since 1988

HLH Group Limited

Nurturing Our Seedlings

HLH Group Limited Annual Report 2009

Content

Nurturing Our Seedlings

Each day, we tended the land with passion, nurture the seedlings with patience and watered the crops with care. We believe our foray into the agriculture business will eventually reap a fruitful harvest.

Corporate Profile

The Company

Company Background

The Company was listed on the mainboard of the Singapore Stock Exchange under the name "Hong Lai Huat Group Limited" on 21 June 2000. The Group subsequently changed its name to PDC Corp Ltd on 31 July 2002, before eventually renaming itself HLH Group Limited on 15 June 2007.

Market Interests: South East Asia, China and Taiwan

The Company is a diversified group with interests in:

• Agriculture

The division is carrying on the business of agricultural development, cultivation, branding and merchandising and distribution of corn for the processing and animal feed milling industries.

• Properties Development and Real Estate

The division is carrying on the business of investment and development of commercial, residential and industrial properties.

Our Transformation

The current world population stood at approximately 6.8 billion and expected to inflate to approximately 9 billion by 2040. With the increase in the number of mouths to feed and the continual surge in food prices, we recognised that Agriculture is the core survival strategy to address the issue of food security worldwide.

In 4Q06, we (the Company) announced our intention to embark into the agricultural sector in addition to our property business. We believe the new direction will allow us to augment our earnings and diversify our revenue stream and path the growth of the Group.

In the three years since, we have actively sought for arable land in neighbouring countries. The path was met with much difficulty as the increase in population and urbanization has substantially dwindled arable lands available and scarcity of land resources worldwide has becomes our main hurdle to overcome.

In HY2008 and 1Q2009, we acquired two plots of land: a 450-hectare freehold land in Amlang Commune, Thpong District in Kampong Speu, and another 10,000-hectare concession land in Oral District in Kampong Speu respectively to initiate our entry into the agriculture business. These two plots of land are part of the Group's expanding arsenal of plantation land as we progress towards our goal of achieving plantation acreage to 100,000 hectares in the long term.

We believe that Cambodia, with vast tracts of uncultivated arable land and tropical climate, is one of the ideal targets in the execution of the strategic blueprint of our future growth. Besides, the Cambodian government is also encouraging foreign investments by making available more incentive measures and introducing reforms to its legal and regulatory systems as well as its infrastructure systems. Equally important, the geographical location of Cambodia serve as a strategic supply point for the Asian corn markets in terms of its close proximity, which put us in a comparatively more competitive position in the wake of rising shipping costs.

We have identified corn as our main agricultural staple as it is one of the important staple food crops with demand thus far, outstripping its supplies. Corn is also a relatively versatile crop with a short sow-to-harvest cycle of approximately four months. Beside human and animals consumption, it can be processed into more than 3,000 products including starch, oil and protein, food sweeteners, fabrics and, more recently, bio-fuel.

Although the path ahead may be long and arduous, we believe, with our unwavering commitment and passion, we will eventually reap fruitful harvest.

Corporate Information

Directors
Dr Ong Bee Huat
(Executive Director)
Gan Wui Koh
(Executive Director)
Dr Wang Kai Yuen
(Independent Director)
Luar Eng Hwa
(Independent Director)
Dr Chen Seow Phun John
(Independent Director)
Dr Wong Wen-Young Winston
(Non-Executive Director)
Mah Peek Sze Patsy
(Executive Director)resigned on
1 December 2009

Secretary
Helen Campos

Share Registrar & Share Transfer Office
B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758
Tel: 6593 4848
Fax: 6593 4847

Registered Office
82 Playfair Road #13-01
D' Lithium
Singapore 368001

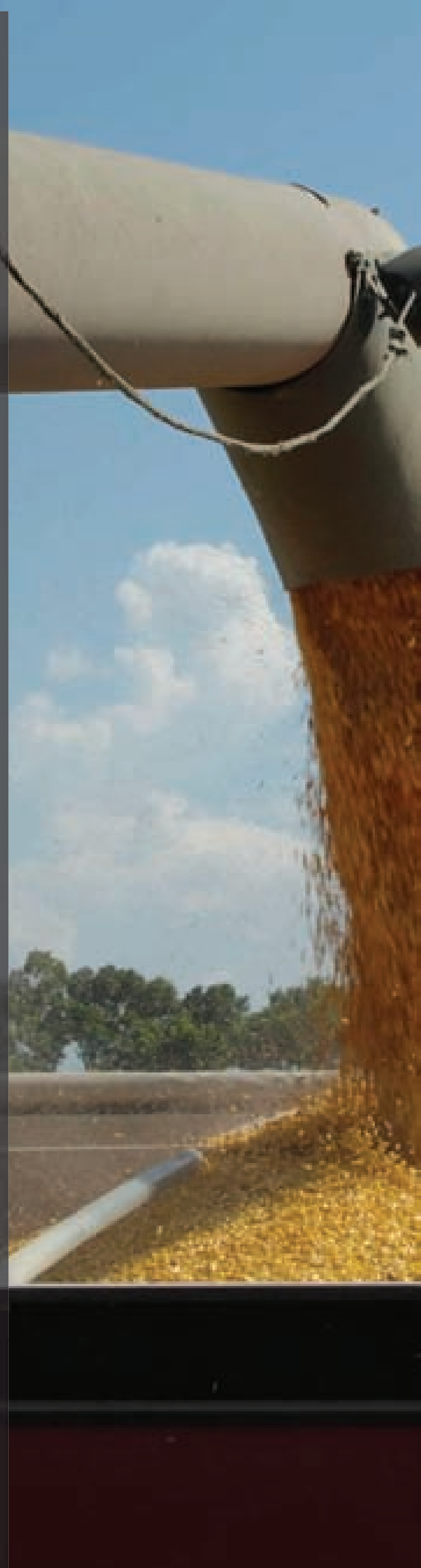
Bankers
United Overseas Bank Limited
The Development Bank of Singapore Ltd
Standard Chartered Bank
The Hong Kong and Shanghai Banking Corporation Limited
Merrill Lynch International Bank Ltd

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Engagement partner:
Philip Ng Weng Kwai
(since financial year ended 31 December 2006)

Organisation Structure

- **HLH Group Limited**
  - **HLH Agri International Pte Ltd**
    - HLH Global Trading Pte Ltd
    - HLH Agri R & D Pte Ltd
      - Tieling HLH Agri Processing Co Ltd (85%)
    - HLH Agriculture (Cambodia) Company Limited
    - HLHS Agriculture (Cambodia) Company Limited (70%)
    - H.L.H.I. (Cambodia) Company Limited (49%)
  - **HLH Development Pte Ltd**
    - Lithium Development Pte Ltd
    - Fresco Development Pte Ltd (70%)
    - Castilia Development Pte Ltd
    - Almira Development Pte Ltd
  - **Hong Lai Huat Construction Pte Ltd**

Deputy Chairman's Message



Dear Shareholders,

The year 2009 was a challenging year for the Group, but yet, a year of fruitful labour. In 2009, we have attained positive achievement in the launched of our two development properties and commendable milestone in the development of the agriculture business in Cambodia.

Strategic Development during the Year

Rights Issue in 4Q09
During 4Q09, we undertook a non-underwritten Rights Shares Issue whereby we raised an approximately $6.9 million net proceeds to support the on-going projects of the Group

Property Division

During the year, our Property Division achieved 100% sales for two of its development properties namely D' Fresco, a 30-unit freehold boutique residential development and D' Almira, a 25-unit freehold boutique residential development property launched in the year. The Division has commenced construction for D' Almira in 4Q2009 and expects to complete D' Fresco in 4Q2010.

In addition to the two development properties as mentioned in the foregoing, we also plan to launch another residential development property in 2H2010.

With the global economy poise for recovery in 2010, we are cautiously optimistic that the properties market sentiment may improve thereby providing an impetus to the demand in the properties market. Moving forward, the Division will continue to explore other feasible property development projects to grow its property businesses.

Agriculture Division

Plantation (Cambodia)

In 1Q2009, we had acquired another approximately 10,000 hectares of concession land in Cambodia in addition to the approximately 450 hectares of freehold land acquired during 2H2008, to develop our corn plantation business in Cambodia.

To-date, we have completed our first processing and storage facilities and cleared approximately 3,000 hectares of land, which was much ahead than anticipated. Currently the Group is conducting pre-plantation land treatment to nurture the land before the next planting season in 2Q2010.

To fully exploit the capacity of the processing and storage facilities, we will also co-operate with local corn farmers on corn collection to bolster our production volume and strengthen our competiveness.

In the year 2010, we hope to complete land clearing for the remaining 7,000 hectares of land and complete the construction of another two farm facilities.

Merchandising

In FY2009, our Merchandising segment has increased its trading volume and achieved an increase to the Group's turnover and profitability compared to FY2008. Besides the expansion of the customer network base to more regional countries, the Segment has also integrated more agriculture feed mill products into its product portfolios.

Moving forward, the Segment will continue to expand its product portfolio and extend its footprint to more countries in Asia. With the commencement of the corn plantation project in Cambodia and the concurrent plan on developing the corn collection business as mentioned in the foregoing, the Segment will be able to attain a strategic supplementary source of supplies to reinforce its supply chain perspective and sharpen its competitive edge.

Agri-tainment Farm

The business environment for the resort industry is likely to remain challenging but we will continue to provide competitive and attractive farm stay packages to attract more visitors. Besides, the farm stay, we also have plans to broaden the theme to include Agri-technologies/Crop Science activities to the Farm. The objective is to create a platform whereby agriculture businesses are able to showcase and exchange information on their latest research and developments in Agri-technology and at the same time create a potential educational/learning journey destination in Singapore.

Moving Forward

For HLH Group Limited, the year ahead is to focus on developing our agriculture business in Cambodia and beef up our merchandising segment to strengthen our position in order to weather the challenges ahead and optimistically to be able to achieve a sustainable revenue earnings stream and growth in the mid to long term. We will remain steadfast and continuously take cognizance of market conditions and do our utmost to make astute judgment in every strategic decision and at the same time, continue to focus unequivocally on cost control, effectiveness and efficiency in execution of our on-going projects.

In conclusion, on behalf of the Company and our Board of Directors, I would like to take this opportunity to express our thankfulness to our shareholders, business partners and dedicated staffs for their support.

Board of Directors

Dr Wang Kai Yuen
Chairman / Non-Executive Independent Director

Dr Wang was appointed as Director on 1 May 2006. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee. He retired as the Managing Director of Fuji Xerox Singapore Software Centre, Fuji Xerox Asia Pacific in December 2009.

He also holds directorships of other public listed companies including Asian Micro Holdings Ltd, China Lifestyle Food & Beverages Group Ltd, ComfortDelGro Corporation Ltd, COSCO Corporation (Singapore) Ltd, Hiap Hoe Holdings Ltd, Matex International, SuperBowl Holdings, and CAO (Singapore) Ltd. Dr Wang was Member of Parliament for the Bukit Timah Constituency from December 1984 to April 2006. He was the Chairman of Feedback Unit established by the Ministry of Community Development from 2002 till April 2006.

Dato' Dr Ong Bee Huat
Executive Deputy Chairman

Dato' Dr Ong is the founder of our organization. Currently, as Deputy Chairman, he is responsible for our group's strategic direction and planning as well as business development. Dato' Dr Ong is an outstanding entrepreneur. He was conferred the title "Dato" by the Sultan of Pahang, Malaysia on 15 January 2000. He was also awarded The Doctor of Business Administration in 2001 by Wisconsin International University of the United States

Dr Wong Wen-Young, Winston
Vice Chairman / Non-Executive Director

Dr Wong, who holds a PhD (Physics) and Doctor of Science honoris causa from Imperial College of Science & Technology, University of London, joined the Board on 27 February 2007. He is a well-known Taiwanese entrepreneur who is the Founder and Chief Executive Officer of renowned Taiwanese electronics and plastics conglomerate Grace T.H.W Group. He is the Founder and Director of Grace Semiconductor Manufacturing Corp, China; and the Founder and Director of Trust-Mart Co., Ltd. Dr Wong has with him wealth of experience and expertise in petrol-chemical products which adds value to the Group's agribusiness expansion plan.

Ms Gan Wui Koh Veronica
Executive Director

Ms Gan was appointed as Executive Director on 11 August 2006. Ms Gan has been instrumental in the Group's overall development, particularly in developing its equity capabilities to support its regional growth. She is integral to many of our Group's investment and policy decisions.

Dr Chen Seow Phun, John
Non-Executive Independent Director

Dr Chen was appointed as Director on 11 August 2006. He is currently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee. Dr Chen is the chairman of SAC Capital Private Limited, Matex International Limited, Fu Yu Corporation Limited, Deputy Chairman of PSC Corporation Ltd, Tat Seng Packaging Group Ltd, and a director of a number of other publicly listed companies including Thai Village Holdings Ltd, OKP Holdings Limited, Hiap Seng Engineering Ltd and Hongguo International Holdings Limited. Dr Chen was a Member of Parliament from September 1988 to April 2006 and a Minister of State from March 1997 to November 2001.

Mr Luar Eng Hwa
Non-Executive Independent Director

Mr Luar was appointed as Director on 1 March 2004. He is a Public Accountant and a Certified Public Accountant and has numerous years of professional experience. He is a Fellow member of the Association of Chartered Certified Accountants (U.K.) and CPA Australia, a Certified Fraud Examiner (U.S.A) and a Fellow of the Association of Financial Planners. He has attained the designation of Certified Financial Consultant from the Institute of Financial Consultants (Canada). He is also a Fellow member of the Singapore Institute of Certified Public Accounts in Singapore. Mr Luar is currently the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee.

Operations Review

Review of Income Statement

Turnover

Turnover for FY2009 has increased $11.53 million or 73.4% attributed to both the Agriculture Division and Property Division. The turnover of the Agriculture Division has increased $4.52 million or 48.1% attributed to the increase in sales of corn and agriculture products and the contribution from the income generated from the Farm Resort. The turnover of the Property Division has increased $7.01 million or 110.8% attributed to the revenue recognition from the two residential development properties held by the Group. The revenue of the Property Division recognised in FY2008 was attributed to the industrial development property held by the Group.

Gross Profit

Gross profit for the Group has increased $0.54 million or 28.4% mainly attributed to the increased in gross profit generated from the residential development properties of its Property Division. The gross losses incurred by the Agriculture Division were largely attributed to the depreciation charges incurred for the Farm Resort as well as the pre-plantation land treatment costs incurred by the corn plantation project in Cambodia that were partially offset by the increase in the gross profit generated by the merchandising segment.

Gross profit generated in the previous corresponding period of FY2008 was mainly attributed to the industrial development property of its Property Division. The gross losses incurred by its Agriculture Division were largely attributed to the depreciation charges incurred for the Farm Resort that were partially offset by the gross profit generated by its merchandising segment.

Other Income

Overall, the Group's other operating income for FY2009 fell by $0.35 million or 32.7% mainly attributed to the reduction in the:

- Gain on sale of quoted securities – $0.41 million;
- Gain on sale of investment properties – $0.10 million;
- Structured investment and interest income – $61k;
- Exchange gain – $52k; and
- Other sundry income –$0.26 million

The reductions were partially offset by an increase in the:

- Unrealised gain and fair value gain on quoted securities totaling $0.42 million; and
- Government grant/ subsidy income – $0.11 million

Distribution and Selling Expenses

The Group's distribution and selling expenses for FY2009 increased by $1.06 million attributed to the increase in the marketing and selling expenses of two development properties launched in FY2009.

Overall, the Group's administrative expenses increased by $0.44 million or 9.4%, from $4.68 million in FY2008 to $5.12 million in FY2009.

The increases were mainly attributed to:

- Depreciation expenses – $0.74 million, largely attributed to the plantation project in Cambodia and the corn collection and processing operation in Tieling China;
- Properties, machineries and equipments upkeep expenses – $0.30 million, largely attributed to the plantation project in Cambodia;and
- Goods and services tax expenses – $0.11 million, largely attributed to the two residential development properties

The increases were partially offset by the reduction in:

- Travelling and transportation expenses – $0.22 million;
- Legal and professional fees – $0.15 million; and
- General reduction in other administrative expenses

Other Operating Expenses

The other operating expenses for FY2009 have also reduced by $0.26 million compared to FY2008.

The lower other operating expenses were mainly attributed to:

- Travelling and transportation expenses – $0.22 million;
- Legal and professional fees – $0.15 million; and
- General reduction in other administrative expenses

The lower other operating expenses were partially offset by:

- Increase in foreign exchange loss – $0.77 million; and
- Increase in impairment of inventories – $0.21 million

Financial Expenses

The financial expenses of the Group for FY2009 have increased by $50k mainly due to the increase in the term loan interest incurred for the financing of the Group's corporate office.

Taxation

The tax expenses of the Group for FY2009 were $0.23 million against tax credit of $0.38 million in FY2008. The tax expenses incurred in the current FY2009 were mainly attributed to provision for deferred tax liabilities of $0.19 million related to the profit of a development property that is expected to be taxable upon the issuance of the TOP and under-provision of $33k taxes in respect of prior years.

The tax credit of $0.38 million in FY2008 was mainly attributed to the reversal of the tax provision of $0.26 million for the profit of the property division in anticipation of the utilisation of the Group's tax relief and the over-provision of $0.11 related to prior year taxes.

Operations Review *(cont'd)*

Review of Financial Position

Non-current Assets

The net book value of the property, plant and equipment of the Group had increased by $9.58 million mainly due to the acquisition of property, machinery and equipment for the agricultural plantation operations in Cambodia.

The investment property of $0.50 million was related to a strata unit of the Group's corporate office that was rented out during FY2009.

Working Capital

i. A property (51 Jalan Jendela) of $1.69 million was re-classified from development properties to investment property. The Group has in 3Q2009, disposed of this property.

ii. The development properties has reduced by $4.74 million from $34.52 million as at end FY2008 to $29.78 million as at end 3Q2009 partly due to the reclassification as mentioned in (i) in the foregoing. The net reduction in the development properties after the reclassification and disposal was $3.05 million attributed mainly to the progress billings for the development properties.

iii. Inventories reduced by $0.42 million from $0.60 million as at end FY2008 to $0.18 million as at end FY2009. The inventories held by the Group as at end FY2009 were mainly direct materials and finished goods of the plantation project in Cambodia; while inventories as at end FY2008 were mainly stocks held by the merchandising segment.

iv. Trade and other receivables was $3.09 million as at end FY2009 (FY2008: $3.01 million) and comprised mainly:

- Balance proceeds from the sale of a development property of $1.03 million (FY2008: $1.28 million);
- Trade receivables related to the merchandising segment and farm resort, totalling $0.55 million (FY2008: $0.32 million); and
- Deposits paid of $1.14 million (FY2008: $1.03 million).

v. The investment in quoted shares was higher as at end FY2009 compared to end FY2008 due to the recognition of the unrealised gain and the fair value gain.

vi. Trade and other payables increased by $2.07 million from $2.34 million as at end FY2008 to $4.41 million as at end FY2009 and comprised mainly:

- Trade Payables of $0.70 million (FY2008: S$72,000), of which $0.25 million was related to the merchandising segment and $0.35 million was related to the development costs of a development property held by the Group;
- Accrual of expenses $1.53 million (FY2008: S$1.29 million); Other Payables of $1.83 million (FY2008: S$0.49 million) of which SGD equivalent of $1.31 million (US$0.93mi) was related to the balance sum payable for the properties in Cambodia held by the Group;
- Deposit received of $0.27 million (FY2008: S$0.15 million) mainly related to the deposits received for the sale of the development properties.

vii. During 4Q09, the Company made a provision for taxation of $20k related to tax payables for prior year and a provision for deferred tax liabilities of $0.19 million related to the profit of a development property that is expected to be taxable upon the issuance of the TOP.

Interest-bearing Loans and Borrowings

The aggregate interest-bearing loans and borrowings as at end FY2009 were $22.49 million, approximately $1.47 million lower compared to $23.96 million as at end FY2008, mainly due to the partial repayment of term loan for a development property held by the Group.

Net Assets

The net assets of the Group increased by $1.85 million from $53.66 million as at end FY2008 to $55.51 million as at end FY2009 mainly due to the Rights Shares issue of $6.90 million (net) during 4Q2009 offset against the operating losses of $5.05 million incurred for FY2009.

The gearing ratio of the Group was 0.41 times as at end FY2009 (FY2008: 0.44 times).

Review of Cash Flow Statement

Net cash generated from/ (used in) operating activities

Net cash generated from operating activities was $2.16 million for FY2009 compared to $26.38 million net cash used in FY2008

The cash generated in FY2009 was mainly attributed to the favourable changes in working capital of $5.08 million resulted from the:

- Reduction in the finance of the development properties – $3.51 million resulted from the progress billings for the two development properties and disposal of an investment property held by the Group;
- Increase in the trade and other payables – $1.20 million;
- Reduction in fixed deposits pledged – $0.38 million;
- Increase in amount due to a minority shareholder - $0.20 million; and
- Reduction in the finance of inventories – $$0.16 million.

Partially offset by:

- Repayment to a Director of the Company – $0.28 million.

The net cash of $23.45 million used in FY2008 was mainly attributed to:

- Cash used in the acquisition of additional development properties – $19.19 million;
- Costs incurred in the construction-in-progress for D' Kranji Farm Resort – $4.54 million;
- Reduction in trade and other payables – $1.00 million;
- Increase in the finance of inventories – $0.60 million; and
- Increase in fixed deposits pledged – $0.12 million

Partially offset by:

- Reduction in trade and other receivables – $1.65 million; and
- Increase in the amount due to a Director of the Company – $0.28 million.

Operations Review *(cont'd)*

Net cash (used in)/ generated from investing activities

Net cash of $9.67 million was used investing activities in FY2009 compared to net cash of $3.70 million generated in FY2008.

Net cash of $11.94 million was used in FY2009 mainly for the acquisition of property, plant and equipment in Cambodia partially reduced by the proceeds of $1.73 million from the sale of an investment property.

The net cash of $3.70 million generated in FY2008 were mainly derived from:

- The proceeds from the sale of investment properties – $12.50 million;
- The proceeds from the sale of quoted securities – $1.18 million;and
- The proceeds from sale of property, plant and equipment - $0.30 million.

Partially reduced by:

- Cash used in the acquisition of property, plant and equipment – $8.59 million;
- Cash used in the investment in quoted securities – $1.25 million;
- Distribution to minority shareholders on liquidation of a subsidiary – $0.45 million.

Net cash (used in)/ generated from financing activities

Net cash generated from financing activities for FY2009 has reduced by $4.35 million compared to FY2008.

The net cash of $5.44 million generated in FY2009 was mainly derived from the proceeds of $6.90 million from the Rights Shares issuance (net of share issue expenses) that was partially reduced by the repayment of $1.46 million for a term loan related to a development property held by the Group.

The net cash of $9.79 million generated in FY2008 was mainly derived from:

- The proceeds from term loan financing – $15.04 million, for the financing of the Group's corporate office and the development properties held by the Group;
- The proceeds from the subscription of convertible notes (net of share issue expenses) – $0.93 million; and
- The proceeds from the issuance of shares to minority shareholders of the Group – $0.39 million.

Partially reduced by:

- Repayment of term loan pursuant to the sale of the investment properties held by the Group – $6.29 million; and
- Payment to hire purchase creditors – $0.29 million.

Overall, the cash and cash equivalent of the Group excluding fixed and margin deposits pledged, stood at $19.36 million as at end FY2009.


9 April 2010

Report on Corporate Governance

The Board believes that good and well-defined corporate governance established and improved internal control, risk management and governance in our organisation and focus on shareholder value and its creation. In a broader aspect, the Code will assist to reinforce the Singapore Government's policy to create a regulatory framework that strengthens our capital markets, including rules impacting corporate reporting. The Company has adhered to the principles and guidelines of the New Code of Governance 2005 as it serves as a practical guide defining their duties and responsibilities.

Principle 1: "Every company should be headed by an effective Board to lead and control the company."

Currently, the Board of Directors (the "Board") comprises six directors – two executive directors, three independent non-executive directors and one non-executive director. The Board is supported by various sub-committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee that were delegated entirely to the independent non-executive directors.

The Board comprises of expertise and competencies from varied fields to complement and reinforce its effectiveness in both the aspect of leading and control as well as bringing valuable experience and advice to contribute to the Group's operations. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The profile of each of the Directors is disclosed in this Annual Report.

The Board has adopted a set of explicit guidelines on matters that require its approval. Matters requiring the Board's approval include all matters of strategic importance including approval of material contracts entered into, approval of business plans, appointment of board of directors and key managerial personnel, operating and capital expenditure budgets, and approval and monitoring of major acquisition/ investment and disposal and strategic commitments.

The Company permits Directors to attend meetings by way of telephonic and videoconference meetings under its Articles of Association.

The primary function of the Board is to protect and enhance Shareholders' Value. In addition to its statutory duties, the Board's principal functions are:-

a. provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

b. establish a framework of prudent and effective controls which enables risk to be assessed and managed;

c. review Management performance; and

d. Set the company's values and standards and ensure that obligations to shareholders and others are understood and met.

To fulfill its role, the Board would carry out the following activities regularly:-

a. reviewing and approving corporate strategies, financial plans including any investments and divestments;

b. monitoring and reviewing the performance of the business and annual budgets;

c. approving the release of the financial results and annual reports of the Group to shareholders;

Report on Corporate Governance

d. providing guidance in the overall management of the business and affairs of the Group;

e. reviewing and approving the recommended remuneration framework and packages for the Board and key executives;

f. ensuring the Group's Compliance to laws, regulations, policies, directives, guidelines and internal code of conduct; and

g. approving the nominations to the Board of directors by Nomination Committee.

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcements of the Group's quarterly results. Ad-hoc meetings will be convened regularly to discuss and update on matters including the development of major investments, strategic plans, evaluating the adequacy of internal controls, risk management and brainstorm on strategic decisions. Directors are also invited to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

Directors are required to act in good faith and in the interests of the Company. All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction and policies as well as their statutory and other duties and responsibilities as Directors.

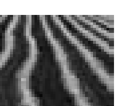
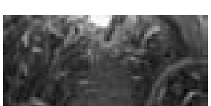
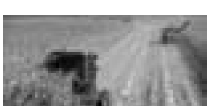
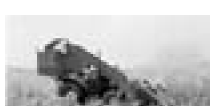
The number of Directors' and other committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2009 were as follows:

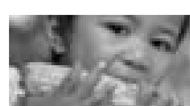
Name	**Board**		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of meetings held	**No. of meetings**	**No. of meetings held**	**No. of meetings**	**No. of meetings held**	**No. of meetings**	**No. of meetings held**	**No. of meetings**
Dr Wang Kai Yuen	4	4	5	5	1	1	1	1
Dr Wong Wen-Young Winston	4	0	NA	NA	NA	NA	NA	NA
Dato Dr Ong Bee Huat	4	3	NA	NA	NA	NA	NA	NA
Ms Gan Wui Koh	4	3	NA	NA	NA	NA	NA	NA
Mr Luar Eng Hwa	4	4	5	5	1	1	1	1
Dr Chen Seow Phun John	4	4	5	4	1	1	1	1
Ms Mah Peek Sze Patsy *	4	4	NA	NA	NA	NA	NA	NA

* Ms Mah Peek Sze Patsy has resigned from the Board on 1 December 2009.

Principle 2: "There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making."

Currently, the Board comprises three independent non-executive directors. They are Dr Wang Kai Yuen who is the Chairman of the Board, Dr Chen Seow Phun John and Mr. Luar Eng Hwa. The Independent Directors are not associated in any way with any of the substantial shareholders of the Company.

Report on Corporate Governance

It is the Group's policy that prior to all material corporate decisions being made, proposal has to be submitted to the relevant committees for their deliberation and consideration before taken to the Board for approval. The review procedure is to enable the independent exercise of objective judgment on corporate affairs of the Group as well as to ensure that due diligence and care are taken in the best interest of the Company and its shareholders without conflicting with the applicable laws and regulations of the relevant authorities.

The Board is of the view that all Independent Non-executive Directors are independent and is grateful for the contribution and independent advice and guidance that they have been giving to the Board for their participation in the Board Committees.

Principle 3: "There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power."

Currently, the Chairman of the Board is Dr Wang Kai Yuen who is an Independent Non-executive Director in the Company.

The Chairman is responsible for, among other statutory duties,

a. directing meetings of the Board;

b. ascertaining that Board papers or information that were prepared by the Management or Executive Directors to the Board Members are adequate for their review and objective judgment;

c. reviewing all announcements prior its release via SGX-net;

d. exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board as well as between the Company and shareholders; and

e. assist in ensuring compliance with the guidelines on corporate governance.

Principle 4: "There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: "There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board."

The Nominating Committee ("NC") comprises of three Independent Non-executive Directors of the Company, Dr Chen Seow Phun John as the Chairman, and Dr Wang Kai Yuen and Mr. Luar Eng Hwa as members.

The responsibilities of the Nominating Committee are:

a. to determine the criteria and review all nominations for the appointment or re-appointment of members of the Board of Directors; the Chief Executive Officer of the Company; members of the various Board committees, for the purpose of proposing such nominations to the Board for its approval;

b. to determine annually the independence of the directors;

c. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

Report on Corporate Governance

d. to decide whether a director is able to and has been adequately carrying out his or her duties as a director of the Company particularly when the director has multiple Board representations; and

e. to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness to the Board.

The procedures and criteria to select a director are as follows:

a. NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and essential and desirable competencies for a particular appointment;

b. The NC identifies the needs for a new director taking into consideration the appropriate number of Directors to allow for effective decision-making;

c. The NC identifies potential candidates who may fill the role, taking into considerations factors such as:

  - complementary to the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences;

  - value-add to the Board in terms of the skills, knowledge and expertise required by the Group; and

  - ability to commit the necessary time to their position;

d. NC conducts formal interview of short listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required;

e. NC makes recommendations to the Board for approval; and

f. The NC approved the appointment and ensures that the announcement is made accordingly.

The NC is also charged with the responsibility of re-nomination, having regard to the directors' contribution and performance (such as attendance, preparedness, participation and candor), with reference to the results of the assessment of the performance of the individual director by his peers for the previous financial year.

Pursuant to the Articles of Association of the Company:-

The Company's Articles provides one-third of the Board of directors to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM").

The Company's Article provides a newly appointed director must retire and submit himself for re-election at the forthcoming AGM following his appointment.

Principle 6: "In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis."

Management reports containing accurate, timely and complete information are provided to all Board members before each Board meeting or as and when required. Such explanatory information may also be in the form of briefings to the directors or formal presentations made by the executive directors or senior management staff in attendance at Board meeting. From time to time, they are furnished with information concerning the Group to enable them to be informed of the development and performance of the Group's business operations.

Report on Corporate Governance

In addition, Board members have separate and independent access to the Company Secretary and senior executives of the Company. The Company Secretary is present at formal meetings when required to answer any query from Directors and to ensure that meeting procedures are adhered to and that applicable rules and regulations are complied with.

Where decisions to be taken by the Board require independent professional advice in furtherance of their duties, the Company will appoint professional advisors with costs borne by the Company.

Principle 7: ***"There should be a formal and transparent procedure developing policy on executive remuneration and for fixing the remuneration packages of individual director. No director should be involved in deciding his own remuneration."***

Principle 8: ***"The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance."***

Principle 9: ***"Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance."***

The Remuneration Committee ("RC") comprises three Independent Non-executive Directors of the Company, Dr Wang Kai Yuen as the Chairman, and Dr Chen Seow Phun John and Mr. Luar Eng Hwa as members.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and senior management. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind) and the specific remuneration packages for each director and the key management personnel. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

An executive director is paid a basic salary and bonus. Adjustments to the remuneration package of an executive director are subject to review and approval by the RC and the Board. The Non-executive Directors and Non-executive Independent Directors have no service contracts.

Table shows breakdown of Directors' Remuneration (in percentage terms):

Name of Directors	Remuneration Bands	Salary	Bonus	Directors' Fee	Other Benefits	Total
		%	%	%	%	%
Wang Kai Yuen	$0 to $249,999	–	–	100	–	100
Ong Bee Huat (Note)	$250,000 to $499,999	88.9	8.1	–	3.0	100
Wong Wen-Young Winston	$0 to $249,999	–	–	100	–	100
Gan Wui Koh	$0 to $249,999	81.1	14.3	–	4.6	100
Luar Eng Hwa	$0 to $249,999	–	–	100	–	100
Chen Seow Phun John	$0 to $249,999	–	–	100	–	100

Report on Corporate Governance

The non-executive directors are paid directors' fees, the amount of which is dependent on their level of responsibilities. Each non-executive is paid a basic fee. The Chairman of each Board committee is also paid a higher fee compared with members of the committee in view of greater responsibility carried by that office. Executive directors are not paid directors' fees. The amount of directors' fees payable to non-executive directors is subject to shareholders' approval at the Company's annual general meetings.

Currently the Group does not have any employee share option scheme or other long-term incentives for Directors.

Note:
Over and above the salary, bonus and other benefits, Dato Dr Ong Bee Huat, the executive Deputy Chairman of the Company is entitled to the benefit of the use of a motor vehicle during his three (3) years service contract signed with the Company whereby the motor vehicle shall beneficially belong to him upon the completion of the service contract. In addition, the service contract of Dato Dr Ong Bee Huat also includes a profit share element which is related to the performance of the Group.

Principle 10: "The Board should present a balanced and understandable assessment of the company's performance, position and prospects."

Principle 14: "Companies should engage in regular, effective and fair communications with shareholders."

Principle 15: "Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company."

The Board recognises the need to communicate with shareholders on all material matters affecting the Company's performance, position and prospects. The Management constantly provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties.

The Company endeavors to provide pertinent information on a timely basis pertaining to the performance, operational affairs and financial position of the Group through the release of the financial results via SGXnet and the Annual Reports that are issued to all shareholders. Any new initiatives or developments of the Company are released promptly via the SGXnet system prior to any meetings or conferences with investors, analysts and the media.

Shareholders are informed of shareholders meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

Voting in absentia by mail, facsimile or email is not currently permitted to ensure proper authentication of the identity of the shareholders and their voting intentions.

At shareholders' meetings, each distinct issue is proposed as a separate resolution.

The Chairman of each Board Committee is required to be present to address questions at the Annual General Meeting. External auditors are also present at such meetings to assist the Directors to address shareholders' queries, if necessary.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

Report on Corporate Governance

The Group's website at **www.hlh.com.sg** provides information of our products and services, corporate profile and latest information as well as an enquiry section to respond to comments, feedbacks or enquiries.

The Board welcomes the views of shareholders of matters arising from the Company's interest.

Principle 11: ***"The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties."***

Principle 12: ***"The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company assets."***

Principle 13: ***"The company should establish an internal audit function that is independent of the activities it audits."***

The Audit Committee ("AC") comprises three Independent Non-executive Directors of the Company, Mr. Luar Eng Hwa, a Certified Public Accountant as the Chairman, and Dr Wang Kai Yuen and Dr Chen Seow Phun John who have invaluable professional expertise and managerial experience as members.

The AC meets at least four times a year and as warranted by circumstances, to perform the following functions:

a. reviews the audit plan of our Group's external auditors;

b. reviews with the external auditors their findings, if any on the Company's system of internal accounting controls;

c. reviews with the external auditors the scope and results of the audit as well as its cost effectiveness;

d. reviews the co-operation given by our Group's officers to the external auditors;

e. reviews with the external auditors any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's results or financial position;

f. review the quarterly, half and full-year announcements of the financial results and annual financial statements of our Group and the external auditors' report thereon before their submission to the Board for adoption;

g. monitors the extent of the Group's compliance with the Listing Manual and the Best Practices Guide of the SGX;

h. nominates external auditors for re-appointment and reviews their independence;

i. reviews interested person transactions, if any;

j. reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to its financial performance;

k. reviews the adequacy of the internal controls (financial and operational) and risk management policies and systems established by Management;

l. reviews the effectiveness of the internal function; and

Report on Corporate Governance

m. make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

The Board acknowledged its responsibility to ensure a sound system of internal controls to safeguard the shareholders' investments and the company's assets, but recognises that no cost effective system will prelude all frauds and irregularities, as the internal control system can only minimise but not eliminate frauds or irregularities.

As the present scope of the Company's activities is not substantial, the Company does not have its own internal audit department. The Company will commission an external party to conduct an independent internal audit as and when it deems fit.

Despite this, the Management has put in place reasonably adequate internal control systems to provide the Board with reasonable assurance against material misstatement or loss. Supplementary to the internal control systems, the Management has also implemented the Whistle-Blowing policy and procedures which provides for the well defined mechanism and accessible channel by which employees and consultants may in confidence, raise concerns about possible improprieties in financial reporting which may cause financial or non financial loss to the Group or other matters such as dishonesty, fraud, corruption, illegal acts, breaches of legislation and laws, unethical conduct, unsafe work practices. The AC ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. In addition, the Board has also relied to a certain extent, the review by the external auditors of the effectiveness of the Company's material internal controls that affect accounting functions, to the extent of their scope as laid out in their plan. Material non-compliance and internal accounting control weakness, if any noted during their audit, and the auditors' recommendations are reported to the AC.

Dealing in Securities

Directors and relevant officers have been informed to abstain from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. Specifically, all Directors and relevant officers is prohibited from any dealing in the Company's shares during the periods commencing one month prior to the announcement of the Group's quarterly, half-yearly and full year financial results and ending on the date of the announcement of the results. They are also expected to observe insider trading laws and to avoid potential conflicts of interest at all times when dealing in securities.

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiaries as at the end of the current financial year involving the interests of any Directors. The statement did not apply to the scope of the controlling shareholder as the Company does not have any controlling shareholder in the year under review.

Interested Person Transactions

The Company has established procedures to ensure that all interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length and not prejudicial to the interest of the shareholders.

There is no interested person transaction during the year under review.

Directors' Report

The directors present their report to the members together with the audited consolidated financial statements of HLH Group Limited ("the Company") and its subsidiaries ("the Group") and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2009.

Directors

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

Dr. Ong Bee Huat	(Executive director)
Gan Wui Koh	(Executive director)
Dr. Wang Kai Yuen	(Independent director)
Luar Eng Hwa	(Independent director)
Dr. Chen Seow Phun, John	(Independent director)
Dr. Wong Wen-Young Winston	(Non-Executive director)

In accordance with Article 89 of the Company's Articles of Association, Dr Wang Kai Yuen retires, and, being eligible, offers himself for re-election.

In accordance with Article 89 of the Company's Articles of Association, Luar Eng Hwa retires.

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares or debentures of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
	1 January 2009	31 December 2009	1 January 2009	31 December 2009
HLH Group Ltd				
Ordinary shares				
Wang Kai Yuen	152,000	203,000	–	–
Dr. Wong Wen-Young Winston	100,000,000	133,333,000	–	–
Dr. Ong Bee Huat [(i)]	162,210,269	221,614,000	65,461,733	87,283,000
Gan Wui Koh [(i)]	–	–	–	87,283,000

[(i)] Dr. Ong Bee Huat and Gan Wui Koh are deemed interested in the shares held by Kinko Enterprises Limited by virtue of Section 7 of the Companies Act.

Except as disclosed, there was no other change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Directors' Report

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit 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 he has a substantial financial interest.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary. There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap.50. The functions performed are detailed in the Report on Corporate Governance.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors:

Dr. Ong Bee Huat
Director

Gan Wui Koh
Director

Singapore
19 March 2010

Statement by Directors

We, Dr. Ong Bee Huat and Gan Wui Koh, being two of the directors of HLH Group Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto 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 2009 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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 Board of Directors:

Dr. Ong Bee Huat
Director

Gan Wui Koh
Director

Singapore
19 March 2010

Independent Auditors' Report To the Members of HLH Group Limited

We have audited the accompanying financial statements of HLH Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 14 to 80, which comprise the balance sheets of the Group and the Company as at 31 December 2009, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 judgement, 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 and fair presentation of the financial statements 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.

Independent Auditors' Report
To the Members of HLH Group Limited

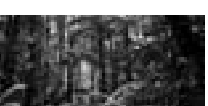
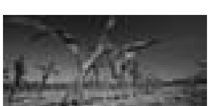
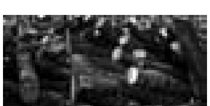
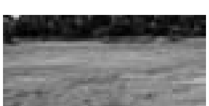
Opinion

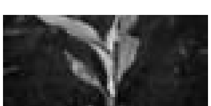
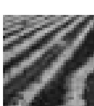
In our opinion,

(i) 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 of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
19 March 2010

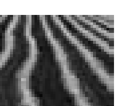
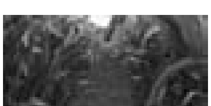
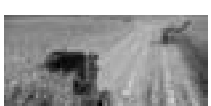
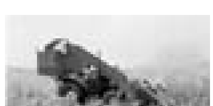
Consolidated Statement of Comprehensive Income

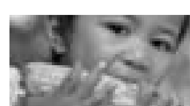
For the financial year ended 31 December 2009

	Note	2009 $	2008 $
Revenue	4	27,259,055	15,724,726
Cost of sales		(24,815,742)	(13,821,897)
Gross profit		2,443,313	1,902,829
Other income	5	712,288	1,057,860
Distribution and selling expenses		(1,549,631)	(487,480)
Administrative expenses		(5,119,579)	(4,680,135)
Other expenses	6	(1,059,454)	(1,320,866)
Finance costs	7	(277,407)	(226,706)
Loss before exceptional items and taxation		(4,850,470)	(3,754,498)
Exceptional items	8	–	(152,961)
Loss before taxation	9	(4,850,470)	(3,907,459)
Income tax (expense)/credit	10	(227,265)	375,428
Net loss for the year		(5,077,735)	(3,532,031)
Other comprehensive income:			
Foreign currency translation		22,227	162,354
Other comprehensive income for the year, net of tax		22,227	162,354
Total comprehensive income for the year		(5,055,508)	(3,369,677)
Loss attributable to:			
Equity holders of the Company			
- before exceptional items		(5,415,271)	(3,172,805)
- exceptional items		–	(152,961)
Minority interests		337,535	(206,265)
		(5,077,736)	(3,532,031)
Total comprehensive income attributable to:			
Equity holders of the Company		(5,386,620)	(3,174,490)
Minority interests		331,112	(195,187)
		(5,055,508)	(3,369,677)
Loss per share (cents)			
Basic			
- before exceptional items	11	(0.21)	(0.12)*
- after exceptional items		(0.21)	(0.13)*
Diluted			
- before exceptional items		(0.21)	(0.12)*
- after exceptional items		(0.21)	(0.13)*

* *Restated for the effects of HLH Group Limited Rights Issue.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2009

	Note	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Non-current assets					
Property, plant and equipment	12	26,894,170	17,315,084	197,020	162,393
Investment properties	13	503,205	–	–	–
Investment in subsidiaries	14	–	–	1,000,000	1,000,000
Cash and cash equivalents	22	430,000	805,000	–	–
Current assets					
Development properties for sale	15	29,776,811	34,524,845	–	–
Inventories	16	184,639	603,775	–	–
Trade receivables	18	1,577,175	1,599,107	–	–
Other receivables, deposits and prepayments	19	1,509,569	1,412,953	359,783	345,594
Amount due from subsidiaries	20	–	–	55,509,121	44,710,535
Amount due from a minority shareholder	17	3,861	3,669	–	–
Investment in quoted equity instruments	21	3,239,243	2,881,845	2,808,000	2,572,060
Cash and cash equivalents	22	19,364,359	21,474,017	7,432,423	12,488,228
		55,655,657	62,500,211	66,109,327	60,116,417
Current liabilities					
Trade payables	23	696,914	71,618	–	–
Deferred tax liabilities	24	193,000	–	–	–
Other payables and accruals	25	3,714,750	2,272,753	448,093	910,157
Amount due to subsidiaries	20	–	–	–	654,411
Amount due to a minority shareholder	17	860,000	660,000	–	–
Provision for taxation		19,930	–	19,930	–
Loans and borrowings	26	9,490,512	6,998,519	49,330	22,623
		14,975,106	10,002,890	517,353	1,587,191
Net current assets		40,680,551	52,497,321	65,591,794	58,529,226
Non-current liabilities					
Loans and borrowings	26	(13,000,796)	(16,958,385)	(55,623)	(79,426)
Net assets		55,507,130	53,659,020	66,733,371	59,612,193
Equity attributable to equity holders of the Company					
Share capital	27	92,051,726	85,148,107	92,051,726	85,148,107
Reserves	28	(37,421,289)	(32,034,668)	(25,318,355)	(25,535,914)
Shareholders' equity		54,630,437	53,113,439	66,733,371	59,612,193
Minority interests		876,693	545,581	–	–
Total equity		55,507,130	53,659,020	66,733,371	59,612,193

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2009

Group	Share capital (Note 27)	Accumulated losses (Note 28)	Capital reserve (Note 28)	Currency translation reserves (Note 28)	Minority interests	Total
	$	$	$	$	$	$
At 1 January 2008	83,403,787	(29,317,097)	433,389	(228,712)	913,206	55,204,573
Net foreign exchange difference arising on consolidation of foreign subsidiary	–	–	–	151,276	11,078	162,354
Net loss for the year	–	(3,325,766)	–	–	(206,265)	(3,532,031)
Total comprehensive income for the year	–	(3,325,766)	–	151,276	(195,187)	(3,369,677)
Issuance of ordinary shares pursuant to the conversion of the convertible notes (Note 27)	1,650,000	–	–	–	–	1,650,000
Arising from the conversion of the convertible notes (Note 27)	163,666	–	–	–	–	163,666
Share issue expense (Note 27)	(69,346)	–	–	–	–	(69,346)
Contribution of equity by minority interests	–	–	–	–	392,477	392,477
Arising on liquidation of subsidiaries	–	–	(19,137)	271,379	(564,915)	(312,673)
Balance at 31 December 2008 and 1 January 2009	85,148,107	(32,642,863)	414,252	193,943	545,581	53,659,020
Net foreign exchange difference arising on consolidation of foreign subsidiary	–	–	–	28,650	(6,423)	22,227
Net loss for the year	–	(5,415,271)	–	–	337,535	(5,077,736)
Total comprehensive income for the year	–	(5,415,271)	–	28,650	331,112	(5,055,509)
Issuance of ordinary shares pursuant to rights issue (Note 27)	7,069,170	–	–	–	–	7,069,170
Share issue expenses (Note 27)	(165,551)	–	–	–	–	(165,551)
Balance at 31 December 2009	92,051,726	(38,058,134)	414,252	222,593	876,693	55,507,130

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

(cont'd) for the financial year ended 31 December 2009

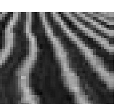
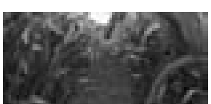
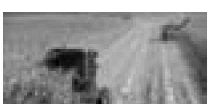
Company	Share capital (Note 27) $	Accumulated losses (Note 28) $	Capital reserve (Note 28) $	Total $
At 1 January 2008	83,403,787	(26,727,693)	(458,591)	56,217,503
Profit for the year	–	1,650,370	–	1,650,370
Total comprehensive income for the year	–	1,650,370	–	1,650,370
Issuance of ordinary shares pursuant to the conversion of the convertible notes (Note 27)	1,650,000	–	–	1,650,000
Arising from the conversion of the convertible notes (Note 27)	163,666	–	–	163,666
Share issue expenses (Note 27)	(69,346)	–	–	(69,346)
At 31 December 2008 and 1 January 2009	85,148,107	(25,077,323)	(458,591)	59,612,193
Profit for the year	–	217,559	–	217,559
Total comprehensive income for the year	–	217,559	–	217,559
Issuance of ordinary shares pursuant to rights issue (Note 27)	7,069,170	–	–	7,069,170
Share issue expenses (Note 27)	(165,551)	–	–	(165,551)
At 31 December 2009	92,051,726	(24,859,764)	(458,591)	66,733,371

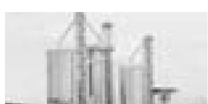
The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

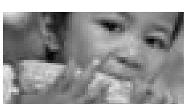
Consolidated Cash Flow Statement

for the financial year ended 31 December 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Loss before tax		(4,850,471)	(3,907,459)
Adjustments:			
Interest expense		277,407	226,706
Bad debt recovered		(7,789)	(39,104)
Allowance for doubtful receivable		–	673,797
Depreciation of property, plant and equipment		1,568,399	514,011
Loss on disposal of property, plant and equipment		17,434	21,689
Foreign exchange adjustments		1,051,906	68,902
Exceptional items	8	–	152,961
Gain on sale of quoted equity instruments		(4,994)	(412,578)
Gain on sale of investment properties		(40,644)	(141,215)
Fair value (gain)/loss on quoted equity instruments	5	(419,609)	214,039
Loss on liquidation of subsidiaries		–	252,242
Inventories written down		240,243	26,434
Interest income		(53,922)	(115,027)
Dividend income		(8,147)	(7,969)
Operating loss before working capital changes		(2,230,187)	(2,472,571)
Changes in working capital:			
Reduction in/(placement of) fixed deposits pledged		375,000	(117,087)
(Increase)/decrease in trade and other receivables		(83,493)	1,651,394
Decrease/(increase) in development properties		3,510,236	(19,185,517)
Increase in construction work-in-progress		–	(4,540,274)
Decrease/(increase) in inventories and biological assets		164,745	(595,016)
Increase in amount due from a minority shareholder		(281)	(3,669)
Increase/(decrease) in trade and other payables		1,195,192	(1,005,492)
Increase in amount due to a minority shareholder		200,000	60,000
(Decrease)/increase in amount due to a director		(282,493)	283,195
Cash flows from/(used in) operations		2,848,719	(25,925,037)
Interest paid		(732,661)	(635,397)
Income tax (paid)/ refund, net		(14,335)	66,078
Interest income received		53,922	115,027
Net cash from/(used in) operating activities		2,155,645	(26,379,329)
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,494,461)	(8,588,494)
Proceeds from sale of property, plant and equipment		77,222	300,780
Purchase of investment in quoted equity instruments		–	(1,254,211)
Proceeds from sale of quoted equity investment		4,994	1,182,069
Proceeds from sale of investment properties		1,733,695	12,503,141
Dividend received from quoted equity investments		8,147	7,969
Distribution to minority shareholders on liquidation of a subsidiary (Note A)		–	(450,000)
Net cash from/(used in) investing activities		(9,670,403)	3,701,254





Consolidated Cash Flow Statement

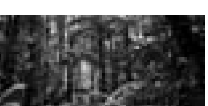
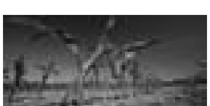
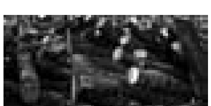
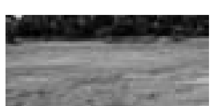
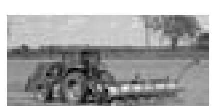
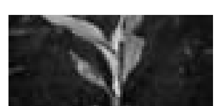
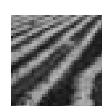
(cont'd) for the financial year ended 31 December 2009

	Note	2009 $	2008 $
Cash flows from financing activities			
Proceeds from term loans		–	15,041,400
Repayment of term loans		(1,457,841)	(6,285,250)
Repayment to hire purchase creditors		(7,755)	(289,996)
Proceeds from issuance of new shares		7,069,170	–
Proceeds from subscription of convertible notes		–	1,000,000
Share issue expenses		(165,551)	(69,346)
Proceeds from issue of shares to a minority shareholder		–	392,477
Net cash generated from financing activities		5,438,023	9,789,285
Net decrease in cash and cash equivalents		(2,076,735)	(12,888,790)
Cash and cash equivalents at beginning of year	22	21,474,017	34,360,364
Effect of exchange rate changes on balances held in foreign currencies		(32,923)	2,443
Cash and cash equivalents at the end of year	22	19,364,359	21,474,017

Note A – Analysis of liquidation of subsidiary

	2008 $
Receivables	2,018,389
Net assets liquidated	2,018,389
Loss on liquidation	(1,568,389)
Distribution to minority shareholders on liquidation of a subsidiary	450,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

– 31 December 2009

1. Corporate information

HLH Group Limited (the "Company") domiciled and incorporated in Singapore, is a public limited liability company listed on the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company's registered office and principal place of business is located at 82 Playfair Road #13-01 D' Lithium Singapore 368001.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements.

2. Summary of significant accounting policies

2.1 *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 Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost basis except as disclosed in the accounting policies below.

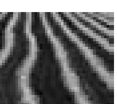
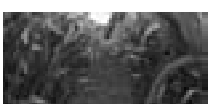
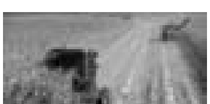
The financial statements are presented in Singapore dollars (SGD or $).

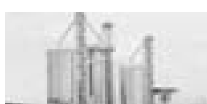
2.2 *Changes in accounting policies*

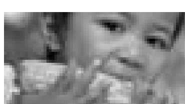
The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers





Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

<u>FRS 1 *Presentation of Financial Statements* – Revised presentation</u>

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

<u>Amendments to FRS 107 *Financial Instruments: Disclosures*</u>

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 33 and Note 34 to the financial statements respectively.

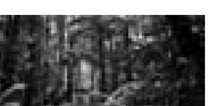
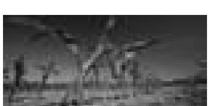
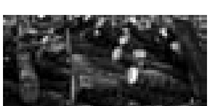
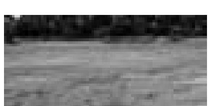
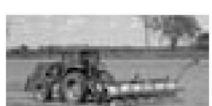
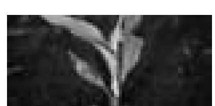
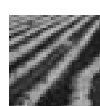
<u>FRS 108 *Operating Segments*</u>

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segment Reporting*. Additional disclosures about each of the segments are shown in Note 36, including revised comparative information.

<u>Improvements to FRSs issued in 2008</u>

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

– FRS 1 *Presentation of Financial Statements:* Assets and liabilities classified as held for trading in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

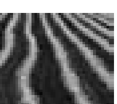
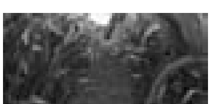
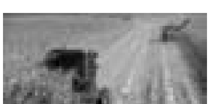
- FRS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

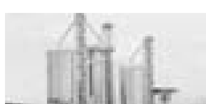
- FRS *23 Borrowing Costs:* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

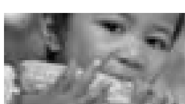
2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
– Amendments to FRS 1 Presentation of Financial Statements	1 July 2010
– Amendments to FRS 7 Statement of Cash Flows	1 July 2010
– Amendments to FRS 17 Leases	1 July 2010
– Amendments to FRS 36 Impairment of Assets	1 July 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 July 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
– Amendments to FRS 108 Operating Segments	1 July 2010





Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Except for the revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 103 and the amendments to FRS 27 are described below.

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 *Statement of Cash Flows*, FRS 12 *Income Taxes*, FRS 21 *The Effects of Changes in Foreign Exchange Rates*, FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures*. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

2.4 *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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the statement of comprehensive income on the date of acquisition.

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.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 *Functional and foreign currency*

(a) ***Functional currency***

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Revenue and major costs of providing services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) ***Foreign currency transactions***

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 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of comprehensive income.

(c) ***Foreign currency translation***

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the rate ruling at that balance sheet date; and

- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve. On disposal of the foreign operation, the deferred cumulative amount recognised in the equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on a straight-line basis over their estimated useful lives as follows:

Leasehold land	–	Over the lease period of between 50 to 70 years
Leasehold improvement	–	10 - 30 years
Building and structure	–	10 - 20 years
Computers	–	5 years
Furniture and fittings and office equipment	–	10 years
Machineries and equipments	–	10 years
Motor vehicle	–	3 - 10 years
Renovation	–	2 - 10 years

For acquisition and disposals during the financial year, depreciation is provided from the date of acquisition and disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets. Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

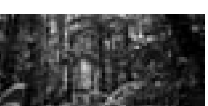
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

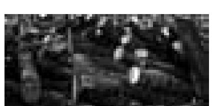
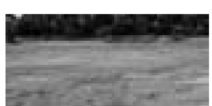
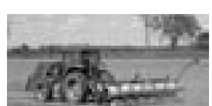
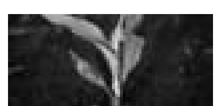
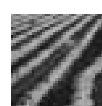
The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

2.8 *Investment properties*

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated useful lives of 10 to 20 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate at balance sheet date.



Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.8 *Investment properties (cont'd)*

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policies for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

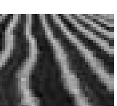
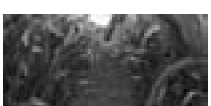
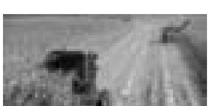
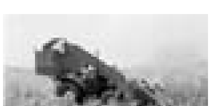
Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

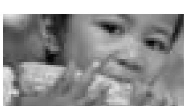
An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.11 *Development properties for sale*

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus attributable profit less proceeds on pre-sale received and receivable, and estimated net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the property.

Cost of properties under development includes land acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as a cost of the development property until the date of its practical completion, which is taken to be the date of issue of the Temporary Occupation Permit ("TOP").

When it is probable that total development costs will exceed total revenue, an allowance is recognised as an expense immediately. Development properties are classified as current assets in the financial statements except where proceeds on pre-sale received and receivable exceed amounts recoverable, they are classified as current liabilities.

2.12 *Biological assets*

The cost of immature corn plantations consists of field preparation, planting, fertilizing and maintenance and an allocation of other indirect cost. In general, a corn plantation takes about four months to reach maturity from the time the seedlings are planted.

Biological assets are stated at fair value less estimated point-of-sale costs. The fair value was determined based on the actual selling prices approximating those at year end and less estimated point-of-sale costs.

Gain or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of plantations at each reporting date are included in the statement of comprehensive incomes for the period in which they arise.

2.13 *Inventories*

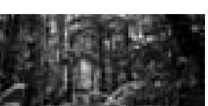
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

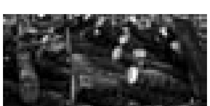
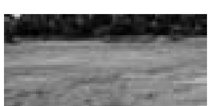
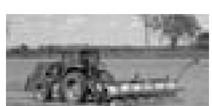
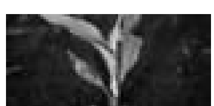
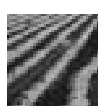
2.14 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.



Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.14 ***Financial assets (cont'd)***

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) *Financial assets at fair value through profit or loss*

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets that are acquired principally for the purpose of selling it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

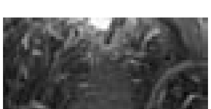
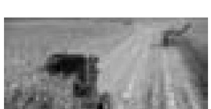
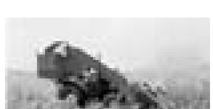
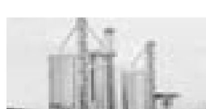
(c) *Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.15 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

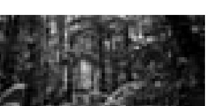
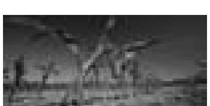
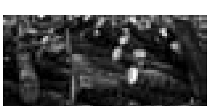
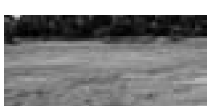
(b) *Assets carried at cost*

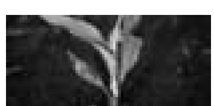
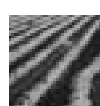
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.16 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, bank balances and short term bank deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 ***Construction contracts***

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

2.18 ***Properties held for sale***

Properties held for sale are stated at the lower of cost and estimated net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

2.19 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When the discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.20 *Government grants*

Government grants are recognised at their fair value 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 asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.21 *Financial liabilities*

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.22 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the statement of comprehensive income.

Notes to the Financial Statements

– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.23 ***Borrowing costs***

Borrowing cost are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.24 ***Employee benefits***

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave as a result of services rendered by employees up to balance sheet date.

2.25 ***Income taxes***

(a) *Current tax*

Current tax assets and liabilities 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.

Current taxes are recognised in the statement of comprehensive income except that tax relating to items recognised directly in equity is recognised directly in equity.

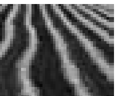
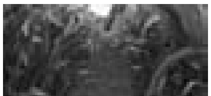
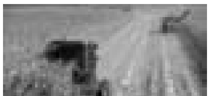
(b) *Deferred tax*

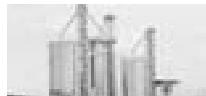
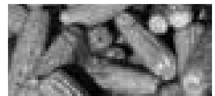
Deferred income tax is provided, using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss:

– In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.


Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.25 ***Income taxes (cont'd)***

(b) *Deferred tax (cont'd)*

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxable authority.

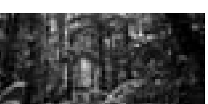
(c) *Sales tax*

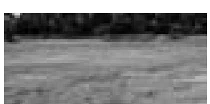
Revenues, expenses and assets are recognised net of the amount of sales tax except:

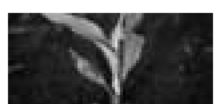
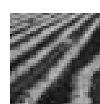
– Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.



Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.26 *Convertible notes*

The equity conversion option of convertible notes exhibits characteristics of an embedded derivative and is separated from its liability component. On initial recognition, the embedded equity conversion option is measured at its fair value and presented as part of derivative financial instruments. The difference between total proceeds and the fair value of the equity conversion option is recognised as the liability component.

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in the statement of comprehensive income. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability components and the equity conversion option are derecognised with a corresponding recognition of share capital.

When an equity conversion option lapses, any gain or losses on the derecognition of derivative financial instruments are recognised in the statement of comprehensive income.

2.27 *Commitment fee*

The commitment fee is amortised on a straight-line method over the period of the commitment.

2.28 *Leases*

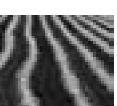
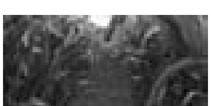
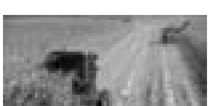
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

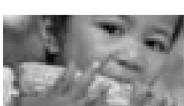
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income. Contingent rents, if any, are charges as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.





Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.28 *Leases (cont'd)*

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.31(a).

2.29 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.30 *Share capital and share issue expenses*

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.

2.31 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(a) ***Rental of investment properties***

Rental income arising from investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate costs of incentives provided by the lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) ***Sale of goods***

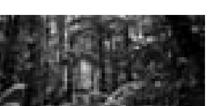
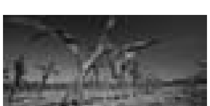
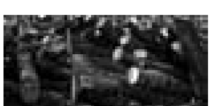
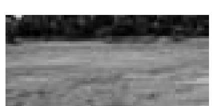
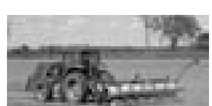
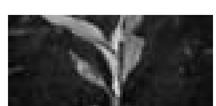
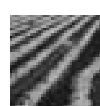
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

(c) ***Resort management***

Revenue from resort investment mainly comprises room rental, food and beverage sales and auxiliary activities, and represents the invoiced value of services rendered after deducting discounts. Revenue is recognised when the services are rendered.

(d) ***Resort operations***

Revenue from the rental of resort facilities are recognised based on lease terms agreed with the operators.

Notes to the Financial Statements
– 31 December 2009

2. Summary of significant accounting policies (cont'd)

2.31 *Revenue*

(e) ***Sale of development properties***

The Group recognises income on property development projects when the significant risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or an equitable interest in a property.

In cases where the Group is obliged to perform any significant acts after the transfer of legal title or an equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method, which is an allowed alternative method under Recommended Accounting Practice (RAP) 11 Pre-completion Contracts for the Sale of Development Property issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under RAP 11, when (a) construction is beyond a preliminary stage, (b) minimum down payment criteria are met, (c) sales prices are collectible, and (d) aggregate sales proceeds and costs can be reasonably estimated, the percentage of completion method is an allowed alternative. If any of the above criteria are not met, pre-completion proceeds received are accounted for as deposits until such criteria are met.

(f) ***Interest income***

Interest income is recognised using the effective interest method.

(g) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

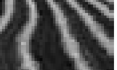
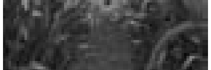
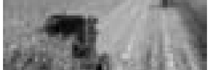
2.32 *Contingencies*

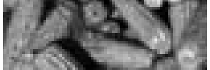
A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.


Notes to the Financial Statements

– 31 December 2009

3. Significant accounting judgements and estimates (cont'd)

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amounts recognised in the financial statements.

(a) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement 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. The carrying amount of the Group's income tax payables and net deferred tax liabilities at 31 December 2009 were $19,930 (2008: $nil) and $193,000 (2008: $nil) respectively.

3.2 *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.

(a) *Useful life of plant and equipment*

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipments' useful lives. Management estimates the useful lives of these plant and equipment to be within 2 to 10 years. The carrying amount of the Group's plant and equipment at 31 December 2009 was $5,614,358 (2008: $3,302,624). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *Impairment of non-financial assets (property, plant and equipment and subsidiary companies)*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Financial Statements

– 31 December 2009

3. Significant accounting judgements and estimates (cont'd)

3.2 *Key sources of estimation uncertainty (cont'd)*

(c) *Construction contracts*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 15 to the financial statements.

(d) *Impairment of loans and 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.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

4. Revenue

Revenue comprises:

	Group	
	2009	**2008**
	$	$
Sale of development property	13,154,820	6,281,336
Sale of goods	13,129,592	9,175,521
Hotel revenue	496,675	159,839
Management income from kiosk operators	292,193	60,381
Rental income from investment property	185,775	37,649
Others	–	10,000
	27,259,055	15,724,726

Notes to the Financial Statements
– 31 December 2009

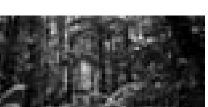
5. Other income

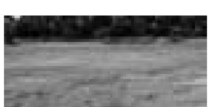
	Group	
	2009	**2008**
	$	$
Interest income from banks	53,922	115,027
Fair value gain on quoted equity instruments	419,609	–
Gain on investment in bonds	–	92,885
Gain on sale of quoted equity instruments	4,994	412,578
Gain on sale of investment properties	40,644	141,215
Gain on liquidation of a subsidiary	–	19,137
Government grant/subsidies	105,192	–
Bad debt recovered	7,789	39,104
Foreign exchange gain	–	51,703
Dividend income	8,147	7,969
Other sundry income	71,991	178,242
	712,288	1,057,860

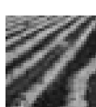
During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme (Scheme). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each eligible employee on their Central Provident Fund payroll. The Scheme is for one year, and the Group received its grant income of $105,192 (2008: Nil) in four receipts in March, June, September and December 2009.

6. Other expenses

	Group	
	2009	**2008**
	$	$
Net foreign exchange loss	774,955	–
Inventories written down	240,243	26,434
Loss on disposal of property, plant and equipment	17,434	21,689
Loss on liquidation of a subsidiary	–	271,379
Fair value loss on quoted equity instruments	–	214,038
Allowance for doubtful debts	–	673,797
Provision for warranty claims	–	67,538
Others	26,822	45,991
	1,059,454	1,320,866



Notes to the Financial Statements
– 31 December 2009

7. Finance costs

	Group	
	2009	2008
	$	$
Interest expense on:		
- hire purchase	9,036	21,800
- term loans	268,371	189,868
- trust receipts	–	4,012
- others	–	11,026
	277,407	226,706

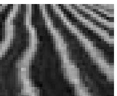
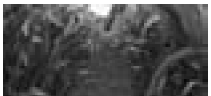
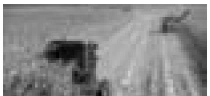
8. Exceptional items

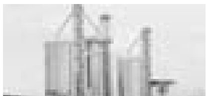
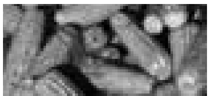
	Group	
	2009	2008
	$	$
Amortisation of commitment fee	–	(162,691)
Changes in fair value of the derivative financial instrument	–	(120)
Derecognition upon termination of the Subscription Agreement		
- Derivative financial instrument	–	1,883,258
- Prepaid commitment fees	–	(1,873,408)
	–	(152,961)

9. Loss before taxation

The following items have been included in arriving at loss before taxation:

	Group	
	2009	2008
	$	$
Personnel expenses (Note 29)	2,639,739	2,700,919
Depreciation of property, plant and equipment (Note 12)	1,568,399	514,011
Directors' fee	120,000	120,000
Rental of premises and office facilities	45,139	82,461
Legal and professional fees	64,495	215,635
Travelling expenses	94,082	211,051
Provision for doubtful debts	–	673,797
Inventories recognised as an expense in cost of sales (Note 16)	11,757,166	9,690,926


Notes to the Financial Statements
– 31 December 2009

10. Income tax expense/(credit)

(a) Major components of income tax expense

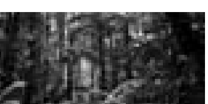
The major components of income tax expense/(credit) for the years ended 31 December 2009 and 2008 are:

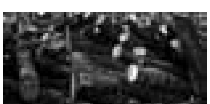
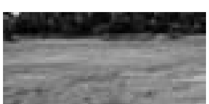
	Group 2009 $	Group 2008 $
Statement of comprehensive income:		
Current income tax		
- current income taxation	1,438	1,862
- under/(over) provision in respect of prior years	32,827	(111,218)
	34,265	(109,356)
Deferred income tax		
- origination and reversal of temporary differences	193,000	(266,072)
Income tax expenses/(credit) recognised in statement of comprehensive income	227,265	(375,428)

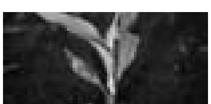
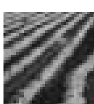
(b) Reconciliation of the tax expense/(credit) and the accounting loss multiplied by the statutory tax rate is as follows:

	Group 2009 $	Group 2008 $
Loss before taxation	(4,850,471)	(3,907,459)
At domestic rates applicable to losses in the countries where the Group operates	(383,296)	(703,342)
Income not subject to taxation	(168,280)	(16,720)
Non-deductible expenses	106,130	97,719
Utilisation of tax benefits not recognised previously	(67,207)	(47,893)
Deferred tax assets not recognised	729,095	433,476
Effect of partial tax exemption	(24,305)	(27,450)
Under/(over) provision of tax in respect of prior years	32,827	(111,218)
Others	2,301	–
	227,265	(375,428)

(c) The corporate income tax rate applicable to Singapore Companies of the Group was reduced to 17% for the Year of Assessment 2010 onwards from 18% for the Year of Assessment 2009.



Notes to the Financial Statements
– 31 December 2009

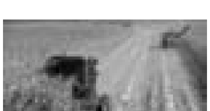
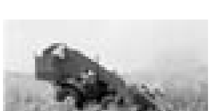
10. Income tax expense/(credit) (cont'd)

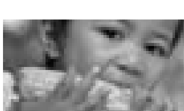
(d) On 22 January 2009, a subsidiary entered into an agreement with an individual for the assignment of a preliminary lease over a parcel of land from the Royal Government of Cambodia for a total consideration of $4,906,629 [Note 12(g)]. Under current tax laws in Cambodia, service agreements entered into with individuals are subject to 15% withholding tax. The Group deemed an assignment of lease would, as a matter of the tax law in Cambodia, be characterized as an acquisition of intangible asset and as such not subject to withholding tax.

(e) Since the incorporation of the subsidiary in Cambodia, the Group has extended financial support to the subsidiary to assist the subsidiary in the acquisition of assets and services. These transactions are interest free and have no fixed terms of repayment. Under current tax laws in Cambodia, deemed interest on loans from a non-resident person and resident person are subject to 14% and 15% withholding tax respectively.

The Group has deemed the financial support to the subsidiary as quasi-equity which will be converted into the share capital of the subsidiary in subsequent years when a certain quantum is deemed remitted (estimated at approximately US$20 million), and consequently such financial supports are not subject to withholding tax in Cambodia.



Notes to the Financial Statements
– 31 December 2009

11. Loss per share (cents)

Basic loss per share amounts are calculated by dividing loss for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share amounts are calculated by dividing loss for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares, if any.

The following table reflects the profit and loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2009	**2008**
	$	$
Net loss attributable to ordinary shareholders for basic and diluted earnings per share		
- before exceptional items	(5,415,271)	(3,172,805)
- after exception items	(5,415,271)	(3,325,766)
Weighted average number of ordinary shares outstanding used in the calculation of basic earnings per share	2,613,236,281	2,570,350,085*
Weighted average number of ordinary shares outstanding used in the calculation of diluted earnings per share	2,613,236,281	2,570,350,085*

* *Restated for the effects of HLH Group Limited Rights Issue.*

For the purpose of calculating the loss per ordinary share on a basic and fully diluted basis for the period under review, the weighted average numbers of shares had taken into consideration the Rights Shares Issues in November 2009.

There are no outstanding Convertible Notes as at 31 December 2009 therefore there are no potential dilutive equity instrument.

Notes to the Financial Statements
– 31 December 2009

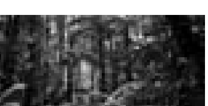
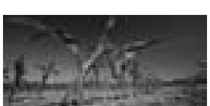
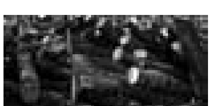
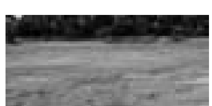
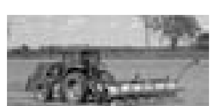
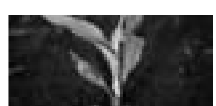
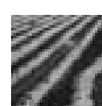
12. Property, plant and equipment

(a) Group	Freehold land	Leasehold land	Leasehold improvement	Building and structure	Construction -in-progress	Computers	Furniture and fittings	Machinery and equipments	Motor vehicles	Office equipments	Renovation	Total
	$	$	$	$	$	$	$	$	$	$	$	$
Cost												
As at 1.1.2008	–	–	68,970	32,816	–	53,959	27,026	515,304	452,368	6,657	13,360	1,170,460
Additions	3,053,656	2,040,022	–	6,417,948	190,108	157,689	617,196	1,617,502	310,998	55,236	310,722	14,771,077
Transfer from development properties	–	–	–	2,617,850	–	–	–	–	–	–	–	2,617,850
Disposal	–	–	(71,873)	(32,841)	–	(3,107)	(12,730)	(143,391)	(423,995)	(930)	(13,360)	(702,227)
Translation differences	(186,231)	79,639	2,903	45,966	(9,370)	836	995	46,963	13,275	467	180	(4,377)
As at 31.12.2008 and 1.1.2009	2,867,425	2,119,661	–	9,081,739	180,738	209,377	632,487	2,036,378	352,646	61,430	310,902	17,852,783
Additions	–	5,276,374	1,183,649	–	2,708,949	8,649	47,460	2,861,185	606,446	49,853	64,827	12,803,297
Reclassification	–	–	–	1,426,780	(1,426,780)	–	–	–	–	–	–	–
Transfer to investment property [b]	–	–	–	(544,005)	–	–	–	–	–	–	–	(544,005)
Disposal	(54)	–	–	–	–	–	(931)	(67,506)	(36,905)	(3,000)	–	(108,396)
Translation differences	(34,881)	(398,114)	(53,840)	(143,854)	(92,626)	(591)	(1,868)	(188,272)	(21,072)	(1,797)	(2,548)	(935,369)
As at 31.12.2009	2,832,490	6,997,921	1,129,809	9,820,660	1,370,281	217,435	677,148	4,641,785	901,115	106,486	373,181	29,068,311
Accumulated depreciation												
As at 1.1.2008	–	–	1,060	523	–	13,953	3,725	24,150	339,569	977	13,360	397,317
Charge for the year	–	39,550	1,015	195,761	–	22,904	39,776	139,043	45,971	4,108	25,883	514,011
Disposal	–	–	(2,148)	(1,359)	–	(800)	(2,777)	(18,356)	(340,819)	(139)	(13,360)	(379,758)
Translation differences	–	1,028	73	1,600	–	59	77	2,699	561	29	3	6,129
As at 31.12.2008 and 1.1.2009	–	40,578	–	196,525	–	36,116	40,801	147,536	45,282	4,975	25,886	537,699
Charge for the year	–	127,221	669	556,212	–	42,770	99,926	482,958	183,726	10,747	64,170	1,568,399
Transfer from provision for directors' remuneration [a]	–	–	–	–	–	–	–	–	150,000	–	–	150,000
Transfer to investment property [b]	–	–	–	(40,800)	–	–	–	–	–	–	–	(40,800)
Disposal	–	–	–	–	–	–	(78)	(7,878)	(5,284)	(500)		(13,740)
Translation differences	–	(3,264)	(23)	(5,769)	–	(148)	(75)	(16,803)	(1,143)	(125)	(67)	(27,417)
As at 31.12.2009	–	164,535	646	706,168	–	78,738	140,574	605,813	372,581	15,097	89,989	2,174,141
Net book value												
As at 31.12.2009	2,832,490	6,833,386	1,129,163	9,114,492	1,370,281	138,697	536,574	4,035,972	528,534	91,389	283,192	26,894,170
As at 31.12.2008	3,592,318	2,079,083	–	8,160,321	180,738	182,040	591,686	1,888,842	307,364	47,676	285,016	17,315,084

Notes to the Financial Statements
– 31 December 2009

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

(b) Company	Computers	Furniture and fittings	Motor vehicle	Office equipment	Renovation	Total
	$	$	$	$	$	$
Cost						
As at 1.1.2008	25,892	12,920	331,000	4,110	13,360	387,282
Additions	4,371	880	151,000	–	10,260	166,511
Disposal	–	(6,007)	(331,000)	–	(13,360)	(350,367)
As at 31.12.2008 and 1.1.2009	30,263	7,793	151,000	4,110	10,260	203,426
Additions	–	3,670	323,030	–	6,486	333,186
As at 31.12.2009	30,263	11,463	474,030	4,110	16,746	536,612
Accumulated depreciation						
As at 1.1.2008	6,375	2,433	331,000	627	13,360	353,795
Charge for the year	5,325	1,093	25,167	411	1,026	33,022
Disposal	–	(1,424)	(331,000)	–	(13,360)	(345,784)
As at 31.12.2008 and 1.1.2009	11,700	2,102	25,167	1,038	1,026	41,033
Charge for the year	6,053	1,085	137,877	411	3,133	148,559
Transfer from provision for directors' remuneration [a]	–	–	150,000	–	–	150,000
As at 31.12.2009	17,753	3,187	313,044	1,449	4,159	339,592
Net book value						
As at 31.12.2009	12,510	8,276	160,986	2,661	12,587	197,020
As at 31.12.2008	18,563	5,691	125,833	3,072	9,234	162,393

Notes to the Financial Statements
– 31 December 2009

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

(a) In the previous financial year, included in directors' remuneration of the Company was an amount of $150,000 accrued in respect of benefits-in-kind contractually due to a director. These benefits relate to a motor vehicle that will be transferred to the director conditionally upon the expiry of his 3-year service contract in July 2010.

During the financial year, the Company acquired a motor vehicle for the use by the Director and accordingly, the provision of $150,000 made for the benefit-in-kind in the previous year was transferred to accumulated depreciation as part of the depreciation charge for the said motor vehicle.

Depreciation expense of $107,700 was further made during the year to be in line with the motor vehicle's remaining useful lives which correspond with the director's 3-year service contract when the ownership of the motor vehicle will be transferred to the director.

(b) During the financial year, the Group had reclassified a property with net book value of $503,205 (Note 13) to investment property. The property was a strata title unit that was previously used by the Group as its corporate office. The strata title unit was rented out to generate rental income during the current financial year.

(c) During the financial year, the company acquired a motor vehicle amounting to $150,000 (2008: $120,000) by means of a finance lease.

(d) The Group and the Company had motor vehicles under finance leases (note 31d) with net book values of $182,392 (2008: $151,520) and $160,986 (2008: $125,833) respectively. The leased assets are pledged as security for the related financial lease liabilities.

(e) During the current financial year, the Group has revised the estimated useful lives of the building and structure, and certain machinery and equipments held by a subsidiary of the Group. The useful lives of the building and structure, and machinery and equipments were revised from 35 years to 25 years and 15 years to 10 years respectively, to better reflect the economic useful lives. The revision of the useful lives has the effect of increasing the depreciation charge for the current financial year by approximately $175,700 and reducing the carrying value of property, plant and equipment by the corresponding amount.

(f) The Group's property with a carrying amount of $1,815,646 (2008: $2,552,404) are mortgaged to secure the Group's bank loans – Term Loan A (note 26).

(g) During the current financial year, a subsidiary entered into an agreement with an individual for a total consideration of $4,906,629 (note 10) for the assignment of a preliminary lease over a parcel of land with an area of 9,985 hectares owned by the Royal Government of Cambodia. This subsidiary has subsequently entered into a concession agreement with the Royal Government of Cambodia to obtain rights to use the same parcel of land in Cambodia for a period of 70 years. The carrying amount of this property $5,779,245 (2008: nil) is included in the Group's leasehold land.

Notes to the Financial Statements
– 31 December 2009

13. Investment properties

	Group	
	2009	2008
	$	$
Balance sheet:		
At cost		
At beginning of the year	–	12,361,926
Disposal	–	(12,361,926)
Transfer from property, plant and equipment	544,005	–
At end of the year	544,005	–
Accumulated depreciation		
At beginning of the year	–	–
Depreciation charge for the year	–	–
Transfer from property, plant and equipment	40,800	–
At end of the year	40,800	–
Net book value	503,205	–
Statement of comprehensive income:		
Rental income from investment property (Note 4)	185,775	37,649
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	24,274	–

The investment property held by the Group as at 31 December 2009 is as follows:

Description and ocation	Existing use	Tenure	Land area	Carrying value	Fair value
82, Playfair Road #12-01 D'Lithium Singapore 368001	Offices	Freehold	190 m^2	$503,205	$1,073,000

The fair value of the investment property is determined by independent professional valuer. Valuation are made annually based on the comparison method that considers the sales of similar properties that have been transacted in the open market with adjustments made for difference in factors that affect the value.

The investment property is mortgaged to secure bank loans – Term Loan A (Note 26).

Notes to the Financial Statements

– 31 December 2009

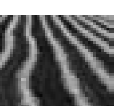
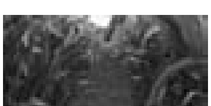
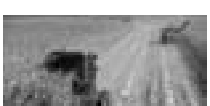
14. Investment in subsidiaries

(a) Investment in subsidiaries comprises:

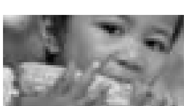
	Company 2009	Company 2008
	$	$
Unquoted equity shares, at cost	23,968,785	23,968,785
Less: Impairment losses	(22,968,785)	(22,968,785)
	1,000,000	1,000,000

(b) The Company has the following subsidiaries as at 31 December 2009:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held 2009	Percentage of equity held 2008	Cost of investment 2009	Cost of investment 2008
			%	%	$	$
Held by the Company						
Hong Lai Huat Construction Pte Ltd *	General contractors and builders for construction and renovation work of any kind and for the demolition of any structure	Singapore	100	100	21,980,841	21,980,841
HLH Agri International Pte Ltd *	Investment holding	Singapore	100	100	987,944	987,944
HLH Development Pte Ltd *	Investment holding	Singapore	100	100	1,000,000	1,000,000
					23,968,785	23,968,785

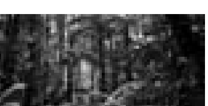


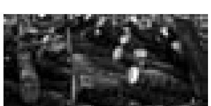
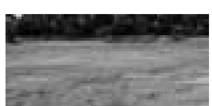
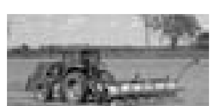
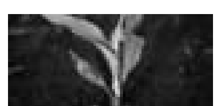
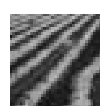


Notes to the Financial Statements
– 31 December 2009

14. Investment in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held 2009 %	2008 %
(A) Held by Hong Lai Huat Construction Pte Ltd				
Hong Lai Huat Realty Pte Ltd *	Dormant	Singapore	100	100
(B) Held by HLH Agri International Pte Ltd				
Agri-Aqua Bio-Technologies (S) Pte Ltd *	Agrotechnology consultancy services – Bio-tech, agriculture, aqua-marine industry	Singapore	100	100
HLH Global Trading Pte Ltd *	General wholesale trade, including imports and exports	Singapore	100	100
HLH Agri R&D Pte Ltd [ii]*	Agricultural research and experimentation including trading.	Singapore	100	100
Tieling HLH Agri Processing Co. Ltd (China) ^	Collection centre, storage and processing of agriculture related commodities	China	85	85
HLH Agri (Cambodia) Co. Ltd **	Agriculture plantation, processing and distribution	Cambodia	100	100
HLHI (Cambodia) Co. Ltd @***	Agriculture plantation, processing and distribution including investment in real estate	Cambodia	49	49
HLHS (Cambodia) Co. Ltd @***	Agriculture plantation, processing and distribution	Cambodia	70	70



Notes to the Financial Statements
– 31 December 2009

14. Investment in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held 2009 %	2008 %
(C) Held by HLH Development Pte Ltd				
Lithium Development Pte Ltd *	Property development and real estate	Singapore	100	100
Fresco Development Pte Ltd *	Property development and real estate	Singapore	70	70
Castilia Development Pte Ltd *	Investment holding, property development and real estate	Singapore	100	100
Almira Development Pte Ltd *	Property development and real estate	Singapore	100	100
D'Vesta (Cambodia) Co. Ltd (i)# @ ^	Property development and real estate	Singapore	49	49

(i) The subsidiary has applied to be struck-off during the year.

(ii) The subsidiary has incorporated a sole-proprietor named D' Kranji Farm Resort in the financial year ended 31 December 2008 to operate its agricultural related resort business located at 2 Neo Tiew Lane. The principal activities are the operation of hotels with restaurant and retreat facilities.

Company is treated as a subsidiary of the Group by virtue of control over financial and operating policies of the Company.

^ Not material to the Group and not required to be disclosed under SGX Listing Rule 717.

* Audited by Ernst & Young LLP, Singapore

** Audited by member firms of Ernst & Young, Global in the respective countries.

*** Audited for consolidation purposes.

@ Not required to be audited under the laws of the country of incorporation.

Notes to the Financial Statements
– 31 December 2009

15. Development properties for sale

	Group	
	2009	**2008**
	$	$
Land acquisition costs	33,021,559	38,456,195
Development costs	5,227,693	8,603,108
Borrowing costs capitalised	961,576	514,969
Aggregate amount of development costs incurred to-date	39,210,828	47,574,272
Recognised profits less recognised losses to date	2,551,220	3,886,285
Progress billings to-date	(11,985,237)	(14,317,862)
	29,776,811	37,142,695
Transfer to fixed assets (Note 12)	–	(2,617,850)
	29,776,811	34,524,845

The impact on the financial statements, had revenue on the Singapore projects been recognised using the completion of construction method, is as follows:

	The Group	
	2009	**2008**
	$	$
Statement of comprehensive income:		
(Decrease)/increase in revenue recognised for the financial year	(13,154,820)	6,537,720
(Decrease)/increase in profit for the financial year	(2,552,220)	2,148,354
Balance sheet:		
Increase in opening accumulated losses	–	(2,148,354)
Increase/(decrease) in properties under development		
At beginning of the financial year	–	(2,148,354)
At end of the financial year	2,552,220	–

Notes to the Financial Statements
– 31 December 2009

15. Development properties for sale (cont'd)

The development properties held by the Group are:

Description and Location	% Owned	Gross floor area * (square feet)	Site area (square feet)	Stage of completion as at date of annual report (expected year of completion)
D' Fresco				
A 5-storey 30 units residential apartments at 54, 54A, 54B, 54C, 56, 56A, 56C and 58 Joo Chiat Lane, Singapore	70%	32,200	20,817.60	58% (2010)
D' Castilia				
A 5-storey residential apartments at 45 Joo Chiat Lane, Singapore	100%	26,300	16,575.50	80% (2011)
D' Almira				
A 5-storey residential apartments at 33, 35 and 37 Sommerville Road, Singapore	80%	27,800	19,316	100% (2011)

* estimated

During the current year, the Group disposed of a property – 1 storey semi-detached house at 51 Jalan Jendela, Singapore, with a carrying value of $1,692,262 that was held under development properties in the previous financial year ended 31 December 2008.

In 2008, the Group completed construction of its 14-storey development property at 82 Playfair Road and the Temporary Occupation Permit ("TOP") was obtained. The Group had transferred a certain number of strata title units at cost of $2,617,880 to fixed assets and sold off the remaining during the year. The carrying value of the development costs related to this property was derecognised in the current year 2009.

As at 31 December 2009, the development properties are mortgaged to secure bank loans – Term Loan B, C, D and E (note 26).

Notes to the Financial Statements
– 31 December 2009

16. Inventories

	Group	
	2009	**2008**
	$	$
Balance sheet:		
Corn	73,289	592,365
Raw materials	60,729	8,107
Consumables	3,718	3,303
Machineries and spare parts	46,903	–
Total inventories at cost	184,639	603,775
Comprehensive income statement:		
Inventories recognised as an expense in cost of sales (Note 9)	11,757,166	9,690,926
Inventories written-down (Note 6)	240,243	26,434

17. Amount due from/(to) minority shareholders

	Group	
	2009	**2008**
	$	$
Due from a minority shareholder - non-trade	3,861	3,669
Due to a minority shareholder - non-trade	860,000	660,000

Amounts due from/(to) a minority shareholder are unsecured, interest-free, repayable on demand and are to be settled in cash.

18. Trade receivables

	Group	
	2009	**2008**
	$	$
Trade receivables	1,577,175	1,599,107

Trade receivables are non-interest bearing and are generally on 0 to 120 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables in respect of the sale of the development properties held by the Group are non-interest bearing and the progressive collections are governed by the sales and purchase agreements between the developer and the buyers prescribed by the Housing Developers Rules. At the balance sheet date, trade receivables relating to the completed development properties amounted to $1,025,524 (2008: $1,281,905).

Notes to the Financial Statements
– 31 December 2009

18. Trade receivables (cont'd)

At the balance sheet date, trade receivables arising from export sales amounting to $433,270 (2008: $240,983) are arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based.

An aging analysis of receivables that are past due but not impaired is as follows:

	Group	
	2009	**2008**
	$	$
Less than 30 days	57,698	61,995
30 days to 60 days	10,346	6,420
61 days to 90 days	9,053	–
Over 90 days	41,166	7,500
At end of year	118,263	75,915

Trade receivables are denominated in the following currencies at the balance sheet date:

	2009 $	2008 $
Singapore Dollar	1,143,905	1,357,819
United States Dollar	433,270	241,288
At end of year	1,577,175	1,599,107

19. Other receivables, deposits and prepayments

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Other receivables	64,035	57,378	–	4,896
Deposits (Note i)	1,144,649	1,031,369	276,307	337,625
Tax recoverable	137,466	197,483	76,474	–
Other receivables and deposits	1,346,150	1,286,230	352,781	342,521
Prepayments	163,419	126,723	7,002	3,073
	1,509,569	1,412,953	359,783	345,594

Notes to the Financial Statements
– 31 December 2009

19. Other receivables, deposits and prepayments (cont'd)

The Group's other receivables and deposits that are impaired at the balance sheet date are as follows:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Other receivables	67,451	60,794	–	–
Less: Allowance for impairment	(3,416)	(3,416)	–	–
	64,035	57,378	–	–
Deposits	1,815,030	1,701,750	–	–
Less: Allowance for impairment (Note i)	(670,381)	(670,381)	–	–
	1,144,649	1,031,369	–	–

Other receivables and deposits were denominated in the following currencies at the balance sheet date:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Singapore Dollar	126,022	214,885	76,474	59,326
United States Dollar	1,190,672	958,757	276,307	283,195
China Renminbi	29,456	112,588	–	–
	1,346,150	1,286,230	352,781	342,521

Included in the deposits of the Group and the Company is an amount of $276,307 (2008: $276,307) paid to an individual for 20% interest in the purchase of a property in Cambodia for joint-ownership with a third party corporation. The title was transferred to the individual subsequent to year end. As at the date of the annual report, this property is held by the individual in trust on behalf of the Company and the third party corporation.

Notes to the Financial Statements
– 31 December 2009

19. Other receivables, deposits and prepayments (cont'd)

Note (i)

– Included is a deposit of the Group of $1,099,203 as at 31 December 2009 and 31 December 2008. This deposit was paid during the financial year 2007 for the purchase of fertilizer. The transaction was aborted in the same year.

A partial repayment of $428,822 was made during the financial year 2008 to the Group by a third party (the "Party") on behalf of the debtor. The Party has made a representation to the Group that he will forgo all his rights to seek recovery from the Group for the monies paid on behalf except to the extent that the Group is able to recover the full payment or any part thereof, and the same will be returned to the Party.

As there is no right of set-off, the Group did not offset the deposit receivable against the amount paid on behalf by the Party. The Group has made a provision for doubtful debt on the remaining balance of $670,381(2008: $670,381).

20. Amounts due from/(to) subsidiaries

	Company	
	2009	**2008**
	$	$
Due from subsidiaries		
- trade	4,666,229	2,935,729
- non-trade	51,650,802	42,582,716
	56,317,031	45,518,445
Less: Allowance for doubtful debts	(807,910)	(807,910)
	55,509,121	44,710,535
Allowance for doubtful debts during the year is as follows:		
At beginning of year	807,910	758,274
Provision during the year	–	49,636
At end of year	807,910	807,910
Due to subsidiaries		
- non-trade	–	654,411

The balances due from/(to) subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

Notes to the Financial Statements
– 31 December 2009

21. Investment in quoted equity instruments

	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Held for trading investments				
- equity instruments at fair value	3,239,243	2,881,845	2,808,000	2,572,060

22. Cash and cash equivalents

	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Cash at bank and in hand	18,059,079	20,917,783	6,129,612	11,920,795
Short-term fixed deposits with financial institutions	1,305,280	556,234	1,302,811	567,433
Long-term fixed deposits with financial institutions	430,000	805,000	–	–
	19,794,359	22,279,017	7,432,423	12,488,228

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group 2009 $	Group 2008 $
Cash and bank balances (as above)	19,794,359	22,279,017
Less: Fixed deposits pledged	(430,000)	(805,000)
Cash and cash equivalent per consolidated cash flow statement	19,364,359	21,474,017

Cash at banks and fixed deposits earn interest on floating rates based on daily deposit rates ranging from 0.055% to 0.425% (2008: 0.20% to 2.19%) per annum. Fixed deposits are held for varying periods of between 1 week to 15 months.

Included in the Group's cash and bank balances are amounts of $7,083,100 (2008: $1,234,595) held under the Project Account Rules (1997 Ed), withdrawals from which are restricted to payments for development expenditure incurred on development properties held for sale.

Notes to the Financial Statements
– 31 December 2009

22. Cash and cash equivalents (cont'd)

Cash and cash equivalents were denominated in the following currencies at the balance sheet date:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Singapore Dollar	16,609,431	19,615,875	7,389,013	12,488,228
United States Dollar	3,165,505	2,463,832	43,410	–
China Renminbi	19,423	199,310	–	–
	19,794,359	22,279,017	7,432,423	12,488,228

23. Trade payables

These amounts are non-interest bearing and normally settled on 60-day terms.

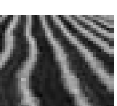
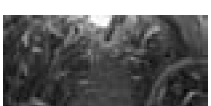
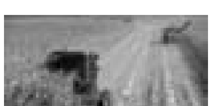
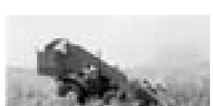
	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Singapore Dollar	408,924	58,318	–	–
United States Dollar	287,990	13,300	–	–
	696,914	71,618	–	–

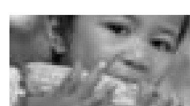
24. Deferred taxation

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Deferred tax liabilities:				
Recognition of profit on percentage of completion	193,000	–	–	–

During the current financial year ended 31 December 2009, the Group made a provision for deferred tax of approximately $193,000 in relation to the profit generated from the sale of a development property which is expected to be taxable upon the completion of the development of the properties, taken to be the date of issue of the Temporary Occupation Permit ("TOP"). Construction of the development property is expected to be completed in 2010.

The Group has tax losses of approximately $10,126,000 (2008: $5,179,000) that are available for offset against the future taxable profits of the Group in which the losses arose for which deferred tax assets amounting to approximately $1,721,000 (2008: $932,000) is not recognised due to uncertainty of the recoverability. The use of these tax losses is subject to the agreement of tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Notes to the Financial Statements
– 31 December 2009

25. Other payables and accruals

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Other payables	1,829,545	488,237	46,037	75
Deposits received	271,655	145,141	–	–
GST payables	80,082	58,517	–	49,070
Other payables and deposits	2,181,282	691,895	46,037	49,145
Accrued operating expenses	1,533,468	1,293,276	402,056	577,817
Deferred lease income	–	4,387	–	–
Amount due to a director	–	283,195	–	283,195
	3,714,750	2,272,753	448,093	910,157

The amount due to the director was unsecured and non-interest bearing. The amount was repaid to the director in the current financial year.

Included in other payables of the Group is an amount of S$1,256,229 (2008: nil) relating to a subsidiary's purchase of a 70-year leased land concession in Cambodia [Note 12(g)].

Other payables are unsecured, non-interest bearing and are repayable on demand.

Other payables and deposits received were denominated in the following currencies at the balance sheet date:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Singapore Dollar	1,887,491	1,388,239	448,093	626,962
US Dollar	1,814,509	861,147	–	283,195
China Renminbi	12,750	23,367	–	–
	3,714,750	2,272,753	448,093	910,157

Notes to the Financial Statements

– 31 December 2009

26. Loans and borrowings

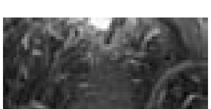
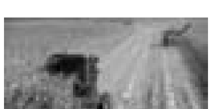
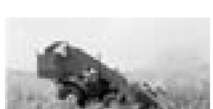
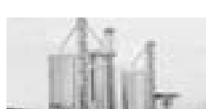
	Year of maturity	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Current:					
Bank term loan A (secured)	2019	265,053	270,237	–	–
Bank term loan B (secured)	2010	–	6,695,000	–	–
Bank term loan C (secured)	2010	8,800,000	–	–	–
Bank term loan E (secured)	2024	373,333	–	–	–
Obligations under finance leases (Note 31 (d))	2010-2013	52,126	33,282	49,330	22,623
		9,490,512	6,998,519	49,330	22,623
Non-current:					
Bank term loan A (secured)	2019	1,811,839	2,076,163	–	–
Bank term loan C (secured)	2010	–	8,800,000	–	–
Bank term loan D (secured)	2011	6,000,000	6,000,000	–	–
Bank term loan E (secured)	2024	5,133,334	–	–	–
Obligations under finance leases (Note 31 (d))	2011-2013	55,623	82,222	55,623	79,426
		13,000,796	16,958,385	55,623	79,426
Total term loans		22,491,308	23,956,904	104,953	102,049

Term loan A

Term loans A were taken to finance the Group's corporate offices at 82 Playfair Road #11-01, #12-01, #13-01 and #14-01 that were classified under property, plant and equipment held by the Group as at the end of the previous financial year ended 31 December 2008. During the current year, a strata title unit #12-01 was rented out to generate rental income during the year and accordingly was classified as investment property held by the Group. The term loan was secured by way of a legal mortgage over the properties.

This loan is repayable over a 15-year periods and bears interest at 3.5% and 4.125% per annum for the first and second year. Subsequently in the third year, it will bear interest at SIBOR + 0.375% and thereafter at SIBOR + 0.75% until maturity of the loan.

As at the balance sheet date, approximately 80% of the loans have been disbursed to the Group. As at the date of annual report, the remaining 20% has been disbursed upon the issuance of the Certificate of Statutory Completion ("CSC").

Notes to the Financial Statements
– 31 December 2009

26. Loans and borrowings (cont'd)

Term loan B

Term Loan B held as at end 31 December 2008 comprised of 2 facilities - land loan and construction loan. These were secured by way of a legal mortgage over one of the development properties of the Group and a charge over fixed deposits placed with the bank. The term loan was originally repayable in a lump sum within two (2) years time commencing from the date of first disbursement of the loan or six months after the issuance of the temporary occupation permit ("TOP") whichever the earlier.

The term loan bears interest at floating rate averaging at 2.91% per annum (2008: 3.15%).

Breach of bank loan covenant

During the previous financial year ended 31 December 2008, the Group has breached the covenant of Term Loan B. The Group has leased out units of the development property under mortgage without obtaining prior written consent from the bank. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.

As a consequence of the breach, all non-current portion of the term loan had been reclassified to current portion.

During the current financial year, the Group decided to defer the commencement of the development of the property and agreed with the bank to replace Term Loan B with a revised facility under a revised Letter of Offer - Term Loan E over a 15 year tenor to refinance the property.

Term loan C

Term loan C comprises 2 facilities - land loan and construction loan. These are secured by way of legal mortgage over the development property of the Group.

The term loan is repayable in a lump sum within two (2) years from the date of first disbursement of the loan or six months after the issuance of the TOP whichever is earlier. During the financial year ended 31 December 2008, the Group had re-negotiated with the financial institution to extend the repayment period to 2010. All the non-current portion of the term loan has been classified to current portion as the TOP is expected to be issued in the year 2010.

The term loan bears interest at SIBOR + 1.5% for a tenor of 1, 3 or 6 months on a rollover basis.

Notes to the Financial Statements
– 31 December 2009

26. Loans and borrowings (cont'd)

Term loan D

Term loan D comprises 2 facilities - land loan and construction loan. These are secured by way of legal mortgage over the development property of the Group and a charge over fixed deposits placed with the bank.

The term loan is repayable in a lump sum within two (2) years time commencing from the date of first disbursement of the loan or six months after the issuance of the temporary occupation permit whichever the earlier.

The term loan bears interest at SIBOR + 2.25% for a tenor of 1, 3 or 6 months on a rollover basis.

Term loan E

Term loan E is taken to refinance term loan B due to the Group's plan in mid-2009 to defer the commencement of the development of a development property held by the Group. The term loan is secured by way of a legal mortgage over one of the development properties of the Group and a charge over fixed deposits placed with the banks. The term loan is repayable over a 15-year period and bears interest at 2.5% per annum over the Bank's Cost of Funds or over the Bank's SWAP Offer Rate for the first and second year and thereafter at the bank's prime lending rate until maturity of the loan.

27. Share capital

	Group and Company			
	2009		2008	
	No. of ordinary shares	$	No. of ordinary shares	$
Issued and fully paid				
At 1 January	2,120,750,895	85,148,107	2,066,316,895	83,403,787
Issued pursuant to rights issue (1)	706,916,965	7,069,170	–	–
Issued pursuant to conversion of the convertible notes (2)	–	–	54,434,000	1,650,000
Share issue expenses	–	(165,551)	–	(69,346)
Arising from the conversion of the convertible notes (2)	–	–	–	163,666
	2,827,667,860	92,051,726	2,120,750,895	85,148,107

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 restriction.

Notes to the Financial Statements
– 31 December 2009

27. Share capital (cont'd)

(1) During the year, the Company had undertaken a renounceable non-underwritten rights issue of up to 706,916,965 new ordinary shares in the capital of the Company (The "Rights Shares") at an issue price of $0.01 for each Rights Share on the basis of one (1) Rights Share for every three (3) existing ordinary shares. The Rights Shares have been issued on 5 November 2009 and listed for quotation on the Main Board of the SGX-ST on 6 November 2009.

Pursuant to the issuance of the Rights Shares, the enlarged share capital of the Company has increased to 2,827,667,860 shares, representing an increase of 33% over the total number of issued shares of the Company before the Rights Shares issuance.

(2) In the previous year, the Company issued 54,434,000 shares to Pacific Capital Investment Management Limited ("PCIM") from the Conversion of the Convertible Notes at a nominal value of $1,650,000 pursuant to the Shareholders' Mandate obtained on 27 April 2007.

The amount of $163,666 taken up in share capital arises from the derecognition of the derivatives financial instrument relating to the Notes converted previously.

28. Reserves

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Capital reserve (Note (i))	414,252	414,252	(458,591)	(458,591)
Currency translation (Note (ii))	222,593	193,943	–	–
Accumulated losses	(38,058,134)	(32,642,863)	(24,859,764)	(25,077,323)
	(37,421,289)	(32,034,668)	(25,318,355)	(25,535,914)

Note (i)

Capital reserve of the Group and the Company relates to adjustment on share capital issued in relation to the settlement of certain debts of the Group and the Company and net reserve on consolidation taken directly to shareholders' interests in accordance with the Group's accounting policy. The balance is not available for distribution as dividends in any form.

Note (ii)

The foreign currency translation reserve represents exchange differences arising during the financial year from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements
– 31 December 2009

29. Personnel expenses

	Note	Group 2009 $	Group 2008 $
Salaries and bonuses		2,430,056	2,434,376
Central Provident Fund contribution		201,212	167,152
Other short term benefits		8,471	99,391
	9	2,639,739	2,700,919

Directors' remuneration included above is disclose in Note 30(c).

30. Related party disclosures

Related parties are individuals or entities that have the ability, directly or indirectly, to control the party or exercise significant influence over the Company in making financial or operating decisions, or vice versa.

Beside related party information disclosed elsewhere in the financial statements, there is no other significant transaction.

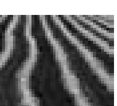
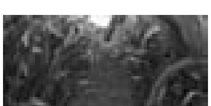
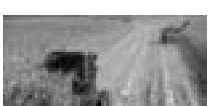
(a) ***Transactions with entities in which the directors of the Company have interests***

	Group 2009 $	Group 2008 $
Return of investment arising from the liquidation of a subsidiary	–	360,000

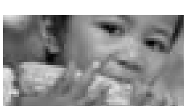
The return of investment of $360,000 arising from the liquidation of subsidiary, PT HLH Agri Indonesia, was related to the distribution of the 20% shareholding interest owned by a director in the previous year. The amount was arrived at after deducting all the share of losses of the subsidiary and foreign exchange losses to be borne by the related entity. The Group has made full payment to the related entity in satisfaction for the return of investment.

(b) ***Transactions with subsidiaries***

	Company 2009 $	Company 2008 $
Management fees from subsidiaries	4,666,229	2,093,370





Notes to the Financial Statements

– 31 December 2009

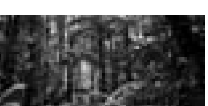
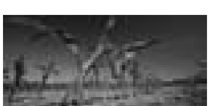
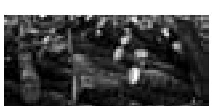
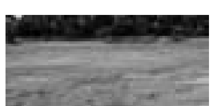
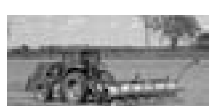
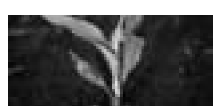
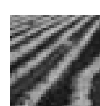
30. Related party disclosures

(c) *Compensation of key management personnel*

	Group	
	2009	**2008**
	$	$
Short term employee benefits	806,069	1,224,482
Central Provident Fund contributions	39,262	48,714
	845,331	1,273,196
Comprise amounts paid to:		
Directors of the Company	684,448	862,906
Other key management personnel	160,883	410,290
	845,331	1,273,196

(d) *Directors' remuneration*

	2009			**2008**		
Company	**Executive directors**	**Non-executive directors**	**Total**	**Executive directors**	**Non-executive directors**	**Total**
$500,000 and above	–	–	–	–	–	–
$250,000 to $499,999	1	–	1	1	–	1
$0 to $249,999	1	4	5	2	4	6
	2	4	6	3	4	7

Notes to the Financial Statements
– 31 December 2009

31. Commitments

(a) ***Capital commitment***

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statement are as follow:

	Group	
	2009	**2008**
	$	$
In respect of the construction costs for properties at 54, 54A, 54B, 54C, 56, 56A, 56C and 58 Joo Chiat Lane	5,864,658	8,797,534
In respect of the construction costs for properties at 33, 35 and 37 Sommerville Road	9,265,665	–
In respect of the acquisition costs of land in Cambodia [1]	3,600,000	4,500,000
	18,730,323	13,297,534

[1] During the previous financial year ended 31 December 2008, the Group had entered into a Sale and Purchase agreement ("S&P" agreement) to acquire 1,791 hectares of freehold land ("Project") located in Amlang Commune, Thprong District, Kampong Speu, Kingdom of Cambodia.

As at 31 December 2009, the Group was able to complete the acquisition of approximately 450 hectares of the freehold land. The estimated cost of the acquisition of the remaining 1,341 hectares of the freehold land stated in the S&P agreement was approximately S$3,600,000.

(b) ***Operating lease commitments – as lessor***

The Group has entered into commercial property leases on its investment property. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Within one year	99,440	114,640	–	–
Later than one year but not later than five years	32,000	–	–	–
	131,440	114,640	–	–

Notes to the Financial Statements
– 31 December 2009

31. Commitments (cont'd)

(c) *Operating lease commitments – as lessee*

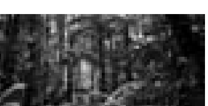
Minimum lease payments recognised as an expense in the statement of comprehensive income for the financial year ended 31 December 2009 amounted to $44,079 (2008: $78,199).

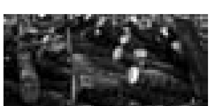
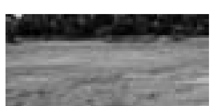
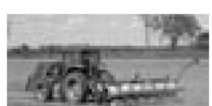
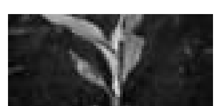
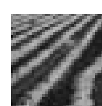
Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Not later than one year	49,750	32,230	–	–
Later than one year but not later than five years	125,380	19,140	–	–
	175,130	51,370	–	–

During the year, the Group had entered into various commercial leases in Cambodia for the use of office premise and staff accommodations. These leases have remaining lease terms between one to five years.

The operating leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.



Notes to the Financial Statements
– 31 December 2009

31. Commitments (cont'd)

(d) ***Finance lease commitments***

The Group has finance leases for motor vehicles (Note 12). The lease has a remaining term of between 2 to 5 years. The lease agreements do not have terms of renewal and purchase options.

The effective interest rate for the finance lease ranges from 4.44% to 8.93% (2008: 4.90% to 8.93%) per annum.

Future minimum lease payments payable under finance leases together with the present value of the net minimum lease payments as at 31 December are as follows:

	2009		2008	
	Minimum lease payments $	Present value of payments $	Minimum lease payments $	Present value of payments $
Group				
Not later than one year	55,517	52,126	38,352	33,282
One to five years	58,500	55,623	88,332	82,222
Total minimum lease payments	114,017	107,749	126,684	115,504
Less: Amounts representing finance charges	(6,268)	–	(11,180)	–
Present value of minimum lease payment	107,749	107,749	115,504	115,504
Company				
Not later than one year	52,685	49,330	27,000	22,623
One to five years	58,500	55,623	85,500	79,426
Total minimum lease payments	111,185	104,953	112,500	102,049
Less: Amounts representing finance charges	(6,232)	–	(10,451)	–
Present value of minimum lease payment	104,953	104,953	102,049	102,049

Notes to the Financial Statements
– 31 December 2009

32. Contingencies

Contingent liabilities

The corporate guarantees as at the end of the financial years are as follows:

	Company	
	2009	**2008**
	$	$
Corporate guarantees given by the Company to financial institutions for maximum amounts of credit and trade facilities granted to subsidiaries	32,371,688	34,518,000

33. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
2009				
Group				
Financial assets:				
Held for trading investments (Note 21)				
- Equity instruments (quoted)	3,239,243	–	–	3,239,243
Company				
Financial assets:				
Held for trading investments (Note 21)				
- Equity instruments (quoted)	2,808,000	–	–	2,808,000

Notes to the Financial Statements
– 31 December 2009

33. Fair value of financial instruments (cont'd)

A. Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair values

Quoted equity instruments (Note 21): Fair values is determined directly by reference to their published market bid price at the balance sheet date.

B. 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 amounts of financial assets and liabilities except for quoted equity instruments (Note 21) are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

34. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks from its operation and the use of financial instruments. The main risks include interest rate risk, credit risk, liquidity risk, currency risk and market price risk. The Group's risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management activities are carried out by the Group Finance Department with approval from the Executive directors.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

Notes to the Financial Statements
– 31 December 2009

34. Financial risk management objectives and policies (cont'd)

(a) ***Interest rate risk***

The Group and the Company's exposure to interest rate risk arise primarily from their loans and borrowings and interest bearing deposits placed with various financial institutions. The Group and the Company's policy are to obtain the most favourable interest rates available, Information relating to the Group's interest rate exposure is disclosed in the relevant notes, where applicable.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 20 (2008: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been approximately $12,700 (2008: $50,200) higher/lower, arising mainly as a result of higher/lower fair value of the interest of the floating rate loans and borrowings taken to the statement of comprehensive income.

(b) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with good credit rating counterparties.

It is the Group's policy that guidelines are in place to ensure that the credit sales are only made to customers with appropriate credit standing.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Exposure to credit risk

As at balance sheet date, the Group and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the balance sheets; and

(ii) a nominal amount of $32,371,688 (2008: $34,518,000) relating to corporate guarantees provided by the Group for bank facilities, open letter of credit and performance guarantees granted to subsidiary companies of the Group, of which, approximately $26,782,000 (2008: $23,841,000) has been utilised as at the balance sheet date.

Notes to the Financial Statements
– 31 December 2009

34. Financial risk management objectives and policies (cont'd)

(b) *Credit risk*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry and country sector profile of the Group's trade receivables as at the balance sheet date is as follows:

	2009		2008	
	$	%	$	%
By industry				
Property development and real estate	1,025,524	65.0	1,281,905	80.2
Agriculture	551,651	35.0	317,202	19.8
	1,577,175	100.0	1,599,107	100.0
By country				
Singapore	1,158,209	73.4	1,357,819	84.9
Taiwan	414,362	26.3	240,983	15.0
Cambodia	118	0.1	305	0.1
Others	4,486	0.2	–	–
	1,577,175	100.0	1,599,107	100.0

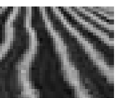
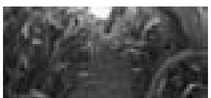
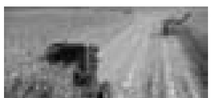
Financial assets that are neither past due or impaired

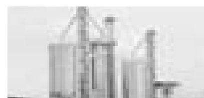
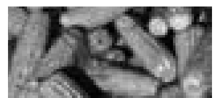
As at the balance sheet date, approximately 65% (2008: 80%) of the Group's trade receivables comprised of balance proceeds receivables for the sale of a development property which are collectible upon the issuance of the Certificate of Statutory Completion. As at the date of this report, the balance proceeds have been received.

The remaining of the 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 and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with good credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade receivables), Note 19 (Other receivables, deposits and prepayments) and Notes 17 and 20 (Amounts due from/(to) subsidiaries/minority shareholders).


Notes to the Financial Statements
– 31 December 2009

34. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

The Group and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. In managing liquidity risk, the Group and the Company monitors and maintains an adequate level of cash and cash equivalents and adequate credit facilities to finance the Group and the Company's operations.

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2009				2008			
	One year or less	One to five years	More than five years	Total	One year or less	One to five years	More than five years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Financial assets:								
Trade receivables	1,577	–	–	1,577	1,599	–	–	1,599
Other receivables and deposits	1,347	–	–	1,347	1,286	–	–	1,286
Amount due from a minority shareholder	4	–	–	4	4	–	–	4
Investments in quoted equity instruments	3,239	–	–	3,239	2,882	–	–	2,882
Cash and cash equivalents	19,364	430	–	19,794	21,474	805	–	22,279
Total undiscounted financial assets	25,531	430	–	25,961	27,245	805	–	28,050
Financial liabilities:								
Trade payables	697	–	–	697	72	–	–	72
Other payables and accruals	3,715	–	–	3,715	2,273	–	–	2,273
Amount due to minority shareholder	860	–	–	860	660	–	–	660
Loans and borrowings	9,577	9,666	4,311	23,554	8,174	17,842	–	26,016
Total undiscounted financial liabilities	14,849	9,666	4,311	28,826	11,179	17,842	–	29,021
Total net undiscounted financial assets/ (liabilities)	10,682	(9,236)	(4,311)	(2,865)	16,066	(17,037)	–	(971)

Notes to the Financial Statements
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34. Financial risk management objectives and policies (cont'd)

(c) ***Liquidity risk (cont'd)***

	2009				2008			
	One year or less	**One to five years**	**More than five years**	**Total**	**One year or less**	**One to five years**	**More than five years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Financial assets:								
Other receivables and deposits	353	–	–	353	343	–	–	343
Amount due from subsidiaries	55,509	–	–	55,509	44,711	–	–	44,711
Investments in quoted equity instruments	2,808	–	–	2,808	3,572	–	–	3,572
Cash and cash equivalents	7,432	–	–	7,432	12,488	–	–	12,488
Total undiscounted financial assets	66,102	–	–	66,102	61,114	–	–	61,114
Financial liabilities:								
Other payables and accruals	448	–	–	448	910	–	–	910
Amount due to subsidiaries	–	–	–	–	654	–	–	654
Loans and borrowings	53	59	–	112	27	86	–	113
Total undiscounted financial liabilities	501	59	–	560	1,591	86	–	1,677
Total net undiscounted financial assets/ (liabilities)	65,601	(59)	–	65,542	59,523	(86)	–	59,437

(d) ***Foreign currency risk***

The Group's transactional currency exposures mainly comes from its involvement in the merchandising of agriculture products and currency translation risk arising from its net investments in foreign operations and the foreign currencies of the countries in which the Group operates. The foreign currency risk are largely attached to the exposure of its net financial assets denominated in United States Dollar ("US$").

Currently, the Group, does not hedge against the foreign currency exposure as the cash flows from purchases partially offset the cash flows from sales transactions and the time between the date of settlement and the date of collections are relatively short. The Group's net investments in Cambodia and PRC are not hedged as currency positions in United States Dollars and RMB are considered to be long-term in nature. The remaining exposure is not considered by the management to be significant.

Notes to the Financial Statements
– 31 December 2009

34. Financial risk management objectives and policies (cont'd)

(d) ***Foreign currency risk*** (cont'd)

As the operating activities of the Group are expected to increase subsequently, the Group foresees that the foreign exchange risk may become significant. In order to minimise the foreign exchange risk, the Group has implemented policies and guidelines to facilitate the management of the foreign exchange risk. Whenever practicable, the Group will endeavour to match the currency of sales and purchases to minimise the net exposure and also to minimise excess foreign currency held by utilising bank facilities to bridge the short-term foreign currency needs due to the short-term gap between receivables and payables. The choice of invoicing currency will be made such that the Group's total currency exposure is minimised. The Group may use other common market instruments for hedging, such as forward exchange contracts, currency options contracts and money market where practicable, subject to the management's approval.

It is not the Group's policy to take speculative positions in foreign currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a 5% change in the United States Dollar ("US$") and China Renminbi ("RMB") exchange rates against Singapore Dollar with all other variables remain constant.

	Group	
	Profit after tax	
	2009	**2008**
	$'000	$'000
USD – (strengthen 5%)	274	268
USD – (weaken 5%)	(274)	(268)
China Renminbi (strengthen 5%)	2	15
China Renminbi (weaken 5%)	(2)	(15)

(e) ***Market price risk***

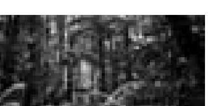
Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

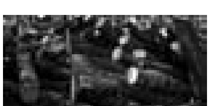
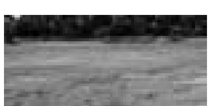
The Group has minimal exposure to equity price risk arising from its investment in quoted equity instruments. The Group's policy is to minimise the equity price risk by restricting the Group's speculative investment portfolio.

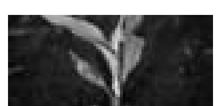
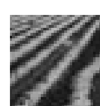
The Group's exposure to the commodity price risks is minimal as most of the transactions were back-to-back trades that were linked to the international commodities/futures prices.

Sensitivity analysis for market price risk

The sensitivity analysis for the market price risk of its investment in quoted equity instruments is co-related to the movements of the relevant Trading Index of the securities exchange. At the balance sheet date, if the Index had been 5% (2008: 5%) higher/lower, the Group would have an increase/decrease in the other operating income of approximately $162,000 (2008: $119,000) including foreign exchange.



Notes to the Financial Statements

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35. Capital management

The Group manages its capital to ensure entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group monitors capital using a gearing ratio, which are loans and borrowings divided by total capital which include equity attributable to the equity holders of the Company and minority interests. The Group targets to keep the gearing ratio within 50% and 60%.

In the current financial year, the Group is not subject to external imposed capital requirement.

	Group	
	2009	**2008**
	$'000	$'000
Loans and borrowings (Note 26)	22,491	23,957
Equity attributable to the equity holders of the Company	54,630	53,113
Minority interests	877	546
Total capital	55,507	53,659
Gearing ratio	41%	45%

36. Segment information

Reporting format

For management purposes, the Group is organised into business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group is organised into 3 main business segments, namely:

– Property Development and Real Estate;
– Agriculture; and
– Others

Property Development and Real Estate

The Property Investment and Development segment is carrying on the business of investment and prime development of commercial and residential properties.

Notes to the Financial Statements
– 31 December 2009

36. Segment information (cont'd)

Agriculture

The Agriculture division is carrying on the business of agricultural development, cultivation, branding and merchandising and distribution of corn for the processing and animal feed milling industries.

Others

The Others segment comprises:

(i) the Company who is engaged in the business of investment holding generating income from management services and dividend; and

(ii) other subsidiaries whose scope of activities and financial results are not material enough to be reported under a separately reportable segment or who are currently dormant.

Geographical segments

Geographical segment are analysed by five geographical areas namely:

– Singapore;
– Taiwan;
– Malaysia;
– Cambodia; and
– Others (i.e. the rest of the world)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and total assets are based on the geographical locations of the assets.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment liabilities do not include provision for taxation, deferred taxation and interest-bearing liabilities.

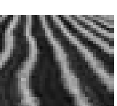
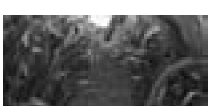
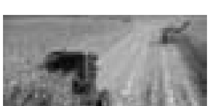
Inter-segment pricing is on terms agreed between parties.

Notes to the Financial Statements

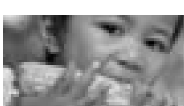
– 31 December 2009

36. Segment information (cont'd)

	Agriculture	Property development and real estate	Others	Elimination	Group
	$	$	$	$	$
2009					
Revenue					
External sales	13,918,460	13,340,595	–	–	27,259,055
Inter-segment sales	339,633	138,000	1,615,100	(2,092,733)	–
	14,258,093	13,478,595	1,615,100	(2,092,733)	27,259,055
Results:					
Interest income	52,633	2,005	17,264	(17,980)	53,922
Gain on sale of investment properties	–	40,644	–	–	40,644
Fair value gain on quoted equity instruments	–	113,668	–	–	113,668
Unrealised gain on investment in quoted equity instruments	–	–	305,940	–	305,940
Inventories written down	(240,243)	–	–	–	(240,243)
Depreciation	(1,197,090)	(222,749)	(148,560)	–	(1,568,399)
Finance expenses	(18,171)	(268,371)	(8,343)	17,478	(277,407)
Segment profit/(loss)	(4,586,201)	134,419	250,386	(649,078)	(4,850,474)
Assets:					
Additions to non-current assets	12,467,266	2,846	333,186	–	12,803,298
Segment assets	33,256,592	39,429,214	10,797,226	–	83,483,032
Segment liabilities	(2,436,364)	(2,387,207)	(448,093)	–	(5,271,664)

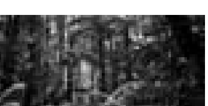


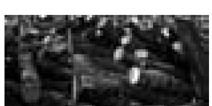
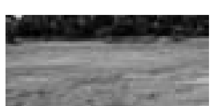
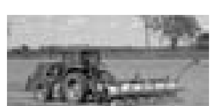
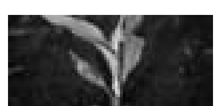
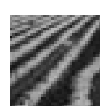


Notes to the Financial Statements
– 31 December 2009

36. Segment information (cont'd)

	Agriculture	Property development and real estate	Others	Elimination	Group
	$	$	$	$	$
2008					
Revenue					
External sales	9,395,741	6,328,985	–	–	15,724,726
Inter-segment sales	530,294	4,466,580	2,093,370	(7,090,244)	–
	9,926,035	10,795,565	2,093,370	(7,090,244)	15,724,726
Results:					
Interest income	59,176	4,458	97,978	(46,585)	115,027
Gain on sale of quoted equity instruments	–	412,578	–	–	412,578
Gain on sale of investment properties	–	141,215	–	–	141,215
Impairment on other receivables	(673,797)	–	–	–	(673,797)
Impairment on investment in quoted equity instruments	–	(214,038)	–	–	(214,038)
Depreciation	(361,038)	(119,951)	(33,022)	–	(514,011)
Finance expenses	(64,105)	(189,868)	(18,463)	45,730	(226,706)
Exceptional items					
Segment profit/(loss)	(6,736,386)	72,928	1,519,104	1,236,895	(3,907,459)
Assets:					
Additions to non-current assets	12,461,174	2,193,344	166,512	–	14,821,030
Segment assets	21,090,707	43,961,313	15,568,275	–	80,620,295
Segment liabilities	(988,256)	(1,105,958)	(910,157)	–	(3,004,371)



Notes to the Financial Statements
– 31 December 2009

36. Segment information (cont'd)

	Revenue $	Non-current assets $
Geographical		
2009		
Singapore	14,270,270	9,209,509
Taiwan	10,228,154	–
Malaysia	1,435,212	–
Cambodia	308,351	16,217,573
Others	1,017,068	1,970,293
Total	27,259,055	27,397,375
2008		
Singapore	6,577,293	10,673,514
Taiwan	4,207,089	–
Malaysia	3,948,704	–
Cambodia	–	5,161,049
Others	991,640	2,285,521
Total	15,724,726	18,120,084

<u>Information about a major customer</u>

There are no customers contributing more than 10% to the revenue of the Group.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 19 March 2010

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Analysis of Shareholdings

as at 19 March 2010

Issued and fully paid up capital	:	S$92,051,726.11
No. of shares issued	:	2,827,667,860
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 999	31	0.38	15,115	0.00
1,000 - 10,000	856	10.45	4,548,373	0.16
10,001 - 1,000,000	7,007	85.58	1,119,190,508	39.58
1,000,001 and above	294	3.59	1,703,913,864	60.26
TOTAL	8,188	100.00	2,827,667,860	100.00

Top twenty shareholders as at 19 March 2010	**NO. OF SHARES**	**%**
Ong Bee Huat	221,614,000	7.84
Wong Wen-Young	133,333,000	4.72
Hsu Hung-Chun	120,000,000	4.24
Kinko Enterprises Limited	87,283,000	3.09
Goh Bak Heng	79,201,333	2.80
Kim Eng Securities Pte Ltd	48,210,997	1.71
Hong Leong Finance Nominees Pte Ltd	40,400,000	1.43
Toh Tiam Hock	38,666,666	1.37
DBS Nominees Pte Ltd	37,479,329	1.33
United Overseas Bank Nominees Pte Ltd	37,208,327	1.32
Citibank Consumer Nominees Pte Ltd	31,958,336	1.13
DBS Vickers Securities Private Ltd	23,054,666	0.82
OCBC Securities Pte Ltd	20,388,999	0.72
CIMB-GK Securities Pte Ltd	20,015,666	0.71
Mayban Nominees (S) Pte Ltd	19,435,174	0.69
Liew Eng Leng	18,349,000	0.65
Khong Heng Poh	18,000,000	0.64
Philip Securities Pte Ltd	17,905,331	0.63
OCBC Nominees Singapore Pte Ltd	17,840,666	0.63
UOB Kay Hian Pte Ltd	13,308,000	0.47
	1,043,652,490	36.94

Substantial Shareholder	Direct Interest	Deemed Interest	No. of Shares	%
Ong Bee Huat	221,614,000	87,283,000	308,897,000	10.93

Ong Bee Huat is deemed interested in the shares held by Kinko Enterprises Limited (87,283,000 shares) by virtue of section 7 of the Companies Act, Cap. 50.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

84.35% of the Company's issued shars areheld in the hands of the public. Acccordingly, the Company has complied with Rule 723 of the SGX Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **HLH GROUP LIMITED** will be held on Monday, 26 April 2010 at 11.00 a.m. at D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors and the Statement by Directors thereon. **[Resolution 1]**

2. To re-elect the following Director retiring pursuant to Article 89 of the Company's Articles of Association:

   (i) Dr Wang Kai Yuen **[Resolution 2]**

   Note: Mr Luar Eng Hwa is also due to retire from office by rotation pursuant to Article 89 of the Company's Articles of Association at this Eleventh Annual General Meeting but he will not be seeking re-election as director of the Company.

3. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 3]**

4. To transact any other business which may properly be transacted at an Annual General Meeting.

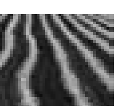
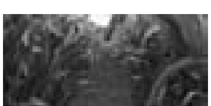
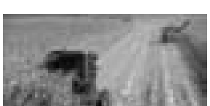
AS SPECIAL BUSINESS

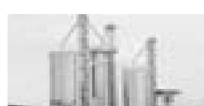
To consider and if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:-

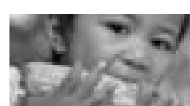
5. To approve the payment of Directors' Fees of S$120,000 for the financial year ended 31 December 2009 (2008: S$120,000) **[Resolution 4]**

6. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution: -

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be and are hereby authorised and empowered to allot and issue shares and/or convertible securities that might or would require shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities in the Company (whether by way of rights, bonus or otherwise or in pursuance of any offers, agreements or options made or granted by the Directors during the continuance of the authority conferred by this Resolution which might or would require shares and/or convertible securities to be issued during the continuance of the authority conferred by this Resolution or thereafter) at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force) provided that:





Notice of Annual General Meeting

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares, as calculated in accordance with sub-paragraph (ii) below ("**Issued Shares**"), provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed 20% of the total number of Issued Shares;

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under this Resolution, the percentage of Issued Shares shall be based on the total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and (c) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company;

(iv) the fifty per cent (50%) limit in sub-paragraph (i) above may be increased to one hundred per cent (100%) for the Company to undertake renounceable pro rata rights issues; and

(v) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution 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 the earlier." [See Explanatory Note (i)] **[Resolution 5]**

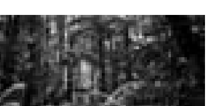
7. To consider and, if thought fit, pass the following resolution as an ordinary resolution, with or without modification:

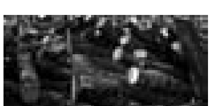
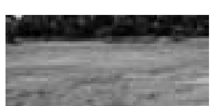
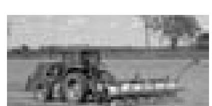
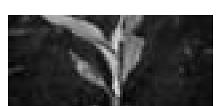
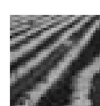
"That subject to and pursuant to the share issue mandate in resolution [6] above being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than a 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST". [See Explanatory Note (ii)] **[Resolution 6]**

By Order of The Board

HELEN CAMPOS
Company Secretary

Singapore
9 April 2010



Notice of Annual General Meeting

Explanatory Notes:-

(i) The effect of the Resolution 6 under the heading “Special Business” in this Notice of Annual General Meeting is to empower the Directors of the Company, from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the share capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in general meeting. The number of new shares which the Directors may allot and issue under this Resolution shall not exceed fifty per cent (50%) of the total number of Issued Shares of which the aggregate number of Issued Shares to be allotted and issued other than on a pro rata basis to shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(ii) Contingent on the passing of Ordinary Resolution 6 above, the ordinary Resolution proposed under item 7 above, if passed, will authorise the Directors, from time to time, to issue new shares (other than on a pro-rata basis to shareholders of the Company) at an issue price of up to twenty per cent (20%) discount to the weighted average price per share determined in accordance with the requirements of the SGX-ST.

Notes:

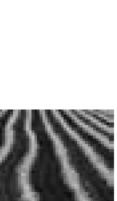
1. A member of the Company entitled to attend and vote at the Annual General Meeting (the “Meeting”) of the Company is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings (express as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. If the appointer is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 82 Playfair Road, #13-01 D’ Lithium, Singapore 368001 not less than forty-eight (48) hours before the time appointed for holding the Meeting.







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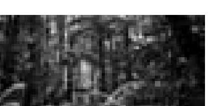

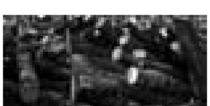
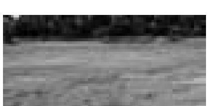

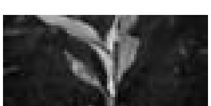
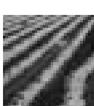

HLH GROUP LIMITED

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

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in HLH Group Limited, this report is forwarded to them at the request of their 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 vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We ____

of ____

being *member/members of **HLH GROUP LIMITED** (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Eleventh Annual General Meeting of the Company to be held at D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 on Monday, 26 April 2010 at 11.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Tenth Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the Tenth Annual General Meeting.)

No.	Resolutions relating to:	For	Against
1	Adoption of Audited Accounts for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors and the Statement by Directors thereon.		
2	Re-election of Dr Wang Kai Yuen retiring pursuant to Article 89 of the Articles of Association of the Company.		
3	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorisation of Directors to fix their remuneration.		
4	Approval of Directors' Fees of S$120,000 for the financial year ended 31 December 2009.		
5	Authority to Directors to allot and issue new shares.		
6	Authority to increase discount limit for placement exercise		

Dated this ________________ day of ______________________ 2010

Total number of Shares in:	No. of Shares
a) CDP Register	
b) Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporation

* Delete accordingly

FOLD HERE FOR SEALING

PLEASE
AFFIX 26
CENTS
POSTAGE
STAMP
HERE

The Company Secretary
HLH Group Limited
82 Playfair Road, #13-01
D' Lithium, Singapore 368001

FOLD HERE

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, Cap. 50), 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 the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his 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 specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. However, if no such proportion is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 82 Playfair Road, #13-01 D' Lithium, Singapore 368001 not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting.

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or 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 any officer or attorney duly authorized.

6. A corporation which is a member may also authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject this 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.

8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

since 1988

HLH Group Limited
Company Reg No. 199905292D

82 Playfair Road #13-01 D' Lithium Singapore 368001
Tel: (65) 6289 8286 Fax: (65) 6289 8166 Website: http://www.hlh.com.sg