ANNUAL REPORT 2011

Enriching Lives for a Sustainable Growth

HLH Group Limited

since 1988

CONTENTS

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:

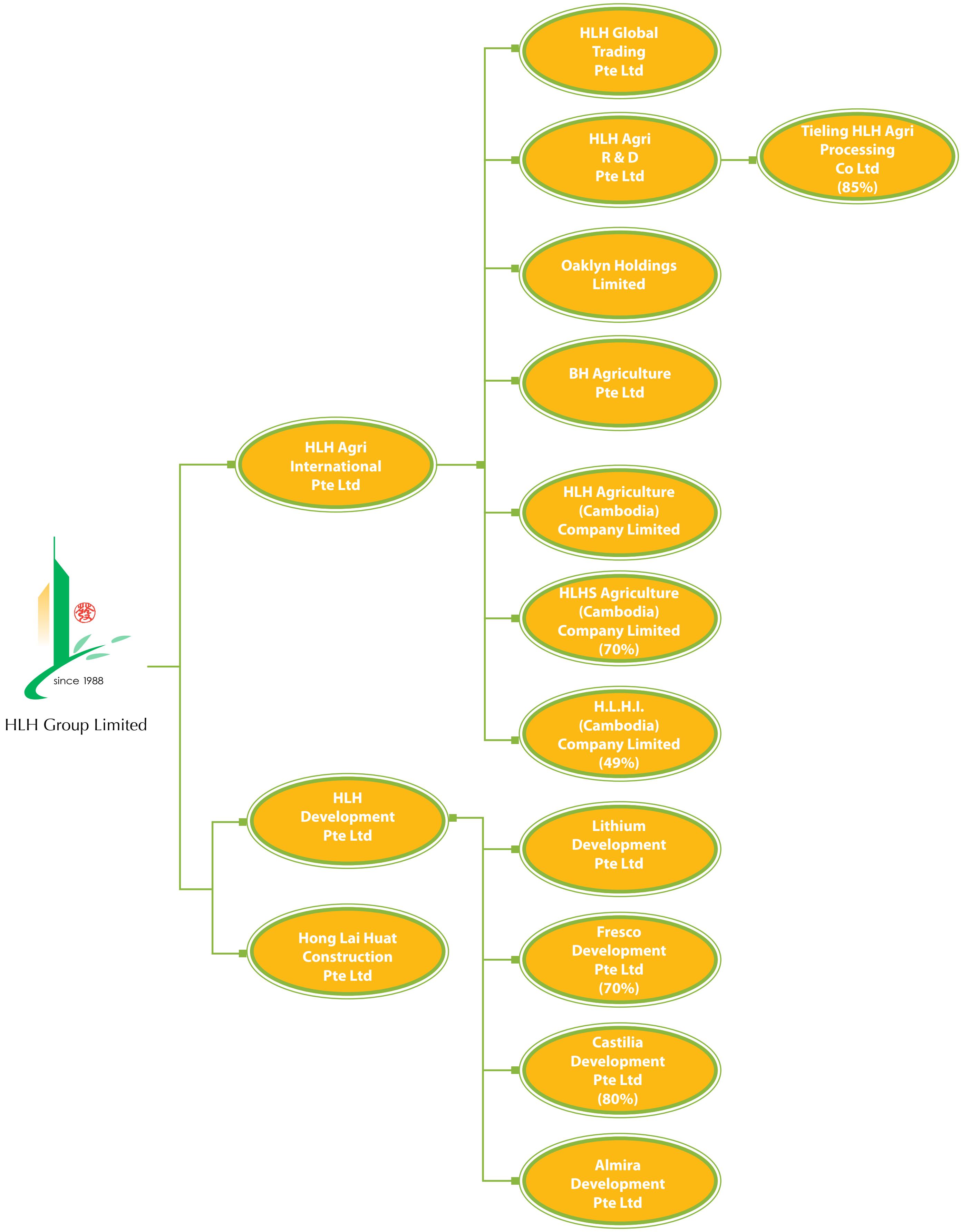
• Agriculture

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.

Organisation Structure



Message to Shareholders

Dear Shareholders,

It has been another difficult year for the Group where unfortunate natural events slowed down our progress in our Plantation operations in Cambodia. The adverse weather conditions in the Indochina region had slowed down our land clearing activities and torrential rains had washed away seedlings and soil negating our conscious efforts to improve production yield.

Taking all these in stride, our Group still managed to prevail with positive performance of $0.85 million in the financial year ended 31 December 2011.

In 2011, the Group continued to attain positive results from the development progress of one of its development properties, D'Castilia and obtained Temporary Occupation Permit ("TOP") for another of its development properties, D'Almira launched in 2009.

The Group also recorded respectable gains from the disposal of its properties at D'Lithium located at 82 Playfair Road amounting to $2.85 million in aggregate.

The Company completed its renounceable non-underwritten rights issue at an issue price of $0.012 for each rights share on the basis of one rights share for every two existing ordinary shares in the capital of the Company (the "Rights Issue") on 8 February 2012. The Rights Issue generated cash proceeds of $13.55 million to the capital of the Company, representing 79.89% acceptance and excess application rate. The Company intends to utilise the net proceeds from the Rights Issue for the general working capital of the Group, primarily for its Agriculture Division, including the purchase and installation of water irrigation systems to mitigate risk exposures to adverse weather conditions and improve production yield. The water irrigation systems will be implemented progressively.

Strategic Development during the Year

Agriculture Division

Plantation operations (Cambodia)

To-date, the Group has completed land clearing of 6,800 hectares of land and construction of 4 farm plantations. In FY2011, the Group has achieved total plantation acreage of 6,000 hectares (FY2010: 4,000 hectares) over 2 harvests, which is 2,000 hectares lower than previously estimated due to recent adverse weather conditions in the region of operations. Nevertheless, both harvests from the corn plantation project in Cambodia have made higher contribution to the revenue of the Group's Agriculture Division in FY2011 despite poorer than expected yield.

Completion of land clearing for the remaining land of 2,000 hectares and the construction of another farm plantation will be delayed until a later stage. The delay is the result of management's decision to focus available resources towards land and infrastructure improvements works, and installation of water irrigation systems to the current 4 farm plantations. This is to mitigate the farm plantations' risk to adverse weather conditions and improve the farm plantations' production yield. The Group is currently in the midst of installing and testing the water irrigation systems on a progressive basis.

The Group is also currently conducting pre-plantation land treatment before the next planting season commencing 2Q2012.

In addition, the Group will continue to co-operate with local corn farmers on corn collection to bolster its production volume and strengthen its competiveness, capitalising on the capacity of its existing processing and storage facilities.

Merchandising operations

In the beginning of 2011, the Group had ceased the Merchandising operations to focus management's attention on Plantation operations.

Agri-tainment Farm

The business environment for the resort industry has remained difficult and challenging. Nevertheless, the Group will continue to offer competitive and attractive farm stay packages to attract more visitors. Further, the Group has obtained approval for "face-lift" from the relevant authorities and will continue to attract more holiday-makers and visitors by introducing more farm activities and stimulating new ideas to liven up the Farm.

Property Division

The Group completed the construction and obtained TOP for D' Almira, a 25-unit freehold boutique residential development in 4Q2011 and expects to complete the construction for D' Castilia, a 28-unit freehold boutique residential development in 2H2012. As of current date, the Group has achieved sales of 100% for D'Castilia development.

Moving Forward

As in prior years, our objective in the year ahead will be to continue developing our Plantation operations in Cambodia so as to achieve a sustainable revenue stream and growth in the mid to long term. While taking cognizance of market conditions, we will remain steadfast in the execution of our strategic plan and at the same time, continue to focus unequivocally on cost control, effectiveness and efficiency in the implementation of our projects.

Appreciation

HLH Group has come a long way through the support of our business partners and associates, customers, bankers, suppliers, management, staff, and Board of directors. We sincerely thank each and every one of you for your contribution and devotion towards a brighter HLH Group. Our grateful appreciation also goes to our shareholders for their faith and steadfast continued support.

Dr. Wang Kai Yuen
Chairman

Dr. Ong Bee Huat
Deputy Chairman and Chief Executive Officer

26 March 2012

Board of Directors

◄ **DR. WANG KAI YUEN**
Chairman / Non-Executive
Independent Director

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 and Audit Committee and a member of the 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, ComfortDelGro Corporation Ltd, COSCO Corporation (Singapore) Ltd, Ezion Holdings Limited, 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**
Deputy Chairman
and Chief Executive Officer

Dato' Dr. Ong Bee Huat
Deputy Chairman and Chief Executive Officer

Dato' Dr. Ong is the founder of our organization. Currently, as Deputy Chairman and Chief Executive Officer, 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 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 a wealth of experience and expertise in petrol-chemical products which adds value to the Group's agri-business 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.

MS. GAN WUI KOH VERONICA
Executive Director

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 public 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.

DR. CHEN SEOW PHUN JOHN
Non-Executive Independent Director

Mr. Yeo Guat Kwang
Non-Executive Independent Director

Mr. Yeo was appointed as Director on 6 September 2010. He is currently a member of the Audit, Nominating and Remuneration Committee. He also serves on the Boards of Japan Foods Holding Ltd, United Envirotech Ltd, Koyo International Limited and Asia Water Technology Ltd.

Mr. Yeo has been a Member of Parliament since January 1997. He has been elected as the President of the Consumers Association of Singapore (CASE) in 2002. He is also the Alignment Director of NTUC and the Executive Secretary for the Amalgamated Union of Statutory Board Employees. He was awarded the People's Association Youth Movement Award in 1990 and 1992, and the People's Action Party Youth Award in 1993.

Mr. Yeo also serves as a member of the Board of Directors of the Public Utilities Board, Financial Industry Disputes Resolution Centre Ltd and the Agri-Food & Veterinary Authority of Singapore.

MR. YEO GUAT KWANG
Non-Executive Independent Director

Operations Review

REVIEW OF INCOME STATEMENT

Revenue

The Group's revenue decreased by $10.59 million from $41.50 million in FY2010 to $30.91 million in FY2011 as revenue of the Agriculture Division decreased significantly attributed to the reduction in revenue of the Merchandising operations.

Gross Profit

The Group's gross profit has increased by $0.28 million from $4.45 million in FY2010 to $4.73 million in FY2011. The increase was mainly attributed to higher profit recognition from development properties of the Property Development Division.

Other Income

The Group's other income for FY2011 mainly comprised the followings:

1. $1.47 million gain on sale of two investment properties, being 2 office units in D'Lithium building located at 82 Playfair Road #11-01 and #12-01 during March 2011; and

2. $1.38 million gain on disposal of property, plant and equipment, being an office unit in D'Lithium building located at 82 Playfair Road #13-01, previously used as the Group's corporate office.

The Group's other income for FY2010 mainly comprised fair value gain on held for trading investment securities and gain on sale of held for trading investment securities of $0.18 million and $52k respectively.

Distribution and Selling Expenses

Distribution and selling expenses have reduced by $0.48 million from $0.65 million incurred in FY2010 to $0.17 million incurred in FY2011. These expenses were mainly attributed to sale of the development properties held by the Group.

Other Expenses

Other expenses have increased by $0.09 million to $0.69 million in FY2011 compared to $0.60 million in FY2010 mainly due to fair value adjustment to agricultural produce of $0.59 million, offset by reduction in exchange loss by $0.36 million and impairment loss on a leasehold land by $0.10 million.

Finance Costs

Consequent to the term loan of US$6.0 million obtained during 4Q2010, finance costs for the Group increased by $0.27 million to $0.56 million in FY2011 in comparison to $0.29 million incurred in FY2010. These costs were mainly related to loans obtained for financing of previous corporate office and development properties held by the Group, and term loan of US$6.0 million extended to the Group during 4Q2010 to finance the Plantation operations.

Income Tax Expense

Tax expenses have decreased by $0.15 million from $0.63 million incurred in FY2010 to $0.48 million incurred in FY2011. This was largely attributed to the utilisation of group relief in the current year on profits generated from a development property which becomes taxable upon completion of the property's development, which is taken to be the date of issue of Temporary Occupation Permit ("TOP") in 4Q2011.

In summary, the Group achieved net profit of $0.85 million in FY2011 compared to net loss of $2.29 million in FY2010.

Operations Review

REVIEW OF FINANCIAL POSITION

Non-current Assets

The net book value of property, plant and equipment of the Group had increased by $6.08 million from $30.42 million as at end FY2010 to $36.50 million as at end FY2011 mainly due to the acquisition of property, machinery and equipment for the Plantation operations in Cambodia partially offset by depreciation charges and disposal of a property unit previously used as the Group's corporate office.

The net book value of investment properties had decreased by $0.92 million from $1.20 million as at end FY2010 to $0.28 million as at end FY2011 as the Group has disposed two investment properties in March 2011. Depreciation charged for investment properties was approximately $13k in FY2011.

Working Capital

1. Development properties for sale has reduced by $6.45 million from $17.35 million as at end FY2010 to $10.90 million as at end FY2011 mainly due to completion of a property's development which obtained TOP in 4Q2011.

2. Inventories increased by $1.88 million from $0.38 million as at end FY2010 to $2.26 million as at end FY2011. Inventories held by the Group as at end FY2010 and FY2011 were mainly machinery spares and direct materials of the Plantation operations in Cambodia. The increase is mainly attributed to stocking of dry corns, and the remaining corn seeds and fertilizer unutilised during the second planting season.

   The dry corn in stock were harvested during 4Q2011 in respect of the Plantation operations. These dry corn in stock had been and would be sold progressively in FY2012. The corn seeds and fertilizer would be fully utilised during our first planting season for FY2012 scheduled in April 2012.

3. Trade receivables have decreased by $1.49 million from $5.01 million as at end FY2010 to $3.52 million as at end FY2011. Trade receivables as at end FY2010 were mainly related to progress billings amounting to $4.17 million of a development property which obtained TOP in 4Q2010. Trade receivables as at FY2011 were mainly related to progress billings amounting to $3.31 million of a development property which obtained TOP in 4Q2011.

   Amounts due from a non-controlling shareholder as at end FY2010 pertains to amount owing in respect of a unit of the development property, D'Fresco sold to an individual non-controlling shareholder of the Group's Cambodia subsidiary, D'Vesta (Cambodia) Co. Ltd. which have been fully paid in FY2011.

   Amounts due from a non-controlling shareholder as at end FY2011 pertains to advance to a non-controlling shareholder of the Group's Singapore subsidiary, Fresco Development Pte Ltd. D'Fresco development project obtained TOP in FY2010. The amount is paid out of D'Fresco development project surplus and in proportion to the equity interests.

4. Other receivables, deposits and prepayments decreased by $0.14 million from $1.12 million as at end FY2010 to $0.98 million as at FY2011 mainly due to reduction in deposits and prepayments of the Plantation operations.

5. Trade payables decreased by $0.31 million to $0.79 million as at end FY2011 compared to $1.10 million as at end FY2010. The decrease was mainly contributed by the cessation of Merchandising operations in 1Q2011 and the settlement of billings by contractors in respect of a development property which obtained TOP during the current period, offset by increase in purchases for Plantation operations.

6. Other payables and accruals decreased by $0.65 million to $2.93 million as at end FY2011 compared to $3.58 million as at end FY2010. The decrease was mainly attributed to the reduction in other payables of the Plantation operations and the reduction in accrued operating expenses in respect of the development property which obtained TOP in 4Q2010.

7. Amounts due to a non-controlling shareholder increased by $1.72 million to $3.04 million as at end FY2011 compared to $1.32 million as at end FY2010 attributed to the certification of progress claims for work done in the month of December 2011 amounting to $1.72 million by a non-controlling shareholder who is also the main contractor of the Group's subsidiary, Castilia Development Pte Ltd for the Group's development project, D'Castilia. The main contract was awarded to the non-controlling shareholder on 2 December 2010. The amount of $1.72 million has been fully paid in February 2012 in accordance with the terms of the awarded contract.

8. Deferred tax liability as at end FY2011 pertains to profits generated from a development property which will only become taxable upon completion of the property's development.

Interest-bearing Loans and Borrowings

The aggregate interest-bearing loans and borrowings as at end FY2011 were $11.44 million compared to $23.20 million as at end FY2010, a reduction of $11.76 million mainly due to net repayment of term loans for financing of several development properties held by the Group.

Net Assets

The net assets of the Group were $52.72 million as at end FY2011 (FY2010: $51.45 million).

The gearing ratio of the Group was 0.22 times as at end FY2011 (FY2010: 0.45 times).

REVIEW OF CASH FLOW STATEMENT

Net cash flows from operating activities

Net cash flows from operating activities was $7.10 million for FY2011 compared to $10.01 million in the previous corresponding period FY2010. The decrease in net cash flows was mainly attributed to lower reduction in financing of development properties by $6.64 million (FY2010: $13.26 million), and the increase in stocking of dry corn harvested towards the end of the current period and the remaining corn seeds and fertilizer unutilised during the second planting season amounting to $1.92 million (FY2010: $0.23 million) in aggregate.

Interest paid in FY2011 was $0.75 million (FY2010: $1.12 million) and income tax paid was $0.32 million in FY2011 (FY2010: $0.19 million).

Net cash used in investing activities

Net cash of $4.31 million was used in the current period FY2011, of which $9.16 million were mainly used in the acquisition of property, plant and equipment in Cambodia, offset by proceeds from sale of property, plant and equipment, and two investment properties received during the period which aggregated to approximately $4.84 million.

Net cash generated from financing activities

Net cash of $11.33 million was used in financing activities during FY2011 mainly attributed to net repayment of term loans for financing of several development properties held by the Group.

Overall, cash and cash equivalent of the Group stood at $13.57 million as at end FY2011.

Corporate Information

Directors
Dr. Ong Bee Huat
(Executive Director)
Gan Wui Koh
(Executive Director)
Dr. Wang Kai Yuen
(Independent Director)
Dr. Chen Seow Phun, John
(Independent Director)
Dr. Wong Wen-Young, Winston
(Non-Executive Director)
Yeo Guat Kwang
(Independent Director)

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
10 Neo Tiew Lane 2
D' Kranji Farm Resort #01-05
Singapore 718813

Bankers
United Overseas Bank Limited
The Development Bank of Singapore Ltd
Asean Finance Corporation Limited

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Engagement partner:
Eleanor Lee
(since financial year ended 31 December 2011)

Report on Corporate Governance

The Board believes that good and well-defined corporate governance establishes and improves internal control, risk management and governance in our organisation and focuses 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. Each Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board comprises 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 to:-

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;

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 2011 were as follows:

Name	**Board**		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of meetings held	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Dr. Wang Kai Yuen	4	3	4	3	1	0	1	0
Dr. Wong Wen-Young Winston *	4	1	NA	NA	NA	NA	NA	NA
Dato' Dr. Ong Bee Huat	4	4	NA	NA	1	1	1	1
Ms. Gan Wui Koh **	4	4	NA	NA	NA	NA	NA	NA
Dr. Chen Seow Phun John	4	4	4	4	1	1	1	1
Mr. Yeo Guat Kwang	4	4	4	4	1	1	1	1

* All meetings attended by Dr. Wong Jr. Winston, alternate director to Dr. Wong Wen-Young Winston.

** Ms. Gan Wui Koh will cease to be a member of the Board with effect from 20 April 2012.

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. Yeo Guat Kwang. The Independent Directors are not associated in any way with any of the substantial shareholders of the Company.

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.

Report on Corporate Governance

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 three Independent Non-executive Directors and one Executive Director of the Company, Dr. Chen Seow Phun John as the Chairman, and Dr. Wang Kai Yuen, Mr. Yeo Guat Kwang and Dato' Dr. Ong Bee Huat 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;

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 approves 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 meetings. 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.

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.

Report on Corporate Governance

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 and one Executive Director of the Company, Dr. Wang Kai Yuen as the Chairman, and Dr. Chen Seow Phun John, Mr. Yeo Guat Kwang and Dato' Dr. Ong Bee Huat 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 Independent Non-executive 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
		%	%	%	%	%
Dr. Wang Kai Yuen	$0 to $249,999	–	–	100	–	100
Dato' Dr. Ong Bee Huat (Note)	$250,000 to $499,999	88.2	7.3	–	4.5	100
Dr. Wong Wen-Young Winston	$0 to $249,999	–	–	100	–	100
Ms. Gan Wui Koh	$0 to $249,999	84.2	7.0	–	8.8	100
Dr. Chen Seow Phun John	$0 to $249,999	–	–	100	–	100
Mr. Yeo Guat Kwang	$0 to $249,999	–	–	100	–	100

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 Deputy Chairman and Chief Executive Officer 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 for it to 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.

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 in the Company's interest.

Report on Corporate Governance

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, Dr. Wang Kai Yuen as the Chairman, and Dr. Chen Seow Phun John and Mr. Yeo Guat Kwang 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 the Group's external auditors;

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

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

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

e. reviews with the external auditors on 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. reviews the quarterly and full-year financial results announcements 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 audit function; and

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.

For the year ended 31 December 2011, the external auditors' remuneration in respect of audit services provided to the Group amounted to $135,000 and fees for non-audit services amounted to an aggregate amount of approximately $23,000, being the fees for tax advisory services. The AC confirms that it has undertaken a review of all non-audit services provided by external auditors and such services would not, in the AC's opinion, affect the independence of the external auditors. Further the AC confirms that the Company complied with Rules 712 and 715 of the Listing Manual in relation to its appointment of auditors.

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 mitigate but not eliminate the risks of 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. The auditors' recommendations on material non-compliance and internal accounting control weakness, if any noted during their audit, are reported to the AC.

The Board, with the concurrence of the Audit Committee, is satisfied that the Group's framework of internal controls is adequate to address the financial, operational and compliance risks of the Group, and provide reasonable assurance to safeguard its assets and Shareholders' investments, and against any material misstatement or loss.

Dealing in Securities

The Group has in place an internal code of conduct which prohibits the directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "closed window" period – being one month prior to the announcement of the Group's quarterly and full year financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, directors, key executives and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

Material Contracts

There were 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.

Report on Corporate Governance

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.

Saved as disclosed below, there are no interested person transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Chew Tian Transport Services				
Provision of shuttle bus service at D'Kranji Farm Resort	116	129	-	-
DE' BEER GARDEN				
Management fee income in respect of beer garden and restaurant operations at D'Kranji Farm Resort	188	103	-	-
Dr. Wong Jr. Winston				
Sale of development property, D' Castilia, #05-05, 45 Joo Chiat Lane	1,750	-	-	-

Use of Rights Issue Proceeds

The Company completed its renounceable non-underwritten rights issue at an issue price of $0.012 for each rights share on the basis of one rights share for every two existing ordinary shares in the capital of the Company (the "Rights Issue") on 7 February 2012. Pursuant to the Rights Issue, the Company allotted and issued 1,129,543,469 new ordinary shares in the capital of the Company and raised total proceeds of $13,554,522.

The uses of the Rights proceeds as at the date of this report are as follows:

	Amount (S$'000)
Proceeds from Rights Issue	13,555
Less:	
Expenses incurred in connection with the Rights Issue	181
Working capital for Plantation operations	1,401
Purchase and installation of water irrigation systems	116
Balance proceeds remaining from Rights Issue	11,857

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of HLH Group Limited (the Company) and its subsidiaries (collectively, the Group) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2011.

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)
Dr. Chen Seow Phun, John	(Independent director)
Dr. Wong Wen-Young Winston	(Non-Executive director)
Yeo Guat Kwang	(Independent director)

In accordance with Articles 89 of the Company's Articles of Association, Dr. Wong Wen-Young Winston and Dr. Wang Kai Yuen retire and, being eligible, offer themselves for re-election.

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and 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 and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
	1 January 2011	**31 December 2011**	**1 January 2011**	**31 December 2011**
HLH Group Limited				
Ordinary shares				
Dr. Wang Kai Yuen	203,000	203,000	–	–
Dr. Wong Wen-Young Winston	133,333,000	133,333,000	–	–
Dr. Ong Bee Huat	265,255,500	265,255,500	–	–
Gan Wui Koh	–	43,641,500	43,641,500	–

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

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 date of appointment if later, 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 the director 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
26 March 2012

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 2011 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
26 March 2012

Independent Auditors' Report

For the financial year ended 31 December 2011
To the Members of HLH Group Limited

Report on the financial statements

We have audited the accompanying financial statements of HLH Group Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 27 to 99, which comprise the balance sheets of the Group and the Company as at 31 December 2011, 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 information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

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

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

Independent Auditors' Report

For the financial year ended 31 December 2011
To the Members of HLH Group Limited

Opinion

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company 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
26 March 2012

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

	Note	2011	2010
		$'000	$'000
Revenue	4	30,910	41,499
Cost of sales		(26,184)	(37,050)
Gross profit		4,726	4,449
Other income	5	2,953	327
Distribution and selling expenses		(172)	(646)
Administrative expenses		(4,937)	(4,905)
Other expenses	6	(685)	(596)
Finance costs	7	(558)	(290)
Profit / (Loss) before taxation	8	1,327	(1,661)
Income tax expense	9	(478)	(633)
Net profit / (loss) for the year		849	(2,294)
Other comprehensive income:			
Foreign currency translation		149	(1,888)
Exchange differences on monetary items forming part of net investment in a foreign operation		277	(76)
Other comprehensive income for the year, net of tax		426	(1,964)
Total comprehensive income for the year		1,275	(4,258)
Net profit / (loss) attributable to:			
Owners of the Company		172	(2,989)
Non-controlling interests		677	695
		849	(2,294)
Total comprehensive income attributable to:			
Owners of the Company		586	(4,938)
Non-controlling interests		689	680
		1,275	(4,258)
Earnings / (Loss) per share (cents)			
Basic	10	0.01	(0.11)
Diluted		0.01	(0.11)

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

Balance Sheets
As at 31 December 2011

	Note	Group 2011	Group 2010	Company 2011	Company 2010
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	11	36,498	30,423	57	91
Investment properties	12	276	1,204	276	276
Investment in subsidiaries	13	–	–	1,000	1,000
		36,774	31,627	1,333	1,367
Current assets					
Development properties	14	10,900	17,347	–	–
Inventories	15	2,260	375	–	–
Biological assets	16	55	21	–	–
Trade receivables	18	3,524	5,007	–	–
Other receivables, deposits and prepayments	19	980	1,120	34	8
Amounts due from subsidiaries	20	–	–	66,416	61,208
Amounts due from non-controlling shareholders	17	1,300	535	–	–
Investment securities	21	2,814	2,814	2,598	2,572
Cash and short-term deposits	22	13,571	22,465	459	1,386
		35,404	49,684	69,507	65,174
Total assets		72,178	81,311	70,840	66,541
Equity and liabilities					
Current liabilities					
Trade payables	23	794	1,103	–	–
Other payables and accruals	25	2,928	3,577	372	502
Amounts due to subsidiaries	20	–	–	5,658	1,349
Amount due to a non-controlling shareholder	17	3,043	1,320	–	–
Provision for taxation		824	661	2	2
Loans and borrowings	26	10,939	8,374	26	25
		18,528	15,035	6,058	1,878
Net current assets		16,876	34,649	63,449	63,296
Non-current liabilities					
Deferred tax liability	24	420	–	–	–
Loans and borrowings	26	506	14,827	4	31
		926	14,827	4	31
Total liabilities		19,454	29,862	6,062	1,909
Net assets		52,724	51,449	64,778	64,632

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

Balance Sheets (Cont'd)

As at 31 December 2011

	Note	Group 2011	Group 2010	Company 2011	Company 2010
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	27	92,052	92,052	92,052	92,052
Reserves	28	(41,707)	(42,293)	(27,274)	(27,420)
		50,345	49,759	64,778	64,632
Non-controlling interests		2,379	1,690	–	–
Total equity		52,724	51,449	64,778	64,632
Total equity and liabilities		72,178	81,311	70,840	66,541

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 2011

Group	Share Capital (Note 27)	Accumulated losses (Note 28)	Capital reserve (Note 28)	Currency translation reserve (Note 28)	Total	Non-controlling interests	Equity total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2010	92,052	(38,059)	414	223	54,630	877	55,507
Net foreign exchange difference arising on consolidation of foreign subsidiaries	–	–	–	(1,873)	(1,873)	(15)	(1,888)
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	(76)	(76)	–	(76)
Net loss for the year	–	(2,989)	–	–	(2,989)	695	(2,294)
Total comprehensive income for the year	–	(2,989)	–	(1,949)	(4,938)	680	(4,258)
Changes in ownership interests in subsidiaries that do not result in a loss of control:							
Dilution of non-controlling interests in a subsidiary	–	–	67	–	67	(67)	–
Capital contribution by non-controlling interests in a subsidiary	–	–	–	–	–	200	200
Total transactions with owners in their capacity as owners	–	–	67	–	67	133	200
Balance at 31 December 2010 and 1 January 2011	92,052	(41,048)	481	(1,726)	49,759	1,690	51,449
Net foreign exchange difference arising on consolidation of foreign subsidiaries	–	–	–	137	137	12	149
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	277	277	–	277
Net profit for the year	–	172	–	–	172	677	849
Total comprehensive income for the year	–	172	–	414	586	689	1,275
Balance at 31 December 2011	92,052	(40,876)	481	(1,312)	50,345	2,379	52,724

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 2011

Company	Share capital (Note 27)	Accumulated Losses (Note 28)	Capital reserve (Note 28)	Equity total
	$'000	$'000	$'000	$'000
At 1 January 2010	92,052	(24,860)	(459)	66,733
Net loss for the year	–	(2,101)	–	(2,101)
Total comprehensive income for the year	–	(2,101)	–	(2,101)
At 31 December 2010 and 1 January 2011	92,052	(26,961)	(459)	64,632
Net profit for the year	–	146	–	146
Total comprehensive income for the year	–	146	–	146
At 31 December 2011	92,052	(26,815)	(459)	64,778

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 2011

	Note	2011	2010
		$'000	$'000
Cash flows from operating activities			
Profit / (Loss) before tax		1,327	(1,661)
Adjustments for:			
Interest expense		558	290
Bad debts written off		–	74
Depreciation of property, plant and equipment		1,963	1,540
Depreciation of investment properties		13	53
Gain on disposal of plant and equipment		(1,380)	(2)
Foreign exchange adjustments		139	395
Gain on sale of held for trading investment securities		–	(52)
Gain on sale of investment properties		(1,474)	–
Fair value loss / (gain) on held for trading investment securities	6	26	(175)
Impairment loss on property, plant and equipment		97	202
Loss on change in fair value of biological assets		–	8
Interest income		(20)	(7)
Dividend income from held for trading investment securities		(5)	(22)
Operating profit before working capital changes		1,244	643
Changes in working capital:			
Decrease / (increase) in trade and other receivables		1,630	(3,436)
Decrease in development properties		6,641	13,258
Increase in inventories and biological assets		(1,915)	(234)
Increase in amounts due from non-controlling shareholders		(765)	(531)
(Decrease) / increase in trade and other payables		(413)	1,147
Increase in amount due to a non-controlling shareholder		1,723	460
Cash flows from operations		8,145	11,307
Interest paid		(750)	(1,115)
Income tax paid		(316)	(185)
Interest received		20	7
Net cash flows from operating activities		7,099	10,014

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

Consolidated Cash Flow Statement (Cont'd)

For the financial year ended 31 December 2011

	Note	2011	2010
		$'000	$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	11(f)	(9,160)	(8,607)
Proceeds from sale of property, plant and equipment		2,453	50
Proceeds from sale of investment securities		–	619
Purchase of investment securities		–	(203)
Proceeds from sale of investment properties		2,389	–
Dividend received from investment securities		5	22
Net cash used in investing activities		(4,313)	(8,119)
Cash flows from financing activities			
Release of fixed deposits pledged		430	–
Proceeds from term loans		3,788	16,304
Repayment of term loans		(15,265)	(15,567)
Payment of transaction costs related to a term loan		–	(229)
(Repayment) / proceeds from bills payable		(254)	254
Repayment to hire purchase creditors		(27)	(56)
Proceeds from issue of shares to a non-controlling shareholder		–	200
Net cash flows (used in) / from financing activities		(11,328)	906
Net (decrease) / increase in cash and cash equivalents		(8,542)	2,801
Cash and cash equivalents at beginning of year	22	22,035	19,364
Effect of exchange rate changes on balances held in foreign currencies		78	(130)
Cash and cash equivalents at end of year	22	13,571	22,035

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

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 10 Neo Tiew Lane 2 #01-05 D' Kranji Farm Resort Singapore 718813.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 13 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 $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

On 1 January 2011, the Group adopted INT FRS 115 *Agreements for the Construction of Real Estate* and Revised FRS 24 *Related Party Disclosures.*

<u>INT FRS 115 *Agreements for the Construction of Real Estate*</u>

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not qualify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

The Group's previous accounting policy for all pre-completion property sales was to recognise revenue using the percentage of completion method as construction progresses.

Notes to the Financial Statements
31 December 2011

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

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

The Group has considered the application of INT FRS 115 and the accompanying note on application of INT FRS 115 in Singapore. Its sale of private residential properties in Singapore prior to completion of the properties are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. Consequently, the percentage of completion method of revenue recognition continues to be applicable to these contracts. The retrospective adoption of INT FRS 115 does not have an impact on the financial position or financial performance of the Group.

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group has assessed that there were no additional related party transactions indentified based on the revised definition of a related party.

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 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013

Except for the Amendments to FRS 1 and revised FRS 28 and FRS 112, 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 Amendments to FRS 1 and revised FRS 28 and FRS 112 are described below.

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

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

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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 and dividends are eliminated in full.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) ***Basis of consolidation (cont'd)***

Business combinations from 1 January 2010 (cont'd)

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) ***Business combinations***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business combinations (cont'd)***

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration were recognised as part of goodwill.

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

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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 end of the reporting period. 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 end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(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 exchange rate ruling at the end of the reporting period; 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.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. 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 any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

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 20 to 70 years
Land use rights	–	Over the lease period of 50 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 and adjusted prospectively, if appropriate.

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 profit or loss in the year the asset is derecognised.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.8 ***Investment properties***

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured 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 the end of the reporting period.

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 profit or loss 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 policy 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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

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

2.9 *Impairment of non-financial assets (cont'd)*

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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.

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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

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.

2.11 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost plus attributable profit less proceeds on pre-sale received and receivable, and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

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).

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

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.

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

2.12 ***Biological assets and agricultural produce***

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

Plantations in initial stages of growth are stated on initial recognition at cost less any accumulated depreciation and any accumulated impairment losses as market-determined prices or values are not available.

Plantations close to harvest and the harvested product of the Group's biological assets, wet corn and cassava root are measured at fair value less estimated point-of-sale costs. The fair value was determined based on the actual selling prices of wet corn and cassava root in the local market approximating those at year end and less estimated point-of-sale costs.

Gains 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 income 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.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 ***Financial assets***

Initial recognition and measurement

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. The Group determines the classification of its financial assets at initial recognition.

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

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

2.14 *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) *Loans and receivables*

Non-derivative 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, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Derecognition

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.

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.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.15 ***Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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) *Financial 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.

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

2.16 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, bank balances, 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 ***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 the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources 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.

2.18 ***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".

2.19 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements
31 December 2011

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

2.19 ***Financial liabilities (cont'd)***

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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.

2.20 ***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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss 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 profit or loss.

2.21 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 ***Employee benefits***

(a) *Defined contribution plans*

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 end of the reporting period.

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

2.23 *Taxes*

(a) *Current income tax*

Current income 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period 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; and

– 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.

Deferred 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 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.

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

2.23 ***Taxes (cont'd)***

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

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period 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 tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period 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 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 end of the reporting period.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(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.

2.24 ***Commitment fee***

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

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

2.25 ***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, even if that right is not explicitly specified in an arrangement. 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 charged 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.

(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 2.28(a). Contingent rents are recognised as revenue in the period in which they are earned.

2.26 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.27 ***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.

2.28 ***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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(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, usually on delivery of goods. 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.

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

2.28 ***Revenue (cont'd)***

(e) ***Sale of development property under construction***

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider when the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

(a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in the Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the completion rate certified by the quantity surveyor.

(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.

2.29 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

Notes to the Financial Statements
31 December 2011

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

2.29 ***Contingencies (cont'd)***

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated 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 end of each reporting period. 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 periods.

3.1 *Judgements made in applying accounting policies*

Management is of the opinion that the instances of application of judgment are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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 equipment's 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 2011 was $12,343,000 (2010: $7,995,000).

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.

(c) *Revenue recognition on development property under construction*

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.11. Significant assumptions are required to estimate the total contract costs 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 end of each reporting period are disclosed in Note 14 to the financial statements.

Notes to the Financial Statements
31 December 2011

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

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

(d) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period 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. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 18 and 19 to the financial statements.

(e) *Income taxes*

The Group has exposure to income and other taxes in numerous jurisdictions, including Singapore and Cambodia. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group establishes tax provisions, based on reasonable estimates, after assessing the potential tax impact in accordance with prevailing tax legislations in the various jurisdictions. This includes those matters in Notes 9 and 24. 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 2011 were $824,000 (2010: $661,000) and $420,000 (2010: $nil) respectively. The carrying amount of the Company's tax payable at 31 December 2011 was $2,000 (2010: $2,000).

4. Revenue

Revenue comprises:

	Group	
	2011	**2010**
	$'000	$'000
Revenue from sale of development properties (recognised on percentage of completion basis)	27,084	28,628
Sale of goods	2,927	12,017
Resort operations income	489	506
Resort management income	335	202
Rental income from investment properties	75	146
	30,910	41,499

5. Other income

	Group	
	2011	2010
	$'000	$'000
Interest income from loans and receivables	20	7
Fair value gain on held for trading investment securities	–	175
Gain on sale of held for trading investment securities	–	52
Gain on sale of investment properties	1,474	–
Gain on disposal of property, plant and equipment	1,380	2
Government subsidies	–	18
Bad debts recovered	23	–
Dividend income from held for trading investment securities	5	22
Other rental income	33	33
Other sundry income	18	18
	2,953	327

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. In 2010, the Group received grant income of $18,000 under the scheme.

6. Other expenses

	Group	
	2011	2010
	$'000	$'000
Net foreign exchange (gain) / loss	(44)	312
Inventories written down	4	8
Fair value adjustment to agricultural produce	586	–
Impairment loss on property, plant and equipment:		
- land use rights	39	202
- building and structure	58	–
Fair value loss on held for trading investment securities	26	–
Bad debts written off	–	74
Provision for doubtful debts	5	–
Others	11	–
	685	596

Notes to the Financial Statements
31 December 2011

7. Finance costs

	Group 2011	Group 2010
	$'000	$'000
Interest expense on:		
- hire purchase	2	3
- term loans	556	287
	558	290

8. Profit / (Loss) before taxation

The following items have been included in arriving at profit / (loss) before taxation:

	Group 2011	Group 2010
	$'000	$'000
Personnel expenses (Note 29)	1,760	2,177
Depreciation of property, plant and equipment (Note 11(f))	1,963	1,540
Depreciation of investment properties (Note 12)	13	53
Directors' fees	82	106
Rental of premises and office facilities	50	55
Legal and professional fees	125	192
Auditors' remuneration		
- auditors of the Company and local subsidiaries	118	162
- auditors of the overseas subsidiaries*	17	36
- other auditors	1	7
Non-audit fees paid to auditors of the Company	23	–
Travelling expenses	90	89
Inventories recognised as an expense in cost of sales (Note 15)	2,898	11,572

* *Refers to member firm of Ernst & Young Global.*

9. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group	
	2011	2010
	$'000	$'000
Statement of comprehensive income:		
Current income tax		
- current income taxation	4	818
- under provision in respect of prior years	54	8
	58	826
Deferred income tax		
- origination and reversal of temporary differences	420	(193)
Income tax expenses recognised in statement of comprehensive income	478	633

(b) The reconciliation between tax expense and the product of accounting profit / (loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group	
	2011	2010
	$'000	$'000
Profit / (Loss) before taxation	1,327	(1,661)
Tax at the domestic rates applicable to profits / (losses) in the countries where the Group operates	816	(32)
Income not subject to taxation	(489)	–
Non-deductible expenses	126	136
Utilisation of previously unrecognised tax losses	(533)	(39)
Change in unrecognised temporary differences	92	(40)
Deferred tax assets not recognised	449	601
Effect of partial tax exemption	(36)	(26)
Under provision in respect of prior years	54	8
Others	(1)	25
	478	633

(c) 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 $4,907,000 [Note 11(d)]. 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 characterised as an acquisition of intangible asset and as such not subject to withholding tax.

Notes to the Financial Statements
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9. Income tax expense (cont'd)

(d) Since the incorporation of its subsidiaries in Cambodia, the Group has extended financial support through interest-free loans to these subsidiaries to assist these subsidiaries in the acquisition of assets and services. The aggregate loans amount to $25,198,000 (USD 19,594,000) by 2010. Under current tax laws in Cambodia, a deemed interest is imputed on loans from a non-resident person and resident person which are subject to 14% and 15% withholding tax respectively. Withholding tax is due if and when the payer remits the payment to the beneficiary.

During the financial year ended 31 December 2010, the Group has progressively converted an aggregate amount of $22,497,000 (USD 17,494,000) into share capital of these subsidiaries. The Group has deemed aggregate $25,198,000 of loans as quasi-equity and consequently are not subject to withholding tax in Cambodia.

During the current financial year, the Group granted additional loans of $4,457,000 (USD 5,829,000) and imputed deemed interest at a rate of 5.8% per annum on these loans. The Group has declared withholding tax in respect of deemed interest on the additional loans and the tax has been duly paid to the relevant tax authority. The tax authority may however, deem interest based on market rates on the full balance of the outstanding loan at year end.

(e) The corporate income tax rate applicable to Singapore companies of the Group is 17%.

HLH Agri (Cambodia) Co. Ltd ("HLHA") is a Qualified Investment Project (QIP) registered with the Council for the Development of Cambodia. HLHA is entitled to exemption from the tax on profit imposed under the Law on Taxation covering the tax exemption period of not more than 9 years which comprises 3-year Trigger Period + 3-year + 3-year Priority Period. HLHA is currently within the tax exemption period and is not subject to tax on Cambodian profits.

HLHI (Cambodia) Co Ltd is subject to tax on profit at the rate of 20% of taxable income or minimum tax based on 1% of turnover, whichever is higher.

10. Earnings / (Loss) per share (cents)

Basic earnings / (loss) per share is calculated by dividing profit / (loss) for the year that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings / (loss) per share is calculated by dividing profit / (loss) for the year that is attributable to owners of the Company 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.

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

	Group	
	2011	**2010**
	$'000	$'000
Net profit / (loss) attributable to owners of the Company	172	(2,989)
Weighted average number of ordinary shares for basic earnings / (loss) per share computation	2,827,667,860	2,827,667,860
Weighted average number of ordinary shares for diluted earnings / (loss) per share computation	2,827,667,860	2,827,667,860

11. Property, plant and equipment

Group	Freehold land	Leasehold land	Land use rights[e]	Leasehold improvement	Building and structure
	$'000	$'000	$'000	$'000	$'000
Cost					
As at 1.1.2010	2,832	5,823	1,175	1,130	9,821
Additions	–	–	–	2,803	67
Reclassification	–	–	–	–	789
Transfer to investment properties [a]	–	–	–	–	(516)
Disposal	–	–	–	–	(8)
Translation differences	(238)	(413)	(62)	(40)	(256)
As at 31.12.2010 and 1.1.2011	2,594	5,410	1,113	3,893	9,897
Additions	–	–	–	3,005	–
Reclassification	–	–	–	75	1,001
Disposal	–	–	–	–	(848)
Translation differences	26	45	63	143	97
As at 31.12.2011	2,620	5,455	1,176	7,116	10,147
Accumulated depreciation and impairment loss					
As at 1.1.2010	–	117	47	–	706
Charge for the year [f]	–	116	23	1	527
Impairment loss [e]	–	–	202	–	–
Transfer to investment properties [a]	–	–	–	–	(38)
Disposal	–	–	–	–	–
Translation differences	–	(7)	(10)	–	(19)
As at 31.12.2010 and 1.1.2011	–	226	262	1	1,176
Charge for the year [f]	–	111	22	89	548
Impairment loss [e]	–	–	39	–	58
Disposal	–	–	–	–	(131)
Translation differences	–	3	18	3	20
As at 31.12.2011	–	340	341	93	1,671
Net book value					
As at 31.12.2011	2,620	5,115	835	7,023	8,476
As at 31.12.2010	2,594	5,184	851	3,892	8,721

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	Construction-in-progress	Computers	Furniture and fittings	Machineries and equipment	Motor vehicles	Office equipment	Renovation	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	1,370	217	677	4,642	901	107	373	29,068
	716	7	10	4,013	368	28	5	8,017
	(789)	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	(516)
	–	(2)	–	(50)	(1)	–	–	(61)
	(111)	(2)	(3)	(934)	(52)	(5)	(5)	(2,121)
	1,186	220	684	7,671	1,216	130	373	34,387
	–	4	30	5,810	99	6	6	8,960
	(1,076)	–	–	–	–	–	–	–
	–	(4)	(184)	(121)	(416)	(5)	(164)	(1,742)
	(24)	4	1	285	9	–	–	649
	86	224	531	13,645	908	131	215	42,254
	–	79	141	606	373	15	90	2,174
	–	44	103	682	173	17	69	1,755
	–	–	–	–	–	–	–	202
	–	–	–	–	–	–	–	(38)
	–	(2)	–	(11)	–	–	–	(13)
	–	(1)	–	(69)	(8)	(1)	(1)	(116)
	–	120	244	1,208	538	31	158	3,964
	–	41	95	1,159	124	17	53	2,259
	–	–	–	–	–	–	–	97
	–	(2)	(53)	(23)	(362)	(2)	(96)	(669)
	–	1	–	55	4	1	–	105
	–	160	286	2,399	304	47	115	5,756
	86	64	245	11,246	604	84	100	36,498
	1,186	100	440	6,463	678	99	215	30,423

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

Company	Computers	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
As at 1.1.2010	30	11	474	4	17	536
Additions	–	–	–	1	–	1
As at 31.12.2010 and 1.1.2011	30	11	474	5	17	537
Additions	3	–	–	–	6	9
Disposal	(3)	–	(323)	(2)	–	(328)
As at 31.12.2011	30	11	151	3	23	218
Accumulated depreciation						
As at 1.1.2010	18	3	313	1	4	339
Charge for the year	6	1	96	1	3	107
As at 31.12.2010 and 1.1.2011	24	4	409	2	7	446
Charge for the year	5	1	30	1	4	41
Disposal	(2)	–	(323)	(1)	–	(326)
As at 31.12.2011	27	5	116	2	11	161
Net book value						
As at 31.12.2011	3	6	35	1	12	57
As at 31.12.2010	6	7	65	3	10	91

(a) In 2010, the Group had reclassified a unit #12-01 of its corporate office (Note 12) to investment property.

(b) The Group and the Company had a motor vehicle under finance lease (Note 31d) with net book value of $35,000 (2010: $65,000). The leased asset is pledged as security for the related financial lease liabilities.

(c) The Group's property with a carrying amount of $585,000 (2010: $1,363,000) is mortgaged to secure the Group's bank loan – Term Loan A (Note 26).

(d) During the financial year ended 31 December 2009, a subsidiary entered into an agreement with an individual for a total consideration of $4,907,000 (Note 9) 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 is $4,365,000 (2010: $4,384,000) and is included in the Group's leasehold land.

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

(e) The Group's subsidiary has land use rights over a plot of state-owned land in People's Republic of China (PRC). The land use rights are transferable and have a remaining tenure of 46 years (2010: 47 years).

During the financial year, the subsidiary carried out a review of the recoverable amount of its land use rights as the subsidiary has ceased operations. An impairment loss of $39,000 (2010: $202,000), representing a further write-down of the land use rights to the recoverable amount was recognised in "Other expenses" (Note 6) in the consolidated statement of comprehensive income for the financial year ended 31 December 2011. The recoverable amount was determined based on valuation performed by an independent Chinese valuer, Tieling Lu Feng Valuation Co Ltd. The valuer has used land price coefficient benchmark approach by referencing to the last 3 or more recent transactions of similar items, and made appropriate adjustments for differences in use, size, structure, etc.

	Group	
	2011	**2010**
	$'000	$'000
Amount to be amortised:		
- Not later than one year	18	18
- Later than one year but not later than five years	72	72
- Later than five years	745	761
	835	851

(f) During the year, depreciation of $296,000 (2010: $215,000) in respect of machineries used in the initial clearing of agricultural plantation land has been capitalised as part of leasehold improvement.

The cash flow for purchases of property, plant and equipment is as follows:

	2011	**2010**
	$'000	$'000
Aggregate additions of property, plant and equipment for the year per Note 11	8,960	8,017
Less: Capitalisation of depreciation of machineries used for land clearing	(296)	(215)
Add: Settlement of other payables for purchase of machineries	496	805
Purchase of property, plant and equipment per cash flow statement	9,160	8,607

Depreciation expense charged to consolidated statement of comprehensive income is as follows:

Aggregate depreciation of property, plant and equipment per Note 11	2,259	1,755
Less: Capitalisation of depreciation on machineries to leasehold improvement	(296)	(215)
Depreciation of property, plant and equipment per consolidated statement of comprehensive income	1,963	1,540

12. Investment properties

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Balance sheet:				
At cost				
At beginning of the year	1,336	544	276	–
Addition	–	276	–	276
Transfer from property, plant and equipment	–	516	–	–
Disposal	(1,060)	–	–	–
At end of the year	276	1,336	276	276
Accumulated depreciation				
At beginning of the year	132	41	–	–
Depreciation charge for the year	13	53	–	–
Transfer from property, plant and equipment	–	38	–	–
Disposal	(145)	–	–	–
At end of the year	–	132	–	–
Net book value	276	1,204	276	276
Statement of comprehensive income:				
Rental income from investment properties (Note 4)	75	146	–	–
Direct operating expenses (including repairs and maintenance) arising from:				
- Rental generating properties	19	27	–	–

The investment property held by the Group as at 31 December 2011 is as follow:

Description and location	Existing use	Tenure	Land Area	Carrying value	Fair value
Land at Kmougne Village, Kmougne Commune, Sean Sock District, Phnom Penh City, Cambodia, Plot no: 1157 (20% interest owned by the Group)	Vacant land	Freehold	6,667 m^2	$276,000	$276,000

The fair value of the freehold land in Cambodia is determined based on valuation performed by an accredited independent valuer with recent experience in the location and category of the property being valued.

Notes to the Financial Statements
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13. Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Company 2011	Company 2010
	$'000	$'000
Unquoted equity shares, at cost	23,969	23,969
Less: Impairment losses	(22,969)	(22,969)
	1,000	1,000

(b) The Company has the following subsidiaries as at 31 December 2011:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held 2011	Percentage of equity held 2010	Cost of investment 2011	Cost of investment 2010
			%	%	$'000	$'000
Held by the Company						
Hong Lai Huat Construction Pte Ltd *	Dormant	Singapore	100	100	21,981	21,981
HLH Agri International Pte Ltd *	Investment holding	Singapore	100	100	988	988
HLH Development Pte Ltd *	Investment holding	Singapore	100	100	1,000	1,000
					23,969	23,969

13. Investment in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held	
			2011	2010
			%	%
(A) Held by Hong Lai Huat Construction Pte Ltd				
Hong Lai Huat Realty Pte Ltd (i)	Dormant	Singapore	–	100
(B) Held by HLH Agri International Pte Ltd				
Agri-Aqua Bio-Technologies (S) Pte Ltd (i)	Dormant	Singapore	–	100
HLH Agri R&D Pte Ltd *	Agricultural research and experimentation including trading	Singapore	100	100
HLH Global Trading Pte Ltd *	Dormant	Singapore	100	100
BH Agriculture Pte. Ltd. @	Dormant	Singapore	100	–
Oaklyn Holdings Limited @	Dormant	British Virgin Islands	100	–
Tieling HLH Agri Processing Co. Ltd (China) @	Dormant	China	85	85
HLH Agriculture (Cambodia) Co. Ltd **	Agriculture plantation, processing and distribution	Cambodia	100	100
HLHI (Cambodia) Co. Ltd **(ii)	Investment holding, property investment	Cambodia	49	49
HLHS Agriculture (Cambodia) Co. Ltd ^@	Dormant	Cambodia	70	70

Notes to the Financial Statements
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13. Investment in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held	
			2011	2010
			%	%
(C) Held by HLH Development Pte Ltd				
Lithium Development Pte Ltd *	Investment holding, property investment	Singapore	100	100
Fresco Development Pte Ltd *	Property development and real estate	Singapore	70	70
Castilia Development Pte Ltd *	Property development and real estate	Singapore	80	80
Almira Development Pte Ltd *	Property development and real estate	Singapore	100	100
D'Vesta (Cambodia) Co. Ltd (i)	Dormant	Cambodia	–	49

(i) The subsidiary was struck off during the financial year.

(ii) A director of the Company holds 51% interest in HLHI (Cambodia) Co. Ltd, in trust for the Group. HLHI (Cambodia) Co. Ltd is treated as a subsidiary and consolidated at 100%.

^ 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 firm of Ernst & Young Global in the country of incorporation.

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

14. Development properties

	Group	
	2011	2010
	$'000	$'000
Land acquisition costs	10,942	22,001
Development costs	5,503	5,787
Borrowing costs capitalised	129	550
Aggregate amount of development costs incurred to-date	16,574	28,338
Recognised profits less recognised losses to date	3,870	503
Progress billings to-date	(9,544)	(11,494)
	10,900	17,347
Development properties recognised as an expense in cost of sales	22,257	24,066

The development property held by the Group as at 31 December 2011 is:

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' Castilia				
A 5-storey residential apartments at 45 Joo Chiat Lane, Singapore	80%	26,300	16,575.50	70% (2012)

* estimated

This development property is mortgaged to secure a bank loan – Term Loan C (Note 26).

During the financial year, the Group completed construction of its 5-storey residential development property at 33, 35 and 37 Sommerville Road and the TOP was obtained.

In 2010, the non-controlling shareholder of Castilia Development Pte Ltd has been appointed as the main contractor for the construction of D' Castilia. An amount of $1,723,000 (Note 17) owing to the non-controlling shareholder was outstanding at year end and it pertains to the certification of progress claims for work done in the month of December 2011. This outstanding amount has been fully paid in accordance with the terms of the awarded contract as at the date of this report.

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15. Inventories

	Group	
	2011	**2010**
	$'000	$'000
Balance sheet:		
Processed corn	1,054	2
Raw materials	877	329
Consumables	171	11
Machineries and spare parts	158	33
	2,260	375
Comprehensive income statement:		
Inventories recognised as an expense in cost of sales (Note 8)	2,898	11,572
Inventories written-down (Note 6)	4	8

16. Biological assets

	Group	
	2011	**2010**
	$'000	$'000
At 1 January	21	–
Net additions*	55	21
Net decreases due to harvest*	(21)	–
At 31 December	55	21

* These are net additions and decreases to corn and cassava plantations during the year.

During the financial year, the Group harvested approximately 9,200 tonnes (2010: 6,100 tonnes) of wet corn, which had a fair value less estimated point-of-sale costs of approximately S$2,510,000 (2010: S$1,334,000).

The fair value of wet corn has been determined based on the estimate of wet corn selling prices less estimated point-of-sale costs.

17. Amounts due from / (to) non-controlling shareholders

	Group	
	2011	2010
	$'000	$'000
Due from non-controlling shareholders		
- trade	–	531
- non-trade	1,300	4
	1,300	535
Due to a non-controlling shareholder		
- trade	(1,723)	–
- non-trade	(1,320)	(1,320)
	(3,043)	(1,320)

Non-trade amounts due from / (to) non-controlling shareholders are unsecured, interest-free, repayable on demand and are to be settled in cash.

18. Trade receivables

	Group	
	2011	2010
	$'000	$'000
Trade receivables	3,524	5,007

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 end of the reporting period, trade receivables relating to the completed development properties amounted to $3,311,000 (2010: $4,174,000).

At 31 December 2010, trade receivables arising from agricultural products export sales amounting to $581,000 were arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. There were no such trade receivables at the end of the reporting period.

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

	Group	
	2011	2010
	$'000	$'000
Less than 30 days	14	21
30 days to 60 days	14	23
61 days to 90 days	1	25
Over 90 days	4	11
At end of year	33	80

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18. Trade receivables (cont'd)

Trade receivables are denominated in the following currencies at the end of the reporting period:

	Group	
	2011	2010
	$'000	$'000
SGD	3,367	4,277
USD	157	730
At end of year	3,524	5,007

19. Other receivables, deposits and prepayments

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Other receivables	36	42	28	–
Deposits (net of allowance for impairment)	533	576	1	1
Tax recoverable	116	94	–	–
Other receivables and deposits	685	712	29	1
Prepayments	295	408	5	7
	980	1,120	34	8

The Group's other receivables and deposits that are impaired at the end of the reporting period are as follows:

Other receivables	39	45	28	–
Less: Allowance for impairment (Note i)	(3)	(3)	–	–
	36	42	28	–
Deposits	1,138	1,175	1	1
Less: Allowance for impairment (Note ii)	(605)	(599)	–	–
	533	576	1	1

Other receivables and deposits were denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
SGD	97	89	29	1
USD	566	600	–	–
RMB	22	23	–	–
	685	712	29	1

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

Note (i)

– Other receivable that is individually determined to be impaired at the end of the reporting period relates to a debtor that has defaulted on payments.

Note (ii)

– Included in the $1,138,000 deposits of the Group is an amount of $992,000 (2010: $982,000) paid during the financial year 2007 for the purchase of fertilizer. The transaction was aborted in the same year.

A partial repayment of $387,000 (Note 25) 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 which is classified under other payables in Note 25. The Group has made an allowance for doubtful debt on the remaining deposit balance of $605,000 (2010: $599,000).

20. Amounts due from / (to) subsidiaries

	Company	
	2011	**2010**
	$'000	$'000
Due from subsidiaries		
- trade	8,261	6,464
- non-trade	60,852	57,441
	69,113	63,905
Less: Allowance for doubtful debts	(2,697)	(2,697)
	66,416	61,208
Allowance for doubtful debts during the year is as follows:		
At beginning of year	2,697	808
Allowance during the year	–	1,889
At end of year	2,697	2,697
Due to subsidiaries		
- non-trade	(5,658)	(1,349)

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

The balances are denominated in SGD.

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21. Investment securities

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Held for trading investments				
- equity instruments (quoted)	2,814	2,814	2,598	2,572

22. Cash and short-term deposits

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Cash at banks and in hand	8,571	15,605	459	1,386
Short-term fixed deposits with financial institutions	5,000	6,860	–	–
	13,571	22,465	459	1,386

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2011	**2010**
	$'000	$'000
Cash and bank balances (as above)	13,571	22,465
Less: Fixed deposits pledged	–	(430)
Cash and cash equivalent per consolidated cash flow statement	13,571	22,035

As at 31 December 2010, the fixed deposits were pledged as security for a bank loan - Term Loan E (Note 26). During the current financial year, the relevant outstanding term loan amount has been fully repaid as of year end.

Cash at banks and fixed deposits earn interest at floating rates based on daily deposit rates ranging from 0.100% to 0.328% (2010: 0.150% to 0.328%) per annum. Fixed deposits are held for varying periods of between 1 week to 3 months.

Included in the Group's cash and bank balances are amounts of $5,372,000 (2010: $6,769,000) 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.

22. Cash and short-term deposits (cont'd)

Cash and deposits were denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
SGD	13,169	14,122	459	1,346
USD	395	8,341	–	40
RMB	7	2	–	–
	13,571	22,465	459	1,386

23. Trade payables

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

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
SGD	92	546	–	–
USD	702	557	–	–
	794	1,103	–	–

24. Deferred tax liability

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deferred tax liability:				
Recognition of profit on percentage of completion	420	–	–	–

During the financial year ended 31 December 2011, the Group made a provision for deferred tax of approximately $420,000 in relation to the profit generated from the sale of a development property which will only become taxable upon the completion of the development property, taken to be the date of TOP issued which is expected in the next financial year.

The Group has tax losses of approximately $22,233,000 (2010: $18,705,000) that are available for offset against future taxable profits of the Group for which deferred tax assets amounting to approximately $2,580,000 (2010: $2,612,000) are 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
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25. Other payables and accruals

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Other payables	471	1,115	6	61
Deposits received	148	193	–	–
GST payables	210	92	26	26
Accrued operating expenses	2,097	2,169	340	415
	2,926	3,569	372	502
Deferred income	2	8	–	–
	2,928	3,577	372	502

As at 31 December 2010, included in other payables of the Group is an amount of $504,000 relating to the final instalment of a subsidiary's purchase of a 70-year leasehold land concession in Cambodia [Note 11(d)]. The total consideration for the concession is $4,907,000. The final instalment was paid during current financial year.

Included in other payables of the Group is an amount payable of $387,000 to a third party since financial year 2008 [Note 19 (ii)].

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 end of the reporting period:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
SGD	2,226	2,344	372	502
USD	694	1,207	–	–
RMB	6	18	–	–
	2,926	3,569	372	502

26. Loans and borrowings

	Year of maturity	Group		Company	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Current:					
Bank term loan A (secured)	2018	71	259	–	–
Bank term loan B (secured)	2010	–	1,800	–	–
Bank term loan C (secured)	2012	3,667	315	–	–
Bank term loan D (secured)	2015	7,175	386	–	–
Bank term loan E (secured)	2011	–	5,335	–	–
Bill payable	2011	–	254	–	–
Obligations under finance leases (Note 31 (d))	2011-2013	26	25	26	25
		10,939	8,374	26	25
Non-current:					
Bank term loan A (secured)	2018	502	2,146	–	–
Bank term loan C (secured)	2012	–	5,615	–	–
Bank term loan D (secured)	2015	–	7,035	–	–
Obligations under finance leases (Note 31 (d))	2011-2013	4	31	4	31
		506	14,827	4	31
Total loans and borrowings		11,445	23,201	30	56

Term loan A

Term loan A was taken to finance the Group's properties at 82 Playfair Road, comprising units #13-01 and #14-01 that are classified under property, plant and equipment and units #11-01 and #12-01 that are classified under investment properties held by the Group as at the end of the previous financial year ended 31 December 2010. The term loan was secured by way of a legal mortgage over the properties.

This loan is repayable over a 10-year period 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.

During the current financial year, strata title units #11-01, #12-01 and #13-01 were disposed and accordingly the outstanding term loan amounts pertaining to these units have been fully repaid as of year end.

Notes to the Financial Statements
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26. Loans and borrowings (cont'd)

Term loan B

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

The term loan is repayable in a lump sum within two years from the date of first disbursement of the loan or six months after the issuance of the TOP whichever is earlier.

The term loan bears interest at SIBOR + 2.0% for a tenor of 1, 3 or 6 months on a rollover basis.

During the financial year ended 31 December 2010, the Group has obtained TOP for the development. The remaining loan balance as at 31 December 2010 has been fully repaid during the year.

Term loan C

The term loan is secured by way of a legal mortgage over a development property of the Group. The term loan is repayable in a lump sum on 30 September 2013 or 6 months after the issuance of the TOP whichever is earlier.

The term loan bears interest at SIBOR + 2.25% for a tenor of 1, 2, 3 or 6 months on a rollover basis.

Term loan D

Term loan D was taken to finance the Group's plantation operations in Cambodia. The term loan was secured by way of the followings:

– Charge and assignment over all bank accounts of plantation operations;

– Assignment of all receivables of plantation operations;

– Charge over all ordinary shares of a subsidiary;

– Legal mortgage over freehold land of a subsidiary;

– Charge over specified lists of vehicles, machineries and equipments of two subsidiaries; and

– Assignment of interests in insurance policies of two subsidiaries.

This loan is repayable over a 5-year period and bears interest at SIBOR + 5.5% per annum.

As at 31 December 2011, the Group's subsidiaries have breached a covenant of the term loan. The Group's subsidiaries did not fulfil the required Historic Debt Service Cover Ratio as at the specified Calculation date of 31 December 2011 in accordance with the loan agreement. The lenders are contractually entitled to request for immediate repayment of the entire outstanding loan balance of $7,175,000. Accordingly, the entire loan outstanding as at the end of the reporting period is classified as a current liability.

On 26 March 2012, the lenders have formally waived the requirement for compliance with the above covenant with effect from 31 December 2011 until the 31 December 2012 review date.

26. Loans and borrowings (cont'd)

Term loan E

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

The term loan is repayable in a lump sum within two 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 + 2.5% for a tenor of 1, 2, 3 or 6 months on a rollover basis.

During the current financial year ended 31 December 2011, the Group has obtained TOP for the development property. The outstanding loan balance has been fully repaid as of year end.

Bill payable

The bill payable has an average maturity period of 150 days.

27. Share capital

	Group and Company			
	2011		2010	
	No. of ordinary shares	$'000	No. of ordinary shares	$'000
Issued and fully paid				
At 1 January and 31 December	2,827,667,860	92,052	2,827,667,860	92,052

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

On 12 December 2011, the Company proposed a renounceable non-underwritten rights issue of up to 1,413,833,930 new ordinary shares in the capital of the Company (the Rights Shares) at an issue price of $0.012 for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares. The Rights Share issue was made pursuant to the authority granted under the terms of the general share mandate approved by shareholders on 29 April 2011.

On 7 February 2012, the Company allotted and issued 1,129,543,469 new ordinary shares in the capital of the Company and raised total proceeds of $13,554,522. The Rights Shares have been quoted on the Main Board of the SGX-ST on 8 February 2012.

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28. Reserves

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Capital reserve (Note (i))	481	481	(459)	(459)
Foreign currency translation (Note (ii))	(1,312)	(1,726)	–	–
Accumulated losses	(40,876)	(41,048)	(26,815)	(26,961)
	(41,707)	(42,293)	(27,274)	(27,420)

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 from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the translation of monetary items that form part of the Group's net investment in foreign operations.

29. Personnel expenses

		Group	
	Note	2011	2010
		$'000	$'000
Salaries and bonuses		1,629	1,995
Central Provident Fund contribution		107	159
Other short-term benefits		24	23
	8	1,760	2,177

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

30. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) ***Transactions, arrangements and agreements involving directors and other related parties***

	Group	
	2011	**2010**
	$'000	$'000
Provision of shuttle bus service at D'Kranji Farm Resort	116	129
Management fee income in respect of beer garden and restaurant operations at D'Kranji Farm Resort	188	103
Sale of development property, D' Castilia, #05-05, 45 Joo Chiat Lane	1,750	–
Renovation works to new corporate office and conference room at D'Kranji Farm Resort	21	–
Appointment as Issue Manager in respect of renounceable non-underwritten rights issue during the current year	20	–
Staff costs	187	148

The shuttle bus service at D'Kranji Farm Resort was provided by a sole proprietorship owned by a brother of a director of the Company. The engagement was awarded based on better monthly charges quoted as compared to quotations obtained from at least two other sources.

The subsidiary, HLH Agri R & D Pte Ltd has entered into agreements with a partnership owned by close family members of a director of the Company. The partnership is the permitted operator of the beer garden and restaurant at D'Kranji Farm Resort and pays management fees based on specified percentage of the sales revenue from these operations.

A director of the Company and his alternate director who is also the son of the director have purchased a development property, D' Castilia, unit #05-05 at 45 Joo Chiat Lane. The sales consideration was determined based on the sales price of a "mirror" unit #05-04 sold in 7 November 2010.

A director of the Company was engaged to perform renovation work to new corporate office and conference room at D'Kranji Farm Resort.

The Company appointed a financial institution (FI) of which a Director is the substantial shareholder and Chairman of the Board of the FI as Rights Issue Manager to assist the Company in relation to the renounceable non-underwritten rights issue during the current financial year. The engagement was awarded based on lower fee comparison with other corporate finance firms.

Staff costs of $187,000 (2010: $148,000) were paid to individuals who are close family members of directors. These individuals are occupying managerial positions of the Company and HLH Agri (Cambodia) Co. Ltd.

Notes to the Financial Statements
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30. Related party disclosures (cont'd)

(a) ***Transactions, arrangements and agreements involving directors and others (cont'd)***

During the financial year, the Group made an advance of $1,300,000 to the non-controlling shareholder of Fresco Development Pte Ltd. D'Fresco development project obtained TOP in the previous financial year and accordingly, the amount was paid out of D'Fresco development project surplus and in proportion to the equity interests.

During the financial year, the Group made total payments of $3,906,000 to the non-controlling shareholder of Castilia Development Pte Ltd pertaining to the certification of progress claims for work done in the current year. The non-controlling shareholder is also the main contractor for D'Castilia development project. The main contract was awarded to the non-controlling shareholder on 2 December 2010. The payments were made in accordance with the terms of the awarded contract.

During the previous financial year, the Group advanced a loan of USD1,274,000 to a director of the Company for the purchase of shares in a subsidiary. The loan is secured against these shares, which are held in trust for the Group by the director for the economic benefit of the Group. Accordingly, this loan advancement has been accounted for as additional capital contribution by the Group in the subsidiary during the previous financial year.

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

	Company	
	2011	**2010**
	$'000	$'000
Management fees from subsidiaries	1,680	1,680

(c) ***Compensation of key management personnel***

	Group	
	2011	**2010**
	$'000	$'000
Short term employee benefits	814	872
Central Provident Fund contributions	28	41
	842	913
Comprise amounts paid to:		
Directors of the Company	690	641
Other key management personnel	152	272
	842	913

30. Related party disclosures (cont'd)

(d) ***Directors' remuneration***

	2011			2010		
Company	**Executive directors**	**Non-executive directors**	**Total**	**Executive directors**	**Non-executive directors**	**Total**
$250,000 to $499,999	1	–	1	1	–	1
$0 to $249,999	1	4	5	1	4	5
	2	4	6	2	4	6

31. Commitments

(a) ***Capital commitment***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follow:

	Group	
	2011	**2010**
	$'000	$'000
In respect of the construction costs for properties at 33, 35 and 37 Sommerville Road	–	4,537
In respect of the construction costs for properties at 45 Joo Chiat Lane	4,296	6,650
	4,296	11,187

(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	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Within one year	90	78	–	–
Later than one year but not later than five years	53	27	–	–
	143	105	–	–

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31 December 2011

31. Commitments (cont'd)

(c) ***Operating lease commitments – as lessee***

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

During the financial year ended 31 December 2010, a subsidiary entered into a concession agreement with the Royal Government of Cambodia to obtain rights to use a parcel of land with an area of 9,985 hectares for a period of 70 years (Note 11(d)). Under the concession agreement, the subsidiary shall pay USD1 per hectare per annum from year 2014 to year 2078 for environmental protection of the land parcel in accordance with the Law on Environmental Protection Area and National Resource Management.

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.

Minimum lease payments recognised as an expense in the statement of comprehensive income for the financial year ended 31 December 2011 amounted to $47,000 (2010: $50,000).

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Not later than one year	49	50	–	–
Later than one year but not later than five years	83	118		
Later than five years	818	822	–	–
	950	990	–	–

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

The Group has finance lease for a motor vehicle [Note 11(b)]. The lease has remaining term of between 1 to 2 years. The lease agreement does not have terms of renewal and purchase options.

The effective interest rate for the finance leases is 4.56% (2010: 4.90%) per annum.

31. Commitments *(cont'd)*

(d) ***Finance lease commitments (cont'd)***

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:

	2011		2010	
	Minimum lease payments	**Present value of payments**	**Minimum lease payments**	**Present value of payments**
	$'000	$'000	$'000	$'000
Group and Company				
Not later than one year	27	26	27	25
One to five years	4	4	32	31
Total minimum lease payments	31	30	59	56
Less: Amounts representing finance charges	(1)	–	(3)	–
Present value of minimum lease payments	30	30	56	56

32. Contingencies

Contingent liabilities

Corporate guarantees

The Group has provided corporate guarantees to financial institutions for credit facilities granted to subsidiaries of maximum value of $15,483,000 (2010: $40,980,000).

Withholding taxes

(a) 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 $4,907,000 [Note 11(d)]. 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 characterised as an acquisition of intangible asset and as such not subject to withholding tax. Accordingly, no withholding tax has been recognised.

(b) Since the incorporation of its subsidiaries in Cambodia, the Group has extended financial support through interest-free loans to these subsidiaries to assist these subsidiaries in the acquisition of assets and services. The aggregate loans amount to $25,198,000 (USD 19,594,000) by 2010. Under current tax laws in Cambodia, a deemed interest is imputed on loans from a non-resident person and resident person which are subject to 14% and 15% withholding tax respectively. Withholding tax is due if and when the payer remits the payment to the beneficiary.

During the financial year ended 31 December 2010, the Group has progressively converted an aggregate amount of $22,497,000 (USD 17,494,000) into share capital of these subsidiaries. The Group has deemed aggregate $25,198,000 of loans as quasi-equity and consequently are not subject to withholding tax in Cambodia.

During the current financial year, the Group granted additional loans of $4,457,000 (USD 5,829,000) and imputed deemed interest at a rate of 5.8% per annum on these loans. The Group has declared withholding tax in respect of deemed interest on the additional loans and the tax has been duly paid to the relevant tax authority. The tax authority may however, deem interest based on market rates on the full balance of the outstanding loan at year end.

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33. Financial instruments

Classification of financial instruments

	Note	Loans and receivables	Held for trading	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
2011					
Group					
Assets					
Trade receivables		3,524	–	–	3,524
Other receivables and deposits	19	685	–	–	685
Amounts due from non-controlling shareholders		1,300	–	–	1,300
Investment securities		–	2,814	–	2,814
Cash and short-term deposits		13,571	–	–	13,571
Total financial assets		19,080	2,814	–	21,894
Total non-financial assets					50,284
Total assets					72,178
Liabilities					
Trade payables		–	–	794	794
Other payables and accruals	25	–	–	2,926	2,926
Amount due to a non-controlling shareholder		–	–	3,043	3,043
Loans and borrowings		–	–	11,445	11,445
Total financial liabilities		–	–	18,208	18,208
Total non-financial liabilities					1,246
Total liabilities					19,454

33. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Note	Loans and receivables	Held for trading	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
2010					
Group					
Assets					
Trade receivables		5,007	–	–	5,007
Other receivables and deposits	19	712	–	–	712
Amounts due from non-controlling shareholders		535	–	–	535
Investment securities		–	2,814	–	2,814
Cash and short-term deposits		22,465	–	–	22,465
Total financial assets		28,719	2,814	–	31,533
Total non-financial assets					49,778
Total assets					81,311
Liabilities					
Trade payables		–	–	1,103	1,103
Other payables and accruals	25	–	–	3,569	3,569
Amount due to a non-controlling shareholder		–	–	1,320	1,320
Loans and borrowings		–	–	23,201	23,201
Total financial liabilities		–	–	29,193	29,193
Total non-financial liabilities					669
Total liabilities					29,862

Notes to the Financial Statements
31 December 2011

33. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Note	Loans and receivables	Held for trading	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
2011					
Company					
Assets					
Other receivables and deposits	19	29	–	–	29
Amounts due from subsidiaries		66,416	–	–	66,416
Investment securities		–	2,598	–	2,598
Cash and short-term deposits		459	–	–	459
Total financial assets		66,904	2,598	–	69,502
Total non-financial assets					1,338
Total assets					70,840
Liabilities					
Other payables and accruals	25	–	–	372	372
Amounts due to subsidiaries		–	–	5,658	5,658
Loans and borrowings		–	–	30	30
Total financial liabilities		–	–	6,060	6,060
Total non-financial liabilities					2
Total liabilities					6,062

33. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Note	Loans and receivables	Held for trading	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
2010					
Company					
Assets					
Other receivables and deposits	19	1	–	–	1
Amounts due from subsidiaries		61,208	–	–	61,208
Investment securities		–	2,572	–	2,572
Cash and short-term deposits		1,386	–	–	1,386
Total financial assets		62,595	2,572	–	65,167
Total non-financial assets					1,374
Total assets					66,541
Liabilities					
Other payables and accruals	25	–	–	502	502
Amounts due to subsidiaries		–	–	1,349	1,349
Loans and borrowings		–	–	56	56
Total financial liabilities		–	–	1,907	1,907
Total non-financial liabilities					2
Total liabilities					1,909

Notes to the Financial Statements
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33. Financial instruments (cont'd)

Fair values of financial instruments

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

The quoted equity instruments held for trading are carried at fair value based on "quoted prices in active markets for identical instruments" (Level 1) in the fair value hierarchy.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Financial assets:				
Held for trading investments (Note 21)				
- Equity instruments (quoted)	2,814	2,814	2,598	2,572

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 end of the reporting period.

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

Except for quoted equity instruments, the carrying amounts of the financial assets and liabilities in Note 33 above 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 at or near the end of the reporting period.

34. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks from its operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risk, foreign currency risk and market price risk. The Group's risk management policy focuses on the foreign 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's 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.

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

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing deposits placed with various financial institutions. The Group's and the Company's policy are to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 basis points lower / higher with all other variables held constant, the Group's profit net of tax would have been approximately $114,000 (2010: $226,000) higher / lower, arising mainly as a result of higher/lower interest expense on 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 short-term deposits), 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 end of the reporting period, the Group's 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 $15,483,000 (2010: $40,980,000) relating to corporate guarantees provided by the Company for bank facilities, open letter of credit and performance guarantees granted to subsidiary companies of the Group, of which, approximately $15,483,000 (2010: $31,390,000) has been utilised as at the end of the reporting period.

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

(b) *Credit risk (cont'd)*

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 end of the reporting period is as follows:

	2011		2010	
	$'000	%	$'000	%
By industry sectors:				
Property development and real estate	3,311	94.0	4,174	83.4
Agriculture	213	6.0	833	16.6
	3,524	100.0	5,007	100.0
By country:				
Singapore	3,367	95.5	4,283	85.5
Taiwan	–	–	469	9.4
Cambodia	157	4.5	254	5.1
Others	–	–	1	–
	3,524	100.0	5,007	100.0

Financial assets that are neither past due or impaired

As at the end of the reporting period, approximately 94% (2010: 83%) of the Group's trade receivables comprises balance proceeds receivable for the sale of a development property which is collectible upon the issuance of the Certificate of Statutory Completion. As at the date of this report, nil% (2010: 8%) of the balance proceeds have been received.

The remaining trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits 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 and deposits), and Notes 17 and 20 (Amounts due from/(to) subsidiaries/non-controlling shareholders).

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

(c) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

	2011				2010			
	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	3,524	–	–	3,524	5,007	–	–	5,007
Other receivables and deposits (Note 19)	685	–	–	685	712	–	–	712
Amounts due from non-controlling shareholders	1,300	–	–	1,300	535	–	–	535
Investment securities	2,814	–	–	2,814	2,814	–	–	2,814
Cash and short-term deposits	13,571	–	–	13,571	22,465	–	–	22,465
Total undiscounted financial assets	21,894	–	–	21,894	31,533	–	–	31,533
Financial liabilities:								
Trade payables	794	–	–	794	1,103	–	–	1,103
Other payables and accruals (Note 25)	2,926	–	–	2,926	3,569	–	–	3,569
Amount due to a non-controlling shareholder	3,043	–	–	3,043	1,320	–	–	1,320
Loans and borrowings	12,176	401	188	12,765	8,493	13,559	1,678	23,730
Total undiscounted financial liabilities	18,939	401	188	19,528	14,485	13,559	1,678	29,722
Total net undiscounted financial assets / (liabilities)	2,955	(401)	(188)	2,366	17,048	(13,559)	(1,678)	1,811

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

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

	2011				2010			
	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 (Note 19)	29	–	–	29	1	–	–	1
Amount due from subsidiaries	66,416	–	–	66,416	61,208	–	–	61,208
Investment securities	2,598	–	–	2,598	2,572	–	–	2,572
Cash and short-term deposits	459	–	–	459	1,386	–	–	1,386
Total undiscounted financial assets	69,502	–	–	69,502	65,167	–	–	65,167
Financial liabilities:								
Other payables and accruals (Note 25)	372	–	–	372	502	–	–	502
Amount due to subsidiaries	5,658	–	–	5,658	1,349	–	–	1,349
Loans and borrowings	27	4	–	31	27	32	–	59
Total undiscounted financial liabilities	6,057	4	–	6,061	1,878	32	–	1,910
Total net undiscounted financial assets / (liabilities)	63,445	(4)	–	63,441	63,289	(32)	–	63,257

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

(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 is largely attached to the exposure of its net financial assets denominated in USD.

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 USD and RMB are considered to be long-term in nature. The remaining exposure is not considered by the management to be significant.

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 USD and RMB exchange rates against SGD with all other variables held constant.

	Group	
	Profit after tax	
	2011	**2010**
	$'000	$'000
USD (strengthen 5%)	161	141
USD (weaken 5%)	(161)	(141)
RMB (strengthen 5%)	(2)	(2)
RMB (weaken 5%)	2	2

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

(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 end of the reporting period, if the Index had been 5% (2010: 5%) higher/lower, the Group would have an increase/decrease in the other operating income of approximately $141,000 (2010: $141,000) including foreign exchange.

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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is loans and borrowings divided by total capital which include equity attributable to the owners of the Company and non-controlling 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	
	2011	**2010**
	$'000	$'000
Loans and borrowings (Note 26)	11,445	23,201
Equity attributable to the owners of the Company	50,345	49,759
Non-controlling interests	2,379	1,690
Total capital	52,724	51,449
Gearing ratio	22%	45%

36. Segment information

Reporting format

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) *Agriculture Division*

The Agriculture Division carries on the business of agricultural development, cultivation, branding and merchandising, distribution of corn for the processing and animal feed milling industries and operates the agriculture-related resort business.

(ii) *Property Development and Real Estate Division*

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

(iii) *Others*

Others segment comprises:

(a) the Company who is engaged in the business of investment holding generating income from management services provided to related companies and dividend; and

(b) 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.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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36. Segment information (cont'd)

	Agriculture Division	Property development and real estate Division	Others	Elimination	Note	Group
	$'000	$'000	$'000	$'000		$'000
2011						
Revenue						
External sales	3,751	27,159	–	–		30,910
Inter-segment sales	–	–	1,680	(1,680)	A	–
	3,751	27,159	1,680	(1,680)		30,910
Results:						
Interest income	10	10	–	–		20
Gain on disposal of property, plant and equipment	(5)	1,385	–	–		1,380
Gain on disposal of investment properties	–	1,474	–	–		1,474
Fair value loss on held for trading investment securities	–	(26)	–	–		(26)
Fair value adjustment to agricultural produce	(586)	–	–	–		(586)
Inventories written down	(4)	–	–	–		(4)
Depreciation	(1,797)	(139)	(40)	–		(1,976)
Impairment loss on property, plant and equipment	(97)	–	–	–		(97)
Finance costs	(442)	(114)	(2)	–		(558)
Segment profit / (loss)	(5,477)	6,809	206	(211)	A	1,327
Assets:						
Additions to non-current assets	8,655	–	9	–		8,664
Segment assets	43,066	25,689	3,423	–		72,178
Segment liabilities	(1,509)	(4,886)	(370)	–	B	(6,765)

36. Segment information (cont'd)

	Agriculture Division	Property development and real estate Division	Others	Elimination	Note	Group
	$'000	$'000	$'000	$'000		$'000
2010						
Revenue						
External sales	12,725	28,774	–	–		41,499
Inter-segment sales	–	–	1,680	(1,680)	A	–
	12,725	28,774	1,680	(1,680)		41,499
Results:						
Interest income	4	1	2	–		7
Fair value gain on held for trading investment securities	–	175	–	–		175
Inventories written down	(8)	–	–	–		(8)
Depreciation	(1,263)	(223)	(107)	–		(1,593)
Impairment loss on property, plant and equipment	(202)	–	–	–		(202)
Finance costs	(3)	(284)	(3)	–		(290)
Segment profit / (loss)	(5,251)	2,876	(2,101)	2,815	A	(1,661)
Assets:						
Additions to non-current assets	8,078	–	–	–		8,078
Segment assets	42,569	34,408	4,334	–		81,311
Segment liabilities	(1,994)	(3,502)	(504)	–	B	(6,000)

Note: A Relates to inter-segment transactions eliminated on consolidation.

B Segment liabilities do not include provision for taxation, deferred taxation and interest-bearing liabilities.

Notes to the Financial Statements
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36. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Singapore	27,983	29,482	6,290	8,721
Taiwan	304	4,785	–	–
Vietnam	185	2,902	–	–
Indonesia	–	2,576	–	–
Cambodia	2,410	1,154	29,012	21,311
Malaysia	–	570	–	–
Others	28	30	1,472	1,595
Total	30,910	41,499	36,774	31,627

Information about a major customer

The Group is not significantly reliant on revenue derived from any major customer or group of customers under common control during the year.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 26 March 2012.

Analysis of Shareholdings
as at 12 March 2012

Issued and fully paid up capital	:	S$105,425,588.87
No. of shares issued	:	3,957,211,329
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 999	65	0.87	29,878	0.00
1,000 - 10,000	741	9.90	4,001,834	0.10
10,001 - 1,000,000	6,290	84.05	1,127,813,956	28.50
1,000,001 and above	388	5.18	2,825,365,661	71.40
TOTAL	7,484	100.00	3,957,211,329	100.00

Top twenty shareholders as at 12 March 2012	No. of shares	%
Ong Bee Huat	415,255,500	10.49
Wong Wen-Young	415,255,500	10.49
Hsu Hung-Chun	120,000,000	3.03
Wang Chung Construction (Singapore) Pte Ltd	89,400,000	2.26
Goh Bak Heng	84,211,333	2.13
DBS Vickers Securities Private Ltd	72,425,000	1.83
United Overseas Bank Nominees Pte Ltd	66,826,604	1.69
Maybank Kim Eng Securities Pte Ltd	64,016,994	1.62
Toh Tiam Hock	59,950,666	1.51
Merrill Lynch (Singapore) Pte Ltd	51,949,000	1.31
DBS Nominees Pte Ltd	48,367,662	1.22
Philip Securities Pte Ltd	40,613,831	1.03
Mayban Nominees (S) Pte Ltd	36,901,998	0.93
OCBC Securities Private Ltd	33,430,212	0.84
SCE Enterprise Pte. Ltd.	30,934,000	0.78
Citibank Consumer Nominees Pte Ltd	27,434,603	0.69
Hong Leong Finance Nominees Pte Ltd	26,000,000	0.66
Ng Ming Jie	25,720,000	0.65
UOB Kay Hian Pte Ltd	24,969,000	0.63
CIMB Securities (Singapore) Pte Ltd	24,609,998	0.62
	1,758,271,901	44.41

Substantial Shareholder	Direct Interest	Deemed Interest	No. of Shares	%
Ong Bee Huat	415,255,500	-	415,255,500	10.49
Wong Wen-Young	415,255,500	-	415,255,500	10.49

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

77.63% of the Company's issued shares are held 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 Thirteenth Annual General Meeting of **HLH GROUP LIMITED** will be held on Monday, 23 April 2012 at 10.30 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 2011 and the Reports of the Directors and Auditors and the Statement by Directors thereon. **[Resolution 1]**

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

   (i) Dr Wang Kai Yuen **[Resolution 2]**
   (ii) Dr Wong Wen-Young Winston **[Resolution 3]**

3. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

4. To transact any other business which may be properly 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$119,000.00 for the financial year ended 31 December 2011 (2010: S$106,000). **[Resolution 5]**

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:

   (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 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; and

(iv) 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 6]**

By Order of The Board

HELEN CAMPOS
Company Secretary
Singapore
5 April 2012

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 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 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.

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 10 Neo Tiew Lane 2 #01-05 Singapore 718813 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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 Thirteenth Annual General Meeting of the Company to be held at D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 on Monday, 23 April 2012 at 10.30 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 Thirteenth 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 Thirteenth Annual General Meeting.)

No.	Resolutions relating to:	For	Against
1	Adoption of Audited Accounts for the financial year ended 31 December 2011 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-election of Dr Wong Wen-Young Winston retiring pursuant to Article 89 of the Articles of Association of the Company.		
4	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorisation of Directors to fix their remuneration.		
5	Approval of Directors' Fees of S$119,000.00 for the financial year ended 31 December 2011.		
6	Authority to Directors to allot and issue new shares.		

Dated this ________ day of ______________ 2012

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
10 Neo Tiew Lane 2
#01-05
Singapore 718813

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 10 Neo Tiew Lane 2 #01-05 Singapore 718813 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 authorised 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.

HLH Group Limited
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