounts due from related parties (trade) (Note 15)	126	–	–	–
Pledged term deposits (Note 17)	1,500	–	–	–
Bank and cash balances	6,556	–	–	–
Assets of Disposal Group classified as held for sale	63,943	–	8,635	–
Liabilities:				
Trade payables (Note 19)	17,260	–	–	–
Interest-bearing bank loans (Note 23)	15,200	–	–	–
Other payables (Note 21)	6,722	–	–	–
Amounts due to related parties (Note 22)	13,126	–	–	–
Transferable notes payables (Note 20)	3,000	–	–	–
Liabilities directly associated with Disposal Group classified as held for sale	55,308	–	–	–
Net assets directly associated with Disposal Group classified as held for sale	8,635	–	8,635	–

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

6. Discontinued operations and Disposal Group classified as held for sale (cont'd)

Inventories

	Group 2011 RMB'000
Raw material	6,134
Work-in-progress	4,172
Finished goods	714
	11,020

Bank and cash balances

The bank and cash balances of the Disposal Group are denominated in RMB or United States dollar (“USD”). As at 31 December 2011, the foreign currency exposure in USD is RMB54,000. RMB is not freely convertible into other currencies. However, under the Foreign Exchange Control Regulations of the PRC and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business. Cash at bank earns interest at floating rates based on daily bank deposit rates of 0.3% to 0.5% (2010: 0.4%) per annum.

Income statement disclosures

The results of the Disposal Group presented as discontinued operations for the financial year ended 31 December 2011 and the corresponding financial year ended 31 December 2010 are as follows:

		Group	
	Note	2011 RMB'000	2010 RMB'000
Revenue		74,722	86,736
Cost of sales		(66,166)	(75,325)
Gross profit		8,556	11,411
Other income	(i)	2,667	2,933
Distribution costs		(2,410)	(2,614)
Administrative expenses		(7,590)	(7,582)
Other expenses		(8,327)	(7,910)
Finance costs		(944)	(730)
Gain recognised on remeasurement to fair value less costs to sell		3,038	–
Loss before tax from discontinued operations	(ii)	(5,010)	(4,492)
Tax expense		–	–
Loss from discontinued operations, net of tax		(5,010)	(4,492)

(i) Other income

Other income includes the following:

	Group	
	2011 RMB'000	2010 RMB'000
Interest income from banks	31	141
Sale of electricity	2,622	2,450

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

6. Discontinued operations and Disposal Group classified as held for sale (cont'd)

- (ii) Loss before tax from discontinued operations

This is arrived at after charging/(crediting):

	Group	
	2011 RMB'000	2010 RMB'000
Amortisation of land use rights (Note 10)	42	84
Cost of electricity	2,365	2,426
Cost of inventories included in cost of sales	45,308	54,326
Depreciation of property, plant and equipment (Note 8)	1,412	3,374
Director's remuneration (Note 25)	126	126
Foreign exchange (gain)/loss	(182)	396
Impairment loss on property, plant and equipment (Note 8)	-	2,256
Impairment loss on property, plant and equipment written back (Note 8)	(3,038)	-
Allowance for doubtful receivables		
- trade (Note 12)	5,928	2,642
- non-trade (Note 14)	75	66
Interest expenses – bank loans	944	730
Loss on disposal of property, plant and equipment	52	-
Operating lease expenses		
- Land	914	881
- Office	473	368
- Others	118	224
Property, plant and equipment written off (Note 8)	-	125
Reversal of inventories written down	(354)	(3,722)
Staff costs		
- Salary and related expenses	11,638	12,008
- Defined contributions plan	1,616	1,119
Total staff costs	13,254	13,127

Cash flow statement disclosures

The cash flows attributable to the Disposal Group presented as discontinued operations for the financial year ended 31 December 2011 and the corresponding financial year ended 31 December 2010 are as follows:

	Group	
	2011 RMB'000	2010 RMB'000
Operating	201	(7,408)
Investing	(41)	(686)
Financing	2,556	3,970
Net cash inflow/(outflow)	2,716	(4,124)

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

6. Discontinued operations and Disposal Group classified as held for sale (cont'd)

Loss per share disclosures

	Group	
	2011	2010
	RMB'000	RMB'000
Loss per share from discontinued operations attributable to owners of the Company (expressed in RMB fen)		
Basic	(3.75)	(3.59)
Diluted	(3.75)	(3.59)

(a) Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares of approximately 133,647,000 (2010: 125,000,000).

(b) Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares existing during the financial years ended 31 December 2011 and 2010.

7. Loss per share from continuing operations

The calculation of the basic and diluted per share attributable to owners of the Company is based on the following data:

	Group	
	2011	2010
	RMB'000	RMB'000
Loss from continuing operations for the year attributable to owners of the Company	(4,556)	(1,551)

(a) Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares of approximately 133,647,000 (2010: 125,000,000).

(b) Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares existing during the financial years ended 31 December 2011 and 2010.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

8. Property, plant and equipment

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures, office equipment & motor vehicles RMB'000	Total RMB'000
Group				
2011				
Cost				
Balance at 1.1.2011	22,906	37,490	5,167	65,563
Additions	–	48	17	65
Disposals	–	(170)	–	(170)
Reclassified to Disposal Group classified as held for sale (Note 6)	(22,906)	(37,368)	(5,184)	(65,458)
At 31.12.2011	–	–	–	–
Accumulated depreciation and impairment				
Balance at 1.1.2011	13,081	31,353	3,857	48,291
Depreciation charge	318	762	332	1,412
Disposals	–	(94)	–	(94)
Impairment loss written back arising from remeasurement to fair value less costs to sell	(3,038)	–	–	(3,038)
Reclassified to Disposal Group classified as held for sale (Note 6)	(10,361)	(32,021)	(4,189)	(46,571)
At 31.12.2011	–	–	–	–
Net carrying value				
At 31.12.2011	–	–	–	–
2010				
Cost				
Balance at 1.1.2010	22,906	39,715	4,989	67,610
Additions	–	388	298	686
Written off	–	(2,613)	(120)	(2,733)
At 31.12.2010	22,906	37,490	5,167	65,563
Accumulated depreciation and impairment				
Balance at 1.1.2010	12,223	29,843	3,203	45,269
Depreciation charge	648	1,972	754	3,374
Written off	–	(2,508)	(100)	(2,608)
Impairment loss	210	2,046	–	2,256
At 31.12.2010	13,081	31,353	3,857	48,291
Representing:				
Accumulated depreciation	3,708	21,410	3,766	28,884
Accumulated impairment	9,373	9,943	91	19,407
	13,081	31,353	3,857	48,291
Net carrying value				
At 31.12.2010	9,825	6,137	1,310	17,272

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

8. Property, plant and equipment (cont'd)

Property, plant and equipment belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6).

Leasehold buildings of the Disposal Group with net carrying value of RMB8,516,000 (2010: RMB6,592,000) are constructed on land leased from related parties (Note 25(a), (e)). Leasehold buildings with net carrying value of RMB4,029,000 (2010: RMB3,232,000) are built on land leased on a long-term basis (Note 10) from a local authority in the PRC.

Certain leasehold buildings of the Disposal Group with a net carrying value of RMB6.0 million (2010: RMB4.8 million) are pledged to secure banking facilities as disclosed in Note 23.

9. Investments in subsidiaries

	Company	
	2011 RMB'000	2010 RMB'000
Unquoted equity shares, at cost	67,518	67,518
Translation adjustment	(1,413)	(1,413)
Impairment loss	(57,470)	(66,105)
Reclassified to Disposal Group classified as held for sale (Note 6)	(8,635)	-
	<u>-</u>	<u>-</u>

Impairment loss write back of RMB8,635,000 (2010: Nil) is recognised on the remeasurement of Disposal Group.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of establishment	Group effective equity holding	
			2011 %	2010 %
⁽¹⁾ Wuxi Dingqiu Silk Co., Ltd. ("Wuxi Dingqiu")	Manufacture and sales of spun silk yarns, spun silk fabrics and garments	PRC	100	100
<i>Held by Wuxi Dingqiu Silk Co., Ltd.</i>				
⁽¹⁾ Guizhou Zhenxing Cocoon & Silk Co., Ltd.	Cultivation of Mulberry plants and cocoon silkworm and the trading of silkworm cocoons (ceased operations)	PRC	94	94
⁽¹⁾ Suqian Xindingqiu Silk Co., Ltd.	Manufacture and sales of spun silk yarns and spun silk fabrics (ceased operations)	PRC	100	100
⁽¹⁾ Yixing Dingjia Textile & Garment Co., Ltd. ("Yixing Dingjia")	Manufacture and sales of textile and garments	PRC	100	100

As disclosed in Note 6 to the financial statements, the Company disposed its entire legal and beneficial interest in these subsidiaries on 9 January 2012.

(1) Audited by Baker Tilly TFW LLP for the sole purpose of preparing the consolidated financial statements. Accordingly, Rule 716 of the Catalist Listing Manual is not applicable.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

10. Long-term land use rights

	Group	
	2011	2010
	RMB'000	RMB'000
Cost		
At 1 January	975	975
Reclassified to Disposal Group classified as held for sale (Note 6)	(975)	–
At 31 December	–	975
Accumulated amortisation		
At 1 January	223	139
Amortisation during the financial year	42	84
Reclassified to Disposal Group classified as held for sale (Note 6)	(265)	–
Balance at 31 December	–	223
Net carrying value		
Balance at 31 December	–	752

Long-term land use rights belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). The amount was paid for the land use rights for lands situated at Jiangsu Province, PRC. The lands measure 41,449 (2010: 41,449) square meters and are held under a lease term of 50 years. Further details are stated in Note 2(j).

11. Inventories

	Group	
	2011	2010
	RMB'000	RMB'000
Raw materials	–	5,350
Work-in-progress	–	6,187
Finished goods	–	317
	–	11,854

Inventories belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6).

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

12. Trade receivables

	Group	
	2011	2010
	RMB'000	RMB'000
Trade receivables	-	47,851
Trade deposits paid	-	7,348
	-	55,199
Less: Allowance for doubtful trade receivables		
- trade receivables	-	(13,464)
- trade deposits paid	-	(3,069)
	-	(16,533)
	-	38,666

Movement in the allowance for doubtful trade receivables is as follows:

At 1 January	16,533	13,891
Allowance made	5,928	2,642
Reclassified to Disposal Group classified as held for sale (Note 6)	(22,461)	-
At 31 December	-	16,533

The table below is an analysis of trade receivables of the Group:

	Group	
	2011	2010
	RMB'000	RMB'000
Not past due and not impaired	-	25,430
Past due but not impaired	-	8,957
	-	34,387

Analysis of impaired trade receivables:

The carrying amounts of trade receivables individually determined to be impaired and the related allowances for impairment are as follows:

Gross amounts	-	13,464
Less: Allowance for doubtful trade receivables	-	(13,464)
	-	-

Trade receivables belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). Trade receivables are stated net of allowance for doubtful receivables of RMB22,461,000 (2010: RMB16,533,000). The impaired trade receivables arise mainly from potential uncollectible balances.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

12. Trade receivables (cont'd)

As at 31 December 2011, the Disposal Group has trade receivables amounting to RMB2,171,000 (2010: RMB8,957,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:-

	Group	
	2011 RMB'000	2010 RMB'000
Past due 0 to 3 months	1,473	473
Past due more than 3 to 9 months	698	1,369
Past due more than 9 months	-	7,115
	2,171	8,957

Trade receivables of the Disposal Group are non-interest bearing and are generally on 60 to 90 days term. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

13. Transferable notes receivables

	Group	
	2011 RMB'000	2010 RMB'000
Transferable notes receivables	-	2,600

Transferable notes receivables belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). These are bank-guaranteed transferable notes receivables which are non-interest bearing and matured on various dates 2 months (2010: 6 months) after year end.

At 31 December 2011, there is no transferable notes receivables transferred from Wuxi Dingqiu (2010: RMB1,000,000) to Yixing Dingjia.

14. Other receivables

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Prepayments	961	-	961	-
Other receivables	-	1,580	-	-
Less: Allowance for doubtful non-trade receivables	-	(1,496)	-	-
	961	84	961	-
Staff advances	-	391	-	-
	961	475	961	-

Certain other receivables as at 31 December 2011 belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6).

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

14. Other receivables (cont'd)

Prepayments include fee paid for non-audit service to the auditor of the Company of RMB341,000 (2010: Nil).

As at 31 December 2011, other receivables that are past due and/or impaired amounted to RMB1,571,000 (2010: RMB1,496,000) arise from potential uncollectible balances.

Movement in the allowance for doubtful other receivables is as follow:

	2011 RMB'000	2010 RMB'000
At 1 January	1,496	1,430
Allowance made	75	66
Reclassified to Disposal Group classified as held for sale (Note 6)	(1,571)	-
At 31 December	-	1,496

15. Amounts due from related parties (trade)

Amounts due from related parties (trade) belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). The amounts are unsecured, interest-free and repayable on demand.

16. Amount due from a subsidiary (non-trade)

The amount due from a subsidiary is stated after write-off of RMB610,000 (2010: Nil). The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

17. Pledged term deposits

Pledged term deposits belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). These term deposits, have been pledged to banks for issuance of transferable notes payables (Note 20), and earned interest at an average effective interest rate of 1.65% (2010: 1.15%) per annum.

18. Bank and cash balances

The bank and cash balances of the Group as at 31 December 2011 are denominated in Singapore dollar ("S\$"). Certain bank and cash balances as at 31 December 2011 belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6).

19. Trade payables

	Group	
	2011 RMB'000	2010 RMB'000
Trade payables	-	14,935
Trade deposits received	-	877
	-	15,812

Trade payables belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6).

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

20. Transferable notes payables

	Group	
	2011 RMB'000	2010 RMB'000
Transferable notes payables	–	4,000

Transferable notes payables belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). The amounts are non-interest bearing, repayable within 3 months (2010: 6 months) after year end and are secured by pledged term deposits as described in Note 17.

At 31 December 2011, RMB405,000 (2010: Nil) transferable notes payable was transferred from Wuxi Dingqiu to Yixing Dingjia.

21. Other payables

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Accrued operating expenses	3,265	3,659	3,265	804
Accrued staff costs	–	2,205	–	–
Other payables	–	47	–	–
Deposit received on sale of Disposal Group	2,399	159	2,399	–
	5,664	6,070	5,664	804

Certain other payables as at 31 December 2011 belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6).

Deposit received on sale of Disposal Group represents the first tranche of the Consideration received on the disposal of the Textile Group. The balance of the Consideration has been fully received on 9 January 2012.

22. Amounts due to related parties

	Group	
	2011 RMB'000	2010 RMB'000
Trade amount	–	25,758
Non-trade amount	–	1,032
	–	26,790

Amounts due to related parties belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). The trade amount of RMB11,938,000 (2010: RMB25,758,000) is unsecured, interest-free and repayable on demand.

The non-trade amount of RMB1,188,000 (2010: RMB1,032,000) is unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

23. Interest-bearing bank loans

Interest-bearing bank loans belong to the Disposal Group and have been presented under Disposal Group classified as held for sale (Note 6). The bank loans bear interest ranging from 6.1% to 10.0% (2010: 5.1% to 6.1%) per annum at the balance sheet date and secured as follows:

- (i) Pledge of property of Wuxi Dingqiu with net carrying value of approximately RMB6.0 million (2010: RMB4.8 million);
- (ii) Pledge of properties and land use rights of Jiangsu Hunting Garment Co., Ltd ("**Jiangsu Hunting**"), a related party (Note 25 (b));
- (iii) Pledge of property and land use rights of Jiangsu Xindingqiu, a related party (Note 25 (f)); and
- (iv) Guarantee by Jiangsu Xindingqiu, a related party (Note 25 (f)).

These loans are repayable within the next 6 to 12 months (2010: 6 to 12 months).

24. Share capital

	Group and Company			
	2011		2010	
	Number of issued shares '000	Issued share capital RMB'000	Number of issued shares '000	Issued share capital RMB'000
Balance at beginning of financial year	125,000	69,274	125,000	69,274
Issuance of share capital	12,000	1,925	–	–
Share issuance expenses	–	(78)	–	–
Capital reduction	–	(70,691)	–	–
Balance at end of financial year	137,000	430	125,000	69,274

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

On 9 March 2011, the Company entered into 2 conditional subscription agreements with two (2) individuals to allot and issue 12,000,000 new ordinary shares ("**Subscription Shares**") in the capital of the Company at an issue price of S\$0.0308 per Subscription Share, amounting to an aggregate consideration of S\$369,600 (RMB1,925,000) for general working capital purposes. The Subscription Shares have been issued, listed and quoted for trading on the official list of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 April 2011. The Company announced on 27 September 2011 that the net proceeds from the issuance of the Subscription Shares had been fully utilised.

At the Extraordinary General Meeting held on 29 June 2011, the shareholders of the Company approved a Capital Reduction Exercise ("**Capital Reduction**") pursuant to Section 78A read together with Section 78C of the Singapore Companies Act (Cap. 50) (the "**Act**"), through the cancellation of the issued share capital of the Company which had been lost or was unrepresented by available assets to the extent of S\$14,262,135 (approximately RMB70,691,000) and an amount equal to S\$14,262,135 (approximately RMB70,691,000), being the credit arising from the cancellation of the issued share capital of the Company, were applied to write off in its entirety the accumulated losses of the Company of S\$14,262,135 (approximately RMB70,691,000) as at 31 December 2010 ("**Accumulated Losses**"). On 15 August 2011, the Company announced that the Capital Reduction had taken effect with the Company's compliance with all the requirements of the Act and the lodgment of the relevant documents containing the reduction information with the Accounting and Corporate Regulatory Authority of Singapore.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

24. Share capital (cont'd)

There was no change in the total number of issued shares in the Company held by Shareholders immediately after the Capital Reduction, nor did the Capital Reduction involve payment to any Shareholders of any paid-up share capital of the Company.

The details of the issuance of Consideration shares, Share Consolidation and issuance of New Consolidation Shares subsequent to the financial year end are set out in Note 31.

25. Related party transactions

In addition to information disclosed elsewhere in the financial statements, the Disposal Group has the following transactions with its related parties during the financial year on terms agreed between the parties:-

	Note	Group	
		2011 RMB'000	2010 RMB'000
<i>Discontinued operations</i>			
<i>Jiangsu Hunting</i>			
Operating lease expenses with respect to land, plant and machinery	(a)	1,015	1,015
Mortgage provided by Jiangsu Hunting in respect of interest-bearing loans	(b)	16,120	16,120
Supply of electricity	(c)	379	608
<i>Yixing Dingli Textile Print & Dye Co., Ltd. ("Yixing Dingli")</i>			
Supply of electricity	(d)	1,144	726
<i>Jiangsu Xindingqiu</i>			
Operating lease expenses with respect to premises and land	(e)	491	491
Guarantee from Jiangsu Xindingqiu and joint guarantee with Wuxi Dingqiu in respect of interest-bearing loans	(f)	9,500	9,500
Mortgage provided by Jiangsu Xindingqiu in respect of interest-bearing loans	(f)	-	7,500

Jiangsu Hunting, Yixing Dingli and Jiangsu Xindingqiu are companies in which close family members of Ms Ding Zhiying, who is a director of the Textile Group, have significant interests.

Remuneration paid and payable to key management personnel:-

	Group	
	2011 RMB'000	2010 RMB'000
<i>Continuing operations</i>		
Directors of the Company		
- Directors' fee	384	273
- Other benefits	17	-
<i>Discontinued operations</i>		
Director of the Company		
- Director's remuneration	120	120
- Defined contribution plan	6	6
Executive officers		
- Salaries	260	220
- Defined contribution plan	12	12

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

25. Related party transactions (cont'd)

Remuneration bands of directors of the Company

The following information relates to remuneration of directors of the Company:-

	Number of Directors	
	2011	2010
- above S\$500,000	-	-
- S\$250,000 to below S\$500,000	-	-
- below S\$250,000	5	3
	5	3

- (a) Wuxi Dingqiu entered into with Jiangsu Hunting in 2004 a "Lease Agreement" to lease land, plant and machinery located at No. 90 Xijiu Road, Environment Protection Science & Technology Industrial Park of Yixing City amounting to a total of RMB509,000 per annum. The annual rentals for the aforesaid assets were arrived at based on independent valuation report issued by a registered valuer in the PRC. The annual rental for the machinery is based on its annual depreciation rate. The rental amounts shall be adjusted once every 3 years and any increase shall be capped at no more than 5% of the previous rental. The term of the lease is for a period of 3 years, commencing on 1 August 2004 and is renewable every 3 years. On 1 August 2010, Wuxi Dingqiu renewed the lease agreement with annual rental of RMB473,500 and the terms of agreements are in line with the previous ones.

On 1 January 2007, Wuxi Dingqiu entered into another lease agreement to lease related land use rights with an annual rental of RMB541,603 which expired and renewed on 1 January 2010 and the new agreement is in line with previous one.

- (b) On 15 July 2009, Jiangsu Hunting mortgaged its long-term land use rights and premises located at No. 90, Xijiu Road, Environment Protection Science & Technology Industrial Park of Yixing City in favour of Yixing Branch, Bank of Communications for credit facilities extended to the subsidiary, Wuxi Dingqiu. As at 31 December 2011, RMB10.2 million (2010: RMB10.2 million) of bank loans are outstanding as disclosed under Note 6 and Note 23 (2010: Note 23) to the financial statements.
- (c) During the year, Jiangsu Hunting supplied electricity to a subsidiary, Yixing Dingjia. The transaction commensurates with prevailing market rate.
- (d) Wuxi Dingqiu signed an agreement with Yixing Dingli to supply electricity and receive service of waste water treatment from Yixing Dingli. The transactions commensurate with prevailing market rates. Both parties agreed that at the end of each month, the amount incurred for the supply of electricity and the provision of waste water treatment service will be offset and the relevant party will pay the net outstanding amount.
- (e) On 1 April 2010, Wuxi Dingqiu renewed the lease agreement with Jiangsu Xindingqiu for period from 1 April 2010 to 31 March 2013. For the year ended 31 December 2011, the total lease payments with respect to premises and land were RMB490,560 (2010: RMB490,560) per annum. The management is of the opinion that the above rental rates commensurate with prevailing market rates in the PRC.
- (f) Jiangsu Xindingqiu provided a corporate guarantee to Yixing Taihua Branch, Bank of China for credit facilities granted to the subsidiary, Wuxi Dingqiu. On 23 August 2010, the corporate guarantee was changed to joint guarantee between Jiangsu Xindingqiu and Wuxi Dingqiu.

On 23 August 2010, Jiangsu Xindingqiu mortgaged its buildings and land use rights located at Zhenxing Road, Taihua Town, Yixing City, Jiangsu Province, PRC in favour of Yixing Taihua Branch, Bank of China and mortgaged its land use rights located at Zhenxing Road, Taihua Town, Yixing City, Jiangsu Province, PRC to Taihua Local Bank for the credit facilities extended to the subsidiary, Wuxi Dingqiu.

As at 31 December 2011, RMB5 million (2010: RMB2 million) of bank loans are outstanding as disclosed under Note 6 and Note 23 (2010: Note 23).

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

26. Commitments

Operating lease commitments

The Group has entered into commercial leases in respect of land use rights, plant and machinery and office spaces. These leases have remaining non-cancellable lease terms of 1 year (2010: 2 years).

Future minimum lease payments payable under non-cancellable operating leases of the Group as at 31 December are as follows:

	Group	
	2011	2010
	RMB'000	RMB'000
<i>Discontinued operations</i>		
Not later than one year	1,505	1,505
Later than one year and not later than five years	123	1,904
	1,628	3,409

The leases have varying terms, escalation clauses and renewal rights. Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing. The Company has no operating lease commitments.

27. Financial instruments

(a) *Categories of financial instruments*

The financial instruments as at the balance sheet date are:-

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Financial assets</i>				
Loan and receivables (including cash and cash equivalents)	1,446	43,971	1,446	1,024
<i>Financial liabilities</i>				
At amortised cost	3,265	63,995	3,265	804

(b) *Financial risk management objectives and policies*

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk and liquidity risk.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

27. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

i) Credit risk

Credit risk arises from the failure of a customer or counter party to settle their financial and contractual obligations to the Group as and when they fall due, resulting in a loss. The management monitors exposure to credit risk on an on-going basis and performs credit evaluations on customers requiring credit. The Group usually does not require collateral from its customers. Cash term is required from customers, who are considered to be of higher credit risks.

The Group's maximum exposure to credit risk in the event the counter parties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amounts of those assets as indicated in the balance sheet.

The Group has no significant concentrations of credit risk, except for one major customer whose debts amounted to 38% of the Group's trade receivables as at 31 December 2010.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 (Trade receivables) and Note 14 (Other receivables).

There is no other class of financial assets that is past due and/or impaired except for trade receivables and other receivables.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates mainly to its debt obligations and surplus funds placed with financial institutions.

The Group's borrowings, which are exposed to interest rate risk arising from changing market conditions, are kept at a minimum level. It is the Group's policy to obtain the most favourable interest rate borrowings available.

As at 31 December 2010, 16% of the Group's borrowings are at fixed interest rates and all the Group's borrowings are repayable within 12 months from the year end.

The sensitivity analysis for interest rate is not disclosed as the effect on the profit or loss is considered not significant.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

27. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

iii) Foreign currency risk

The Group transacts some of the business in foreign currencies other than the respective functional currencies of the Group entities. The Group's exposure to foreign currency risk arises mainly from transactions denominated in USD.

The Group does not use forward contracts to hedge their exposure to foreign currency risk in the local functional currency. Exposure to foreign currency risk is monitored on an on-going basis and management keeps the net exposure to an acceptable level.

Sensitivity analysis for foreign currency risk

The Group's foreign currency exposure in USD based on the information provided by key management is as follows:-

	2011 RMB'000	2010 RMB'000
<i>Financial assets</i>		
Trade receivables	-	637
Bank balances	-	140
Currency exposure	-	777

The sensitivity analysis for foreign currency is not disclosed as the effect on the profit or loss is considered not significant.

iv) Liquidity risk

Liquidity risk arises in the general funding of the Group's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

The management manages the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's business operations and development activities. The Group obtains additional funding through adequate amount of committed credit facilities from financial institutions and related parties.

The financial liabilities of the Group and the Company as presented in the balance sheets are due within twelve months from the balance sheet date and approximate their fair values.

28. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying values of receivables, bank and cash balances, payables approximate their fair values due to the relatively short-term maturity of these financial instruments. The carrying value of the bank loans approximates its fair value as the interest rate charged is periodically adjusted to reflect changes in the overall market interest rate and there is no significant change in the Group's credit standing since the issuance of the loans. The interest rates are repriced at intervals of one to twelve months.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

29. Capital management

The Group's objectives of capital management are:

- (1) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (2) To support the Group's stability and growth; and
- (3) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables and provision less bank and cash balances and term deposits. Total capital is calculated as equity plus net debt.

	Group	
	2011	2010
	RMB'000	RMB'000
Continuing operations		
Net debt:		
Trade and other payables	5,664	25,882
Amounts due to related parties	–	26,790
Interest-bearing bank loans	–	12,200
Less: Bank and cash balances and pledged term deposits	(1,446)	(6,254)
Net debt	4,218	58,618
Capital:		
Equity attributable to equity holders of the Company	5,378	13,256
Capital and net debt	9,596	71,874
Gearing ratio	44%	82%

The Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

30. Operating segments

The Group operates in two main business segments:

- i) Investment holding; and
- ii) Spun silk and garment segment

The spun silk and garment segment has been classified as a discontinued operations during the financial year (Note 6).

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

30. Operating segments (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured in a manner that is consistent with the net profit or loss before tax in the consolidated financial statements.

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Geographical segments

The revenue by geographical segments is based on the location of its customer regardless of where the goods are produced. The Group's geographical segments are based on the location of the Group's assets.

Information about reportable segments

	Continuing operations Investment holding		Discontinued operations Spun silk and garment		Consolidated	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Segment Results						
Segment revenue	–	–	74,722	86,736	74,722	86,736
Segment loss	(4,556)	(1,551)	(5,010)	(4,492)	(9,566)	(6,043)
Loss before tax					(9,566)	(6,043)
Tax expense					–	–
Loss for the financial year					(9,566)	(6,043)
Group assets and liabilities						
Segment assets	2,407	2	63,943	78,126	66,350	78,128
Segment liabilities	5,664	804	55,308	64,068	60,972	64,872
Other segment information						
Capital expenditure	–	–	65	686	65	686
Depreciation and amortisation	–	–	1,454	3,458	1,454	3,458
Impairment of property, plant and equipment	–	–	–	2,256	–	2,256
Reversal of inventories written down	–	–	(354)	(3,722)	(354)	(3,722)
Allowance for doubtful receivables	–	–	6,003	2,708	6,003	2,708
Impairment loss on property, plant and equipment written back	–	–	(3,038)	–	(3,038)	–

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

30. Operating segments (cont'd)

Geographical segments

	PRC*		Overseas**		Consolidated	
	2011	2010	2011	2010	2011	2010
Segment revenue	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Discontinued operations</i>						
Sales to external customers	39,821	43,237	34,901	43,499	74,722	86,736

* Excludes Hong Kong.

** Overseas countries comprise United States of America and Hong Kong.

	PRC		Consolidated	
	2011	2010	2011	2010
Segment non-current assets	RMB'000	RMB'000	RMB'000	RMB'000
Discontinued operations	-	18,024	-	18,024
Capital expenditure				
- property, plant and equipment	65	686	65	686
Impairment of property, plant and equipment	-	2,256	-	2,256
Reversal of inventories written down	(354)	(3,722)	(354)	(3,722)
Allowance for doubtful receivables	6,003	2,708	6,003	2,708
Impairment loss on property, plant and equipment written back	(3,038)	-	(3,038)	-

Information about major customers

Revenue of approximately RMB62,651,000 (2010: RMB60,402,000) are derived from two external customers with revenue more than 10% of the Group's revenue.

31. Subsequent events

Other than as disclosed elsewhere in the financial statements and the completion of the disposal of the Textile Group on 9 January 2012 as disclosed in Note 6 to the financial statements, the Company completed the following corporate exercises subsequent to the financial year end:

- (a) On 1 March 2012, the Company completed the acquisition of the entire issued and paid-up share capital of Chaswood Resources Sdn Bhd ("**Acquisition**") from the vendors for a purchase consideration of S\$60,785,347 (equivalent to approximately RM150,000,000), satisfied in full by the allotment and issue of 2,026,178,233 new ordinary shares in the capital of the Company (prior to the Share Consolidation (as defined in (b) below) (the "**Consideration Shares**") to the vendors at an issue price of S\$0.03 per Consideration Share on the same day.
- (b) In connection with the Acquisition and on 1 March 2012, the Company carried out a Share Consolidation pursuant to which every ten (10) existing shares were consolidated into one (1) share, each share referred to as "Consolidated Share" ("**Share Consolidation**"). Following the issuance of the Consideration Shares and the Share Consolidation, the Company has an issued paid-up capital of S\$61,182,229 comprising 216,317,819 ordinary shares.

Following the completion of the Acquisition, the Company changed its name from Asia Silk Holdings Limited to Chaswood Resources Holdings Ltd. to reflect the new business structure and ownership of the Company.

Notes to the Financial Statements

For the Financial Year ended 31 December 2011

31. Subsequent events (cont'd)

- (c) For the purposes of meeting the shareholding spread requirements set out in the Catalist Rules and also to raise funds for the future plans and strategies after the Acquisition, on 20 March 2012, the Company placed out 21,000,000 Consolidated Shares (the "**Placement Shares**") at the placement price of S\$0.30 per Placement Share comprising 10,500,000 new Consolidated Shares to be issued by the Company for subscription and 10,500,000 Participating Vendor Shares. The Placement Shares have been issued, listed and quoted for trading on the official list of the Singapore Exchange Securities Trading Limited on 21 March 2012.

The Company received aggregate net proceeds of approximately S\$3,056,000 from the issue of the new Consolidated Shares (net of the estimated expenses of approximately S\$0.094 million). The Company intends to use the net proceeds for the following purposes:-

- (i) approximately S\$2,056,000 (or 67.3%) will be used to fund the capital expenditure for new restaurants in existing markets and new regional markets; and
- (ii) the balance of approximately S\$1,000,000 (or 32.7%) will be used to fund the refurbishment of existing restaurants.

Pending the specific deployment of funds, the net proceeds from the issue of the New Consolidated Shares may be placed as deposits with financial institutions or added to the working capital or used for investment in short-term money market instruments as may be determined by the Directors in their absolute discretion. As at the date of this report, the net proceeds from the issue of the new Consolidated Shares have not been materially disbursed.

Following the issuance of the Consideration Shares and the Share Consolidation as discussed above and the issuance of the New Consolidation Shares, the Company has an issued paid-up capital of approximately S\$64,238,229 comprising 226,817,819 ordinary shares.

32. Authorisation of the financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors dated 28 March 2012.

Message from the Managing Director

It is a joyous and significant milestone for Chaswood Resources Holdings Ltd. ("**Chaswood Group**") to be listed on the official list of the SGX-ST Catalist Board on 21 March 2012, following the successful completion of its reverse takeover of Asia Silk Holdings Limited.

Chaswood Group is one of the leading multi concept casual dining operators in Malaysia and it currently has 13 brands and 42 restaurants, cafes and bars in Malaysia and Singapore. In addition to being the franchise holder of T.G.I. Friday's ("**TGIF**"), an American casual dining chain in Malaysia and Singapore, and Ishokuya Watami ("**Watami**"), a Japanese casual dining chain in Malaysia, Chaswood Group owns and operates some of Malaysia's leading food establishments, namely Italiannies, The Apartment Restaurant & Bar, Market Hall Kitchen & Bar, Bedroom, Teh Tarik Place, Baci Italian Café, Republic, Malones Irish Restaurant & Bar and Laundry.

Building on its listing, Chaswood Group has since embarked on a series of expansion plans with the aim to strengthen its regional footprint in existing and new regional markets. This can be seen via the exclusive rights secured in February 2012 to develop and operate Bulgogi Brothers, a well-known Korean BBQ restaurant, in Malaysia, Singapore, Thailand and Indonesia. In March 2012, Chaswood Group entered into a non-binding memorandum of understanding ("**MOU**") with Paradise Group Holdings Pte Ltd for the rights to develop and operate Paradise Dynasty restaurants in Thailand. In addition, Chaswood Group has entered into a non-binding letter of intent with T.G.I. Friday's Inc. ("**T.G.I. Friday's Franchisor**") in November 2011 for the right to develop and operate the T.G.I. Friday's restaurants in Indonesia. In March 2011, Chaswood Group has also signed a non-binding memorandum of understanding with Watami International Co., Ltd. ("**Watami Franchisor**") for the right to negotiate and conclude a definitive development agreement to develop and operate Watami restaurants in Thailand. This signifies Chaswood Group's robust expansion strategy to enhance its presence beyond Malaysia and Singapore and the start of an exciting journey to become one of the leading multi concept casual dining operators in South East Asia by 2015.

Chaswood Group is also pleased to leverage on the network of its ultimate controlling shareholder, Asiasons Capital Limited ("**Asiasons**"), to grow and expand its chain of restaurants in Malaysia and other key markets in South East Asia. Via its investment in Chaswood Group through Posh Corridor Sdn. Bhd., Asiasons has been assisting and providing valuable advice and networking contacts to Chaswood Group in the development of its business strategy and will continue to support Chaswood Group through its expertise and network in the financial sector to fortify Chaswood Group's presence within the region and ultimately, maximise shareholders' value.

As a key player in the food and beverage industry in Malaysia, Chaswood Group believes that there is potential for further brand expansion and development in this area. To cater to the increasing consumer demand for different dining concepts, each of Chaswood Group's brands bears a hallmark value of distinctive quality food, excellent service, and memorable personalities. This trinity has led Chaswood Group to win numerous accolades for its outstanding performance.

APPRECIATION



I take this opportunity to thank the outgoing board members, Mr N. Sivagurunathan V. Narayanasamy, Non-Independent Non-Executive Chairman; and Mr Augustine A/L T.K. James and Mr Phang Ian Cher Shen, Independent Non-Executive Directors, for their hard work and tireless contribution through a challenging year.

Together with the new board members, namely, Dato' Mohammed Azlan Bin Hashim, proposed Non-Independent Non-Executive Chairman; Mr Ng Teck Wah and Datuk Jared Lim Chih Li, the Non-Independent Non-Executive Directors; and Mr Ng Teck Sim Colin and Mr Christopher John McAuliffe, proposed Independent Non-Executive Directors, who will be appointed on the day of the Annual General Meeting on 30 April 2012, as well as Chaswood Group's Executive Officers and management team, we look forward to a commendable year ahead for Chaswood Group.




Overview of Chaswood Group

One of the Leading multi-concept casual dining operators in Malaysia, and targets to be the leader in South East Asia by 2015.

The 2 international franchise brands operated by Chaswood Group are as follows:




Franchise Brands	T.G.I. Friday's	Watami
		
Concept of the Franchise Brands	<ul style="list-style-type: none"> • A renowned American global chain of restaurants started in 1965 in New York. • Over 900 restaurants in 60 countries. 	<ul style="list-style-type: none"> • Leading Japanese chain with over 600 owner-owned restaurants in Asia.
No of Outlets	<ul style="list-style-type: none"> • 16 outlets since 2002. • Located in the key areas of Selangor, Kuala Lumpur, Putrajaya, Johor Bahru, Penang and Singapore. • First new design vintage décor outlet worldwide at Menara Hap Seng, KL in 2010. 	<ul style="list-style-type: none"> • 2 outlets in Kuala Lumpur from Aug 2011. • First franchisee of Watami.
Countries	<ul style="list-style-type: none"> • Malaysia and Singapore. • Expanding into Indonesia and Thailand. 	<ul style="list-style-type: none"> • Malaysia. • Expanding into Thailand.

The 9 other brands operated by Chaswood Group are:

Operating Brands	Teh Tarik Place	Italiannies	The Apartment
			
Concept of the Franchise Brands	<ul style="list-style-type: none"> • Basic adaptation of the local Malaysian tea stall which provides a local fare such as teh tarik, nasi lemak, roti canai and nasi melayu at affordable prices in clean interiors with contemporary colours. • Setting up the franchise model to grow this chain of Malaysian local cuisine. 	<ul style="list-style-type: none"> • First restaurant home-grown brand developed by the Chaswood Group which appeal is in its continental façade with décor, music and light, all designed and selected to create a unique ambience. • All Italiannies' restaurants have a "A'more di Merrier" menu concept where they encourage guests to share orders in true Italian tradition. 	<ul style="list-style-type: none"> • Chaswood Group created this concept of dining in an apartment atmosphere to provide a new distinctive restaurant experience for the young professionals. • The Apartment restaurant serves a modern European cuisine which includes western dishes infused with Asian ingredients. • The interior of the restaurant is uniquely designed with elements of a modern home such as a living room, library, bedroom and bathroom.
No of Outlets	<ul style="list-style-type: none"> • 6 outlets in Selangor and Kuala Lumpur. • Concept store in Sooka Sentral, Kuala Lumpur. 	<ul style="list-style-type: none"> • 5 outlets in Selangor, Kuala Lumpur and Penang 	<ul style="list-style-type: none"> • 2 outlets in Kuala Lumpur.
Countries	<ul style="list-style-type: none"> • Malaysia and Singapore. • Expanding into Indonesia and Thailand. 	<ul style="list-style-type: none"> • Malaysia. • Expanding into Thailand. 	<ul style="list-style-type: none"> • Malaysia.

Overview of Chaswood Group

The 9 other brands operated by Chaswood Group are (continued):

Operating Brands	Market Hall 	Baci 	Malones 
Concept of the Franchise Brands	<ul style="list-style-type: none"> Market Hall is a new dining concept developed by the Chaswood Group which replicates the European and Australian market hall tradition. Market Hall provides a variety of local and imported produce and packaged goods for sales, with an option of an on-site dining venue. It offers a predominantly modern Australian cuisine infused with local spices and flavour. 	<ul style="list-style-type: none"> An authentic Italian café serving quality Italian coffee and fresh deli-styled food aimed at creating a European coffee place atmosphere where people can relax, share and enjoy each other's company. 	<ul style="list-style-type: none"> Malones is an Irish restaurant and bar developed by the Chaswood Group.
No of Outlets	<ul style="list-style-type: none"> 1 outlet in Kuala Lumpur. 	<ul style="list-style-type: none"> 2 outlets in Kuala Lumpur and Singapore. 	<ul style="list-style-type: none"> 5 outlets in Kuala Lumpur and Singapore.
Countries	<ul style="list-style-type: none"> Malaysia 	<ul style="list-style-type: none"> Malaysia. Singapore. 	<ul style="list-style-type: none"> Malaysia. Singapore.

Operating Brands	Laundry 	Bedroom 	Republic 
Concept of the Franchise Brands	<ul style="list-style-type: none"> The Laundry bar was conceptualised and designed as trendy bar with a live music venue, aimed at showcasing Malaysia's music scene to the world by building and supporting local and regional talents in music and the arts. Laundry is at the forefront of indie music and has created a platform for performances of the same genre since its establishment. 	<ul style="list-style-type: none"> The Bedroom lounge is uniquely designed and caters for patrons looking for a new lounge experience It is situated on the uppermost retail floor in the Pavilion Kuala Lumpur shopping centre with a view of the Petronas Twin Towers which can be seen through Bedroom's huge crystal windows. It provides an elegant backdrop for business events, gatherings and celebrations where the atmosphere is light and contemporary. 	<ul style="list-style-type: none"> The Republic bar is created with a Rhythm and Blues ("R&B") hip-hop setting, which comprise an al fresco bar area with a DJ podium on top of the al fresco bar and an indoor bar counter. The bar décor is contemporary and chic with an oriental finish. The Republic also has a raised platform at the entrance which provides a glamorous entry for its patrons.
No of Outlets	<ul style="list-style-type: none"> 1 outlet in Kuala Lumpur. 	<ul style="list-style-type: none"> 1 outlet in Kuala Lumpur. 	<ul style="list-style-type: none"> 1 outlet in Selangor.
Countries	<ul style="list-style-type: none"> Malaysia 	<ul style="list-style-type: none"> Malaysia. 	<ul style="list-style-type: none"> Malaysia.

Overview of Chaswood Group

Introduction of New brands:



Exclusive rights secured in February 2012 to develop and operate Bulgogi Brothers in Malaysia, Singapore, Thailand and Indonesia.



Entered into a non-binding MOU in March 2012 for rights to develop and operate Paradise Dynasty restaurants in Thailand.

Shareholders' Information

As At 22 March 2012

Issued and fully paid-up capital	:	S\$64,332,229
No. of shares issued	:	226,817,819
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not have any Treasury Shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 ~ 999	138	21.70	36,648	0.02
1,000 ~ 10,000	344	54.09	1,419,804	0.62
10,001 ~ 1,000,000	148	23.27	20,326,545	8.96
1,000,001 and above	6	0.94	205,034,822	90.40
Total	636	100.00	226,817,819	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DMG & PARTNERS SECURITIES PTE LTD	196,121,822	86.47
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,500,000	1.10
3	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,913,000	0.84
4	CIMB SECURITIES (SINGAPORE) PTE LTD	1,650,000	0.73
5	1ROCKSTEAD GIP FUND LTD	1,650,000	0.73
6	CHUA SOH HAR	1,200,000	0.53
7	HSBC (SINGAPORE) NOMINEES PTE LTD	882,600	0.39
8	UOB KAY HIAN PTE LTD	828,200	0.37
9	KHOO TIAM HOCK VERNON	600,000	0.26
10	LAU CHEE HEONG (LIU ZHIXIONG)	600,000	0.26
11	WONG CHIN YONG	600,000	0.26
12	OCBC SECURITIES PRIVATE LTD	517,700	0.23
13	NOMURA SINGAPORE LIMITED	504,900	0.22
14	CHENG EE HUANG	500,000	0.22
15	KOR CHUI CHUI	500,000	0.22
16	THANG TECK JONG	500,000	0.22
17	LIM PENG LIANG DAVID LLEWELLYN	437,000	0.19
18	PHILLIP SECURITIES PTE LTD	401,745	0.18
19	OOI AYE PHAKE	400,000	0.18
20	WAI MENG CHOO (WEI MINGZHU)	400,000	0.18
	TOTAL	212,706,967	93.78

Shareholders' Information

As At 22 March 2012

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 22 March 2012:

Name	Direct Interest	No. of Ordinary shares	
		%	Deemed Interests %
Andrew Roach Reddy ⁽¹⁾	—	—	50,654,455 22.33
Datuk Jared Lim Chih Li ⁽²⁾	—	—	141,463,367 62.37
Posh Corridor Sdn. Bhd. ⁽¹⁾	—	—	141,463,367 62.37
Asiasons Capital Limited ⁽³⁾	—	—	141,463,367 62.37
Asiasons Private Equity Inc. ⁽⁴⁾	—	—	141,463,367 62.37
Asiasons WFG Financial Ltd. ⁽⁵⁾	—	—	141,463,367 62.37
Dragonrider Opportunity Fund L.P. ⁽⁶⁾	—	—	141,463,367 62.37
Dynamic Return (Singapore) Pte. Ltd. ⁽⁷⁾	—	—	141,463,367 62.37
Dato' Mohammed Azlan Bin Hashim ⁽⁸⁾	—	—	141,463,367 62.37

Notes:

- (1) The interest is registered in the name of DMG & Partners Securities Pte Ltd which hold shares as nominees of Andrew Roach Reddy and Posh Corridor Sdn. Bhd.
- (2) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). Dragonrider Opportunity Fund L.P. is a fund managed by Asiasons Private Equity Inc. and a 28.6% associated company of Asiasons Capital Limited. Dynamic Return (Singapore) Pte. Ltd. is wholly owned by Asiasons WFG Financial Ltd which in turn is 50.4% owned by Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Capital Limited is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd.. Datuk Jared Lim Chih Li has a deemed interest of 40.0% in Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, he is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (3) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). Dragonrider Opportunity Fund L.P. is a fund managed by Asiasons Private Equity Inc. and a 28.6% associated company of Asiasons Capital Limited. Dynamic Return (Singapore) Pte. Ltd. is wholly owned by Asiasons WFG Financial Ltd which in turn is 50.4% owned by Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Capital Limited is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (4) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). Dragonrider Opportunity Fund L.P. is a fund managed by Asiasons Private Equity Inc.. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Private Equity Inc. is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (5) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). Dragonrider Opportunity Fund L.P. is a fund managed by Asiasons Private Equity Inc. and a 28.6% associated company of Asiasons Capital Limited. Dynamic Return (Singapore) Pte. Ltd. is wholly owned by Asiasons WFG Financial Ltd which in turn is 50.4% owned by Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons WFG Financial Ltd is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (6) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). By virtue of Section 7 of the Companies Act, Cap. 50, Dragonrider Opportunity Fund L.P. is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (7) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). By virtue of Section 7 of the Companies Act, Cap. 50, Dynamic Return (Singapore) Pte. Ltd. is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..
- (8) Posh Corridor Sdn. Bhd. is owned by Dragonrider Opportunity Fund L.P. (78.4%) and Dynamic Return (Singapore) Pte. Ltd. (21.6%). Dragonrider Opportunity Fund L.P. is a fund managed by Asiasons Private Equity Inc. and a 28.6% associated company of Asiasons Capital Limited. Dynamic Return (Singapore) Pte. Ltd. is wholly owned by Asiasons WFG Financial Ltd which in turn is 50.4% owned by Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Asiasons Capital Limited is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd.. Dato' Mohammed Azlan Bin Hashim has a deemed interest of 55.3% in Asiasons Capital Limited. By virtue of Section 7 of the Companies Act, Cap. 50, he is deemed to be interested in all the shares held by Posh Corridor Sdn. Bhd..

FREE FLOAT

Based on the information available to the Company as at 22 March 2012, 15.30% of the issued share capital of the Company was held by the public. The Company is therefore in compliance with Rule 723 of SGX-ST Listing Manual Section B: Rules of Catalyst.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Chaswood Resources Holdings Ltd. will be held at 70 Anson Road, #24-01 Hub Synergy Point, Singapore 079905 on Monday, 30 April 2012 at 3.30 pm for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 together with the Directors' Report and Independent Auditor's Report thereon. **Resolution 1**
2. To approve Directors' fees of S\$80,000.00 for the financial year ended 31 December 2011. **Resolution 2**
3. To note the retirement of Mr N. Sivagurunathan V. Narayanasamy who is retiring under Article 89 of the Articles of Association of the Company and has indicated that he will not be seeking re-election as a Director of the Company.
4. To re-elect Mr Andrew Roach Reddy who is retiring under Article 88 of the Articles of Association of the Company and has offered himself for re-election.
[See Explanatory Note 1] **Resolution 3**
5. To re-elect Datuk Jared Lim Chih Li who is retiring under Article 88 of the Articles of Association of the Company and has offered himself for re-election. **Resolution 4**
6. To re-elect Mr Ng Teck Wah who is retiring under Article 88 of the Articles of Association of the Company and has offered himself for re-election.
[See Explanatory Note 2] **Resolution 5**
7. To re-appoint Messrs RSM Chio Lim LLP, Certified Public Accountants, as Independent Auditor of the Company for the financial year ending 31 December 2012 and to authorise the Directors to fix its remuneration. **Resolution 6**
8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution.

9. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Singapore Exchange Securities Trading Limited Listing ("**SGX-ST**") Manual Section B: Rules of Catalyst (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

- (A) (i) issue shares in the Company ("**shares**") whether by way of bonus issue, rights issue or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

Notice of Annual General Meeting

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (a) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below):
- (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities;
- (ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (iii) any subsequent consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 3]

Resolution 7

BY ORDER OF THE BOARD

ONG WEI JIN
Company Secretary

13 April 2012
Singapore

Notice of Annual General Meeting

Explanatory Notes:

Ordinary Business

1. Mr Andrew Roach Reddy will upon re-election as a Director, remain as the Managing Director of the Company.
2. Mr Ng Teck Wah will upon re-election as a Director, remain as a member of the Audit, Nominating and Remuneration Committees of the Company.

Special Business

3. The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding in total, 100% of the total number of issued shares in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to the shareholders.

Notes:

- i. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- ii. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- iii. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.
- iv. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

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CHASWOOD RESOURCES HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401894D)

IMPORTANT:

1. For investors who have used their CPF monies to buy Chaswood Resources Holdings Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY. .
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We _____ (Name) NRIC/Passport No. _____

of _____ (Address)

being a member/members of the above-mentioned Company, hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 70 Anson Road, #24-01 Hub Synergy Point, Singapore 079905 on Monday, 30 April 2012 at 3.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with an " X " within the box provided)

No	Resolutions relating to:	For	Against
1.	Ordinary Business To receive and adopt the Audited Financial Statements, Directors' Report and Independent Auditor's Report for the year ended 31 December 2011.		
2.	To approve payment of Directors' Fees of S\$80,000.00 for the financial year ended 31 December 2011.		
3.	To re-elect Mr Andrew Roach Reddy.		
4.	To re-elect Datuk Jared Lim Chih Li.		
5.	To re-elect Mr Ng Teck Wah.		
6.	To re-appoint Messrs RSM Chio Lim LLP as Independent Auditor of the Company for the financial year ending 31 December 2012 and to authorize the Directors to fix its remuneration.		
7.	Special Business To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap.50.		

Dated _____ day of _____ 2012

Total number of Shares in	No. of Shares
(a) CDP Register	
(B) Register of Members	

Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first-named proxy shall be deemed to represent 100 per cent of his/her shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/ they will on any other matter arising at the Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

entertain

Chill

merry

boogie

charm CHAT

PLAY

chew

SAVOUR

NIBBLE

shake

SATISFY

APPETITE

RELISH *zest*

delight

CHUG

YAY

NIBBLE

sip

SPIN

nibble

slurp

ENJOY

ROCK n ROLL

bite *treat*

PARTY

INDULGE

aroma

Mix

DANCE

SNACK

FUN

ENJOY

DINE

drink

chitter chatter

PLAY

Eat

FEAST

huffnys



CHASWOOD RESOURCES HOLDINGS LTD.
(Formerly known as Asia Silk Holdings Limited)
80 Robinson Road, #02-00, Singapore 068898
Tel No. 65 6236 3333
Fax No. 65 6236 4399