HLH GROUP LIMITED

since 1988

BUILDING ASSETS ACROSS

THE BORDERS

2014 ANNUAL REPORT

CORPORATE **PROFILE**

THE COMPANY

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:

PROPERTY DEVELOPMENT AND REAL ESTATE

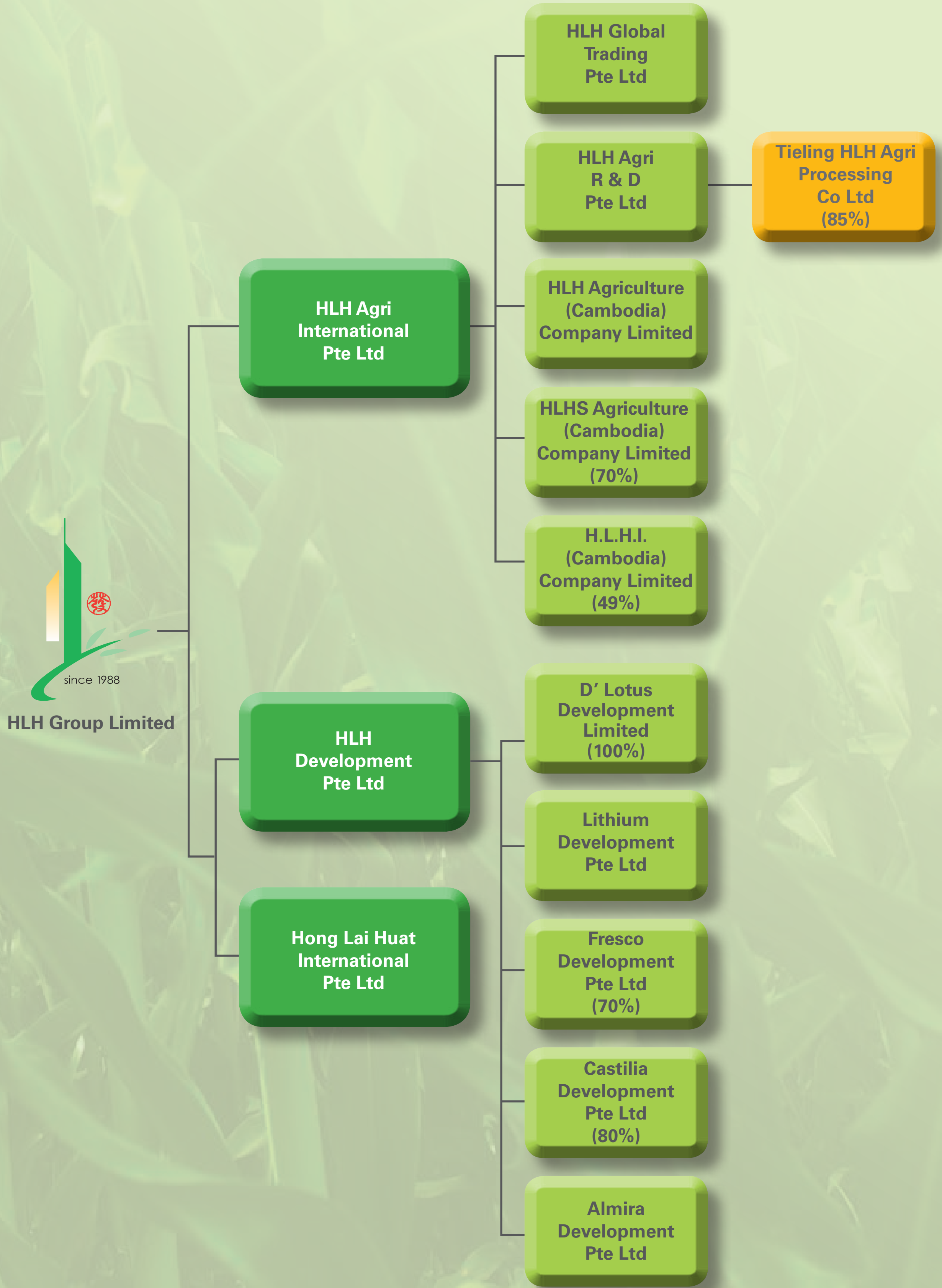
The division is carrying on the business of investment and development of commercial, residential and industrial properties.

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 and operates the agriculture-related resort business.

CONTENTS

ORGANISATION STRUCTURE



MESSAGE TO SHAREHOLDERS

Dear Shareholders,

2014 was a trying but rewarding year for the Group. Executing our revamped business model with perseverance and commitment, the bottom line of the Group has returned to black.

Subsequent to our successful joint operation in our plantation operations, we have returned to our forte, construction and property development. We intend to export these expertise, into Cambodia. In recent years, there are many property developments in Cambodia targeting wealthy locals and foreigners. We note the pent-up demand for affordable housings for locals especially the young educated generation. Going forward, we plan to focus in this sector and sincerely believe we will ultimately achieve sustainable value and growth for our businesses.

Strategic Development during the Year

Agriculture Division

Plantation operations (Cambodia)

We have worked closely with our joint operator, Zhong Fu International Investment (Cambodia) Ltd on the cultivation, processing and production of cassava at our Cambodia 9,985 hectares of farmland plantation situated in the Aoral District, Kampong Speu Province. Our Agriculture Division also works with interest parties to source for agriculture land parcels in Cambodia to develop and operate through collaboration with joint operation partners with the aim to eventually transfer the plantation land ownership. This business model will enable the group to have a sustainable return and upside potential from the operations.

Apart from the above, our Agriculture Division is also exploring to leverage on our transnational network to commence trading in cassava, sugar and rice. Our main target markets would be China, India and other Asia countries.

Agri-tainment Farm Resort (D'Kranji Farm Resort)

Our villas occupancy and visitors rates have increased steadily in the year. We have successfully brought in 19 operators to add revenue and vibrancy to the Resort. We have put in continuous efforts in our advertising and marketing strategies to attract more holiday-makers and visitors. These include organising monthly farm fairs and also cooperating with farmers from Japan to market their produce in our resort to attract more human traffic to our resort.

Similar to the business operating model in Cambodia, the farm resort is currently ready for transfer to interested resort owners or operators.

Property Development and Real Estate Division

We have developed a new factory on our warehouse land along Phnom Penh National Road 4. Our Property Division entered into a Sale and Purchase Agreement to acquire a plot of land in Phnom Penh city which was eventually terminated on mutual agreement.

With Cambodia continues to enjoy steady GDP growth, and this in turn leads to more jobs creation and better living standard, the Group plans to focus in the development of public executive condominium for the locals, especially the young educated executives and entrepreneurs who yearn to have their own property.

Going Forward

The Group will leverage on our forte in property and construction development to grow our Property Division in Cambodia. We plan to develop our Agriculture Division through cooperation business model riding on our established reputation and network. We will continue to seek for opportunity for sustainable growth which bring value to all our shareholders and other stake holders.

Appreciation

On behalf of the Board, we wish to express our sincere appreciation to our Management and staff for their wholehearted, unwavering dedication and perseverance in reinforcing our position as one of the leading property and agriculture players in Cambodia.

We would also like to take this opportunity to thank our valued institutional and individual shareholders for their confidence and belief in HLH Group, our business associates and principals for their successful collaboration with us in various business operations, our bankers and the government authorities for their vital support and role in our strategic planning and execution.

Dr. Wang Kai Yuen
Chairman

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

BOARD OF DIRECTORS

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

Dr. Wang was appointed as Director on 1 May 2006. He is also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration 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 ComfortDelGro Corporation Ltd, COSCO Corporation (Singapore) Ltd, Ezion Holdings Limited, A-sonic Aerospace Ltd, Matex International Ltd, Emas Offshore Ltd, and China Aviation Oil (Singapore) Corporation 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, JOHNNY
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, 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 and is the Founder and Chief Executive Officer of renowned Taiwanese electronics and plastics conglomerate Grace T.H.W Group. He is also 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.

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 Committee and Remuneration Committee. Dr. Chen is the Executive Chairman of Pavillon Holdings Ltd (f.k.a. Thai Village Holdings Ltd), and the Chairman of SAC Capital Private Limited, Matex International Limited, Fu Yu Corporation Limited, Deputy Chairman of Hanwell Holdings Ltd, Tat Seng Packaging Group Ltd, and a director of a number of other public listed companies including OKP Holdings Limited and Hiap Seng Engineering Ltd. 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. LEE KUO CHUEN, DAVID
Non-Executive Independent Director

Dr. Lee was appointed as Director on 30 April 2012. He is currently a Director of Ferrell Asset Management Pte Ltd and a Professor of Quantitative Finance (Practice) at the Singapore Management University. He is also a Council Member of The Economic Society of Singapore, Kwong Wai Shiu Hospital, Yeung Ching Foundation as well as Financial Research Council, The Money Authority of Singapore. Dr. Lee was the Managing Director of two public-listed companies, namely, Auric Pacific Group Limited and Overseas Union Enterprise Limited. He was also the former Chairman of MAP Technology Holdings Limited and a member of the SGX Securities Committee.

OPERATIONS REVIEW

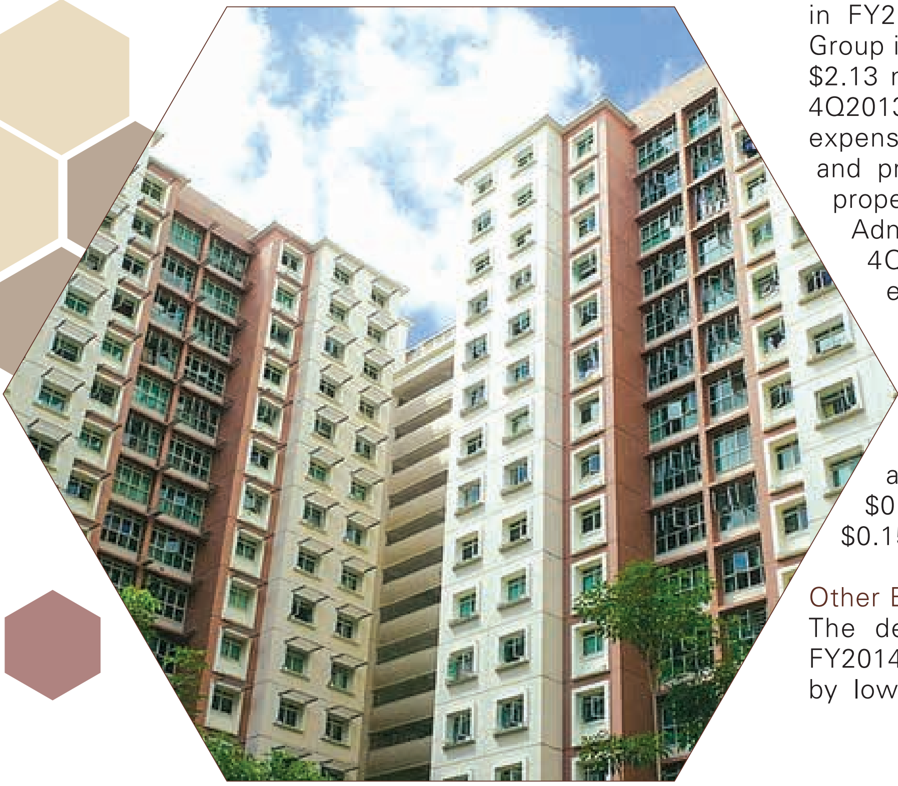
Review of Income Statement

Revenue

The Group's revenue increased by $2.20 million in FY2014 to $6.80 million as compared to $4.60 million in FY2013 and $0.31 million in 4Q2014 to $1.37 million as compared to $1.06 million in 4Q2013 due primarily to the cooperation income of $3.23 million and $0.82 million pertaining to the joint operations with Zhong Fu International Investment (Cambodia) Ltd ("Zhong Fu") in FY2014 and 4Q2014 respectively.

Gross Profit/(loss)

The Group achieved a gross profit of $3.65 million in FY2014 as compared to a gross loss of $1.56 million in FY2013 mainly contributed by the recognition of cooperation income of $3.23 million pertaining to the joint operations with Zhong Fu in FY2014. The Group also achieved a gross profit of $1.14 million in FY2014 as compared to a gross loss of $0.88 million in FY2013 mainly contributed by the recognition of cooperation income of $0.82 million pertaining to the joint operations with Zhong Fu in 4Q2014. The cooperation income is offset by minimal direct costs to the joint operations.



Other Income

The Group's other income increased by $3.81 million in FY2014 to $4.13 million as compared to $0.32 million in FY2013 and $3.63 million in 4Q2014 to $3.72 million as compared to $0.09 million in 4Q2013 as the Group recognised an aggregate gain on change in fair value of $3.38 million to three of its investment properties in Cambodia. The fair values of the investment properties have been determined based on valuations performed by an independent valuer with recent experience in the location and category of the property being valued.

Administrative Expenses

Administrative expenses of the Group increased slightly by $0.14 million in FY2014 to $5.56 million as compared to $5.42 million in FY2013. Administrative expenses of the Group increased by $0.81 million in 4Q2014 to $2.13 million as compared to $1.32 million in 4Q2013 mainly due to increase in indirect tax expenses accrual, corporate legal expenses and professional fees incurred for potential property development projects in Cambodia. Administrative expenses for FY2014 and 4Q2014 comprised mainly personnel expenses of $1.58 million (FY2013: $1.56million) and $0.39 million (4Q2013: $0.41 million), depreciation expenses of $1.47 million (FY2013: $1.86 million) and $0.33 million (4Q2013: $0.46 million), and upkeep of plant and equipment of $0.50 million (FY2013: $0.99million) and $0.22 million (4Q2013: $0.15 million) respectively.

Other Expenses

The decrease in other expenses for both FY2014 and 4Q2014 was mainly contributed by lower fair value loss on held for trading

investment securities of $0.24 million (FY2013: $0.63 million) and $0.24 million (4Q2013: $0.63 million) respectively.

Finance Costs

Finance cost for both FY2014 and 4Q2014 decreased by $0.10 million and $0.01 million respectively mainly due to reduction in outstanding bank loans during the current period.

Income tax expenses

Income tax expenses for FY2014 and 4Q2014 mainly comprised deferred tax expenses pertaining to the gain on change in fair value to the Investment Properties in Cambodia recognised in profit and loss.

In summary, the Group achieved a net profit of $0.93 million in FY2014 as compared to a net loss of $7.70 million in FY2013. The Group also achieved a net profit of $1.64 million in 4Q2014 as compared to a net loss of $2.84 million in 4Q2013. The Group achieved total comprehensive income of $44.31 million and $5.05 million in FY2014 and 4Q2014 respectively, as compared to total comprehensive loss of $6.54 million and $2.57 million for the corresponding periods.

Review of Financial Position

Non-current Assets

Property, plant and equipment decreased by $21.10 million from $44.58 million as at 31 December 2013 to $23.48 million as at 31 December 2014. The decrease was mainly due to the reclassification of Land and Buildings to Investment Properties of $20.76 million resulting from the change in mode of the Group's operations in Cambodia.

Investment Properties increased by $77.58 million from $0.28 million as at 31 December 2013 to $77.86 million as at 31 December 2014. The increase was mainly due to the reclassification of Land and Buildings to Investment Properties of $20.76 million resulting from the change in mode of the Group's operations in Cambodia. In addition, the Group recognised

OPERATIONS REVIEW

an aggregate gain on change in fair value of $53.05 million to these reclassified Investment Properties to Asset revaluation reserve and Gain on change in fair value. The fair values of these investment properties have been determined based on valuations performed by an independent valuer with recent experience in the location and category of the property being valued.

Working Capital

Inventories decreased by $1.88 million from $2.77 million as at 31 December 2013 to $0.89 million as at 31 December 2014. The decrease was mainly attributed to sale of dry corn inventory during the current period.

Trade receivables increased by $3.32 million from $0.28 million as at 31 December 2013 to $3.60 million as at 31 December 2014 mainly due to the accrual of cooperation income due from Zhong Fu for the current period.

The increase in other receivables by $0.83 million from $0.73 million as at 31 December 2013 to $1.56 million as at 31 December 2014 was mainly due to balance deposit of US$0.59 million previously paid pertaining to the proposed acquisition of land situated in the heart of Phnom Penh City Centre for planned development of office tower, luxury condominiums, and F&B and retail buildings.

Investment securities reduced by $0.21 million from $0.64 million as at 31 December 2013 to $0.43 million as at 31 December 2014 due to the decrease in fair value of the investment securities.

Trade payables reduced by $0.10 million from $0.33 million as at 31 December 2013 to $0.23 million as at 31 December 2014 mainly due to lower purchases made during the current period resulting from the change in mode of the Group's operations in Cambodia.

Other payables and accruals decreased by $0.07 million from $2.70 million as at 31 December 2013 to $2.77 million as at 31 December 2014 mainly due the return of deposits to sub contract farmers and settlement of accrued operating expenses.

Provision for Taxation

Reduction in provision for taxation relates to the payment of income tax by one of the Group's property development subsidiary.

Interest-bearing Loans and Borrowings

Loans and borrowings for the Group decreased by $1.76 million from $4.23 million as at 31 December 2013 to $2.47 million as at 31 December 2014 mainly due to repayment of term loan pertaining to the Group's operations in Cambodia.

Net Assets

The net assets of the Group were $97.21 million as at 31 December 2014 (FY2013: $53.09 million).

Review of Cash Flow Statement

Review of cash flows used in operating activities

Net cash flows used in operating activities for FY2014 was $2.67 million as compared to $2.53 million for FY2013. The utilisation in FY2014 was mainly for working capital while the utilisation in FY2013 was mainly due to operating losses.

Review of cash flows from/(used in) investing activities

Net cash flow of $3.87 million was generated from investing activities for FY2014 as compared to $10.70 million used in FY2013. The utilisation in FY2013 was due mainly to the costs incurred in upgrading works at D'Kranji Farm, and land improvements and the purchase of plant and equipment for the Group's operations in Cambodia. In addition, a fixed deposit of $4.1 million was pledged with a bank for banking facility in FY2013. The fixed deposit was withdrawn in FY2014.

Review of cash flows used in financing activities

Net cash flow of $2.07 million was used in financing activities in FY2014 while $1.70 million was used in FY2013. The decrease in cash flows was mainly due to repayment of term loan pertaining to the Group's operations in Cambodia.

Overall, cash and cash equivalents of the Group stood at $5.20 million as at 31 December 2014 (31.12.2013: $6.00 million).

CORPORATE INFORMATION

DIRECTORS

Dato Dr. Ong Bee Huat, Johnny
(Executive Director)
Dr. Wang Kai Yuen
(Independent Director)
Dr. Chen Seow Phun, John
(Independent Director)
Dr. Lee Kuo Chuen, David
(Independent Director)
Dr. Wong Wen-Young, Winston
(Non-Executive Director)
Dr. Wong Jr. Winston
(Alternate Director to Dr. Wong Wen-Young, Winston)

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 of Directors (the "Board") of HLH Group Limited (the "Company", and together with its subsidiaries, collectively the "Group") 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 of Corporate Governance 2012 (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 Code as it serves as a practical guide defining Directors' duties and responsibilities.

Principle 1: The Board's Conduct of Affairs

Currently, the Board comprises five Directors – one executive Director, three Independent Non-executive Directors and one Non-executive Director. The Board is supported by various sub-committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). Each Board 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 objectives 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 the Management performance; and

d. set the Company's values and standards and ensure that obligations to shareholders and other stakeholders 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 NC.

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.

A new director as well as existing directors will be briefed by the Chief Executive Officer ("CEO") on a regular basis on the development and performance of the Company.

REPORT ON CORPORATE GOVERNANCE

The number of Directors' and Board Committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2014 ("FY2014") are 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	4	4	4	1	1	1	1
Dr. Wong Wen-Young, Winston (or his alternate, Dr. Wong Jr. Winston)	4	3	NA	NA	NA	NA	NA	NA
Dato' Dr. Ong Bee Huat, Johnny	4	4	NA	NA	1	1	1	1
Dr. Chen Seow Phun, John	4	4	4	4	1	1	1	1
Dr. Lee Kuo Chuen, David	4	4	4	4	1	1	1	1

Principle 2: Board Composition and Guidance

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 Dr. Lee Kuo Chuen, David. 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, a 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. None of the Non-executive Independent Directors have been appointed to the Board of the Company for more than 9 years from the date of his first appointment.

REPORT ON CORPORATE GOVERNANCE

Principle 3: Chairman and Chief Executive Officer

The Company has a separate Chairman and CEO. The position of Chairman is non-executive. The Chairman and CEO are not related to each other.

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles of Chairman and CEO are separated. The CEO bears executive responsibility for implementing the Board's decision and policies. In addition, the CEO also supervises and directs the Company's business.

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 SGXNET;

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. assisting in ensuring compliance with the guidelines on corporate governance.

The CEO of the Company is Dato Dr. Ong Bee Huat, Johnny. He is the founder of the Company. He is responsible for making strategic plans and setting business objectives for the Company, ensuring the profitability of such plans, and focuses on generating revenues and maintaining profitability of the Company.

Principle 4: Board Membership

Principle 5: Board Performance

The 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, Dr. Lee Kuo Chuen, David and Dato' Dr. Ong Bee Huat, Johnny 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 CEO of the Company; members of the various Board committees, for the purpose of proposing such nominations to the Board for its approval;

REPORT ON
CORPORATE GOVERNANCE

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 NC has established a review process to assess the performance and effectiveness of the Board as a whole and the contribution by individual Directors to the Board. On an annual basis, all Directors are required to complete checklists on the performance of individual Director and the effectiveness of the Board as a whole. These will be reviewed by the NC before presenting to the Board for discussion.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors have allocated sufficient time and resources to the affairs of the Company and are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

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

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

b. the NC identifies the need 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;

REPORT ON
CORPORATE GOVERNANCE

d. the 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. the 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.

The Company's Articles of Association provides that 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"). It also provides that a newly appointed Director must retire and submit himself for re-election at the forthcoming AGM following his appointment. The NC has reviewed the multiple directorships disclosed by each director of the Company and was of the view that for the role expected of each Director, the existing various directorships of the respective Director has not impinged on his ability to discharge his duties.

Information regarding the Board of Directors can be found on pages 4 to 5 of the Annual Report.

Principle 6: Access to Information

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.

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.

REPORT ON CORPORATE GOVERNANCE

Principle 7: Remuneration Matters

Principle 8: Level and mix of remuneration

Principle 9: Disclosure of Remuneration

The RC comprises three Independent Non-Executive Directors and one Executive Director of the Company, Dr. Lee Kuo Chuen, David as the Chairman, and Dr. Wang Kai Yuen, Dr. Chen Seow Phun, John, and Dato' Dr. Ong Bee Huat, Johnny 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	–	–	100.0	–	100.0
Dato' Dr. Ong Bee Huat, Johnny (Note)	$500,000 to $749,999	77.4	6.5	–	16.1	100.0
Dr. Wong Wen-Young, Winston	$0 to $249,999	–	–	100.0	–	100.0
Dr. Chen Seow Phun, John	$0 to $249,999	–	–	100.0	–	100.0
Dr. Lee Kuo Chuen, David	$0 to $249,999	–	–	100.0	–	100.0

Given the highly competitive industry conditions, the Company believes that it is not in the best interests of the Company to disclose remuneration of each individual Director and the CEO on a named basis. The Company is instead disclosing the Directors' remuneration in bands of $250,000 and the breakdown (in percentage) of the Directors' remuneration as per the table set out above.

REPORT ON CORPORATE GOVERNANCE

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

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

Note:
Over and above the salary, bonus and other benefits, Dato' Dr. Ong Bee Huat, Johnny, the Deputy Chairman and CEO 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, Johnny also includes a profit sharing element computed based on 5% of the Group's net profit before tax, excluding any extraordinary items and the sum set aside for the Executive profit sharing. Having reviewed and considered the variable components of the CEO, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of the remuneration paid in prior years.

In addition, the CEO owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the CEO in the event of such breach of fiduciary duties.

The Company had 5 employees at the executive level for FY2014. The remuneration of the key executives (who are not Directors) in the bands of S$250,000 are shown in the table below:–

Key Executive	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below S$250,000				
Ms. Gan Wui Koh	82.4	6.9	10.7	100.0
Mr. Tan Kian Kok	84.3	7.0	8.7	100.0
Mr. Ong Bee Wah*	79.8	–	20.2	100.0
Mr. Ong Jia Ming**	66.5	5.3	28.2	100.0
Mr. Kandrathanda Chengappa Subramani	90.9	–	9.1	100.0

* Mr. Ong Bee Wah resigned from the Group on 30 November 2014.
** Mr. Ong Jia Ming joined the Group on 18 January 2014.

For FY2014, the aggregate total remuneration paid to the key Management personnel (who are not Directors or the CEO) amounted to $604,000.

REPORT ON CORPORATE GOVERNANCE

The remuneration of executives who are immediate family members of directors and whose remuneration exceeds $50,000 during the year is shown in the table below:

Key Executive and relationship with Director	Remuneration Bands	Salary	Bonus	Other Benefits	Total
		%	%	%	%
Ong Jia Ming Son of Dato' Dr. Ong Bee Huat, Johnny	$50,000 to $99,999	66.5	5.3	28.2	100.0
Ong Bee Wah Brother of Dato' Dr. Ong Bee Huat, Johnny	$50,000 to $99,999	79.8	–	20.2	100.0
Winston Wong Junior Son of Dr. Wong Wen-Young, Winston	$50,000 to $99,999	86.2	–	13.8	100.0

Principle 10: Accountability

The Management provides the Board with detailed reports on the Group's financial performance and related matters on a regular basis. Procedures are in place to ensure that financial information relating to the Group's operations are not false or misleading in order to increase the assurance level of the AC in its review of the quarterly financial information.

Principle 14: Shareholder Rights and Responsibilities

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder meetings

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.

REPORT ON CORPORATE GOVERNANCE

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 the 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.

The Company has not paid any dividends to shareholders as the Company had been making operating losses.

Principle 11: Risks Management and Internal Controls

Principle 12: Audit Committee

Principle 13: Internal Audit

The AC comprises three Independent Non-executive Directors of the Company, Dr. Wang Kai Yuen as the Chairman, and Dr. Chen Seow Phun, John and Dr. Lee Kuo Chuen, David 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;

REPORT ON
CORPORATE GOVERNANCE

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 the 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;

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 the Management;

l. reviews the effectiveness of the internal audit function; and

m. makes 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 auditors.

For FY2014, the external auditors' remuneration in respect of audit services provided to the Group amounted to $136,000. There were no non-audit services provided to the Group during the year. 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.

The AC has reviewed the Company's system of internal controls, including financial, operational, compliance and information technology controls, risk management policies and systems established by the Management during the year and is satisfied that the overall system of controls is adequate.

REPORT ON CORPORATE GOVERNANCE

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.

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 AC, is satisfied that the Group's framework of internal controls is adequate to address the financial, operational, compliance and information technology risks of the Group, and provide reasonable assurance in safeguarding 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 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 $100,000)	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
DE' BEER GARDEN				
Management fee income in respect of beer garden and restaurant operations at D'Kranji Farm Resort	274	418	–	–
SONG BEE CONSTRUCTION PTE LTD				
Renovation works at D'Kranji Farm Resort	43	63	–	–
Upgrading works at D'Kranji Farm Resort	70	2,355	–	–

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 2014.

Directors

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

Dr. Ong Bee Huat	(Executive director)
Dr. Wang Kai Yuen	(Independent director)
Dr. Wong Wen-Young, Winston	(Non-Executive director)
Dr. Chen Seow Phun, John	(Independent director)
Dr. Lee Kuo Chuen, David	(Independent director)

In accordance with Article 89 of the Company's Articles of Association, Dr. Chen Seow Phun, John and Dr. Lee Kuo Chuen, David 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 and 31 December 2014	**21 January 2015**	**1 January and 31 December 2014**	**21 January 2015**
HLH Group Limited				
Ordinary shares				
Dr. Wang Kai Yuen	4,803,000	4,803,000	–	–
Dr. Wong Wen-Young, Winston	415,255,500	415,255,500	–	–
Dato' Dr. Ong Bee Huat	415,255,500	422,255,500	–	–

Change in the above-mentioned interests in the Company between the end of the financial year and 21 January 2015 is as set out above.

DIRECTORS' REPORT

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

Directors' 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.

Auditor

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

On behalf of the Board of Directors:

Dr. Ong Bee Huat
Director

Dr. Wang Kai Yuen
Director

Singapore
23 March 2015

STATEMENT BY DIRECTORS

We, Dr. Ong Bee Huat and Dr. Wang Kai Yuen, 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 2014 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

Dr. Wang Kai Yuen
Director

Singapore
23 March 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014
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 29 to 96 which comprise the balance sheets of the Group and the Company as at 31 December 2014, 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 AUDITOR'S REPORT

For the financial year ended 31 December 2014
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 2014 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
Chartered Accountants
Singapore

23 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	4	6,800	4,603
Cost of sales		(3,152)	(6,164)
Gross profit/(loss)		3,648	(1,561)
Other income	5	4,128	322
Distribution and selling expenses		(18)	(39)
Administrative expenses		(5,561)	(5,415)
Other expense	6	(296)	(678)
Finance costs	7	(223)	(322)
Profit/(loss) before taxation	8	1,678	(7,693)
Income tax expenses	9	(751)	(10)
Net profit/(loss) for the year		927	(7,703)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings		39,614	–
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		2,438	381
Exchange differences on monetary items forming part of net investment in a foreign operation		1,335	782
Other comprehensive income for the year, net of tax		43,387	1,163
Total comprehensive income for the year		44,314	(6,540)
Net profit/(loss) attributable to:			
Owners of the Company		890	(7,690)
Non-controlling interests		37	(13)
		927	(7,703)
Total comprehensive income attributable to:			
Owners of the Company		44,274	(6,538)
Non-controlling interests		40	(2)
		44,314	(6,540)
Profit/(loss) per share (cents)			
Basic	10	0.022	(0.194)
Diluted		0.022	(0.194)

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

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Assets					
Non-current assets					
Property, plant and equipment	11	23,480	44,580	57	76
Investment properties	12	77,864	276	276	276
Investment in subsidiaries	13	–	–	1,000	1,000
		101,344	44,856	1,333	1,352
Current assets					
Inventories	14	889	2,766	–	–
Biological assets	15	–	83	–	–
Trade receivables	17	3,595	277	–	–
Other receivables, deposits and prepayments	18	1,557	733	29	28
Amounts due from subsidiaries	19	–	–	84,915	79,671
Advances to non-controlling shareholders	16	831	1,100	–	–
Investment securities	20	426	635	424	633
Cash and short-term deposits	21	5,202	10,098	1,125	6,305
		12,500	15,692	86,493	86,637
Total assets		113,844	60,548	87,826	87,989

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

BALANCE SHEETS

As at 31 December 2014

		Group		Company	
	Note	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Equity and liabilities					
Current liabilities					
Trade payables	22	228	334	–	–
Other payables and accruals	24	1,440	1,434	431	379
Amounts due to subsidiaries	19	–	–	10,955	11,067
Provision for taxation		85	195	2	2
Loans and borrowings	25	2,308	2,012	–	–
		4,061	3,975	11,388	11,448
Net current assets		8,439	11,717	75,105	75,189
Non-current liabilities					
Deferred tax liabilities	23	11,090	–	–	–
Loans and borrowings	25	162	2,215	–	–
Other payables and accruals	24	1,324	1,265	–	–
		12,576	3,480	–	–
Total liabilities		16,637	7,455	11,388	11,448
Net assets		97,207	53,093	76,438	76,541
Equity attributable to owners of the Company					
Share capital	26	105,426	105,426	105,426	105,426
Reserves	27	(9,474)	(53,748)	(28,988)	(28,885)
		95,952	51,678	76,438	76,541
Non-controlling interests		1,255	1,415	–	–
Total equity		97,207	53,093	76,438	76,541
Total equity and liabilities		113,844	60,548	87,826	87,989

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 2014

	Share capital (Note 26) $'000	Accumulated losses (Note 27) $'000	Capital reserve (Note 27) $'000	Asset revaluation reserve (Note 27) $'000	Currency translation reserve (Note 27) $'000	Total $'000	Non-controlling interests $'000	Equity total $'000
Group								
At 1 January 2013	105,426	(44,735)	481	–	(2,956)	58,216	2,917	61,133
Other comprehensive income								
Net foreign exchange difference arising on consolidation of foreign subsidiaries	–	–	–	–	370	370	11	381
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	–	782	782	–	782
Net loss for the year	–	(7,690)	–	–	–	(7,690)	(13)	(7,703)
Total comprehensive income for the year	–	(7,690)	–	–	1,152	(6,538)	(2)	(6,540)
Capital returned to a non-controlling shareholder#	–	–	–	–	–	–	(300)	(300)
Dividend paid to a non-controlling shareholder#	–	–	–	–	–	–	(1,200)	(1,200)
Total contributions by and distribution to owners	–	–	–	–	–	–	(1,500)	(1,500)
Balance at 31 December 2013	105,426	(52,425)	481	–	(1,804)	51,678	1,415	53,093
Group								
At 1 January 2014	105,426	(52,425)	481	–	(1,804)	51,678	1,415	53,093
Other comprehensive income								
Revaluation of land and buildings	–	–	–	39,614	–	39,614	–	39,614
Net foreign exchange difference arising on consolidation of foreign subsidiaries	–	–	–	–	2,435	2,435	3	2,438
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	–	1,335	1,335	–	1,335
Net profit for the year	–	890	–	–	–	890	37	927
Total comprehensive income for the year	–	890	–	39,614	3,770	44,274	40	44,314
Capital returned to a non-controlling shareholder*	–	–	–	–	–	–	(200)	(200)
Total contributions by and distribution to owners	–	–	–	–	–	–	(200)	(200)
Balance at 31 December 2014	105,426	(51,535)	481	39,614	1,966	95,952	1,255	97,207

During the financial year 2013, one of the Company's subsidiaries, Fresco Development Pte Ltd (which the Group held 70% of its equity) declared dividends. On top of that, it returned a significant portion of its share capital to its shareholders.

* *During the year, one of the Company's subsidiaries, Castilia Development Pte Ltd (which the group held 80% of its equity) returned a significant portion of its share capital to its shareholders.*

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 2014

	Share capital (Note 26) $'000	Accumulated losses (Note 27) $'000	Capital reserve (Note 27) $'000	Equity total $'000
Company				
At 1 January 2013	105,426	(27,979)	(459)	76,988
Net loss for the year	–	(447)	–	(447)
Total comprehensive income for the year	–	(447)	–	(447)
At 31 December 2013 and 1 January 2014	105,426	(28,426)	(459)	76,541
Net loss for the year	–	(103)	–	(103)
Total comprehensive income for the year	–	(103)	–	(103)
At 31 December 2014	105,426	(28,529)	(459)	76,438

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 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit/(loss) before tax		1,678	(7,693)
Adjustments for:			
Interest expense	7	223	322
Bad debts written off		18	–
Depreciation of property, plant and equipment	11(d)	2,185	2,426
Gain on change in fair value of investment properties	5	(3,382)	–
Gain on disposal of plant and equipment, net	5	(25)	(25)
Property, plant and equipment written off		–	22
Foreign exchange adjustments		(1,115)	(53)
Fair value loss on held for trading investment securities, net	6	239	634
(Gain)/loss on change in fair value of agricultural produce	15	(241)	844
Interest income	5	(96)	(65)
Operating loss before working capital changes		(516)	(3,588)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(4,121)	2,055
Decrease/(increase) in inventories and biological assets		2,335	(459)
Decrease)/(increase) in amounts due from non-controlling shareholders		–	(200)
(Decrease)/increase in trade and other payables		(131)	225
Cash flows used in operations		(2,433)	(1,967)
Interest paid		(223)	(322)
Income tax paid		(107)	(308)
Interest received		96	65
Net cash flows used in operating activities		(2,667)	(2,532)
Cash flows from investing activities			
Withdrawal/(placement) of fixed deposits pledged		4,100	(4,100)
Purchase of investment properties	12	(415)	–
Purchase of property, plant and equipment	11(d)	(653)	(6,831)
Proceeds from sale of property, plant and equipment		842	236
Net cash from/(used in) investing activities		3,874	(10,695)

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 2014

	Note	2014 $'000	2013 $'000
Cash flows from financing activities			
Proceeds from bank term loan		–	3,757
Repayment of bank term loan		(2,068)	(5,459)
Net cash flows used in financing activities		(2,068)	(1,702)
Net decrease in cash and cash equivalents		(861)	(14,929)
Effect of exchange rate changes on balances held in foreign currencies		65	9
Cash and cash equivalents at beginning of year	21	5,998	20,918
Cash and cash equivalents at end of year	21	5,202	5,998

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 implemented the following:

(a) *Voluntary change in accounting policy relating to investment properties*

During the financial year, the Group changed its accounting policy relating to investment properties from the cost model to the fair value model in accordance with FRS 40 Investment Property. Following the Group's change in its mode of operations in Cambodia from January 2014 (Note 11(b)), the directors felt that the fair value model more appropriately reflects the fair values of its properties.

As at 31 December 2013, the Group had one property classified as investment property (Note 12), for which its carrying value approximated fair value.

For the financial year ended 31 December 2014, following the transfer of the land and buildings in Cambodia to investment properties from property, plant and equipment (Note 11(b)), the Group recorded a cumulative gain on change in fair value of investment properties for all its investment properties amounting to $3,382,000, which has been included in profit and loss.

(b) *New and revised standards*

The Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	
(d) Amendments to FRS 16 *Property, Plant and Equipment and* FRS 38 *Intangible Assets*	1 July 2014
(e) Amendments to FRS 24 *Related Party Disclosures*	
Improvements to FRSs (February 2014)	1 July 2014
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(c) Amendments to FRS 40 *Investment Property*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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:

– 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(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.

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 profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

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.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the 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 measured.

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.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date 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.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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 equipment	–	10 – 20 years
Motor vehicle	–	3 – 10 years
Renovation	–	2 – 10 years

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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

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.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (Continued)

Investment properties are de-recognised 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.

For transfers of owner-occupied property classified as property, plant and equipment to investment property carried at fair value, the property is depreciated and any impairment losses are recognised up to the date that the property is owner-occupied. At the date of transfer:

(a) Any resulting decrease in the carrying amount of the property is recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognised in other comprehensive income and reduces the revaluation surplus within equity.

(b) Any resulting increase in the carrying amount is treated as follows:

   (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss. The amount recognised in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised.

   (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

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 of disposal 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 groups 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

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

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an entity investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.11 Biological assets and agricultural produce

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

Plantations in initial stages of growth are stated on initial recognition at cost 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, cassava root and soya beans are measured at fair value less estimated point-of-sale costs. The fair value was determined based on the actual selling prices in the local market approximating those at 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised 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.

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, and 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. 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. Derivatives, including separated embedded derivatives are also classified as held for trading.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Subsequent measurement (Continued)

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

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 in other comprehensive income is recognised in profit or loss.

2.14 Impairment of financial assets

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

For financial assets carried at amortised cost, the Group first assesses 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term bank deposits.

2.16 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.

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

De-recognition

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

2.20 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 are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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 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 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) Deferred tax (Continued)

– In respect of deductible temporary differences associated with investments in subsidiaries, 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.

The carrying amount of deferred 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 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) Sales tax

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

– Where the sales tax incurred on 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases

(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 profit or loss. 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 profit or loss 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 2.25(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) 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 costs or the possible return of goods.

(b) Resort management

Revenue from resort management 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.

(c) Resort operations

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

(d) Income from co-operation agreements

Income is recognised in accordance with contractual terms, based on the agreements signed with third parties.

(e) Rental income

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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

(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.

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. 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 there is no other significant judgement made in applying accounting policies apart from the key estimates disclosed below, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below.

(a) Impairment of property, plant and equipment ("PPE")

The Group assesses whether there are any indicators of impairment for its PPE at each reporting date. PPE are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The carrying amount of PPE tested for impairment as at 31 December 2014 is $8,721,000 (2013: $9,329,000). This consists mainly of leasehold land, leasehold improvement, land use rights and building in Singapore and People's Republic of China.

The Group engaged independent real estate valuation experts ("Valuers") to perform valuations on these PPE. The Valuers have valued the PPE using the following methods:

(i) Replacement cost method and investment method, and each method is being used as a check against the other. The determination of the value of PPE under the investment method requires the use of estimates such as future cash flows generated from the PPE and discount rates. These estimates are based on local market conditions existing at the end of the reporting period. The value of PPE under the replacement cost method is derived by adding the value of the building and other improvements to the land value. The value of building and other improvements are based on the current construction costs less depreciation.

(ii) Direct comparison method by referencing to recent transactions of similar items, and made appropriate adjustments for differences in use, size, structure etc.

(b) 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 debtors' ability to repay including 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 17 and 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(c) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent real estate valuation experts ("Valuers") to assess the fair values as at 31 December 2014 and 2013. The valuation techniques used by the Valuers comprise the direct comparison approach and the depreciated replacement cost method. The key assumptions used to determine the fair value of these investment properties and sensitivity analysis are provided in Note 33.

The carrying amounts of the investment properties carried at fair value as at 31 December 2014 is $77,864,000 (2013: $276,000).

(d) 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 23. 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 as at 31 December 2014 were $85,000 (2013: $195,000). The carrying amount of the Company's tax payable at 31 December 2014 was $2,000 (2013: $2,000).

4. REVENUE

Revenue comprises:

	Group	
	2014	**2013**
	$'000	$'000
Sale of crops	2,081	3,315
Income from co-operation agreements	3,230	–
Resort operations income	1,081	827
Resort management income	408	461
	6,800	4,603

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5. OTHER INCOME

	Group 2014 $'000	Group 2013 $'000
Interest income from bank deposits	96	65
Gain on change in fair value of investment properties (Note 12)	3,382	–
Gain on disposal of property, plant and equipment	25	25
Net foreign exchange gain	242	87
Other rental income	128	95
Other sundry income	255	50
	4,128	322

6. OTHER EXPENSES

	Group 2014 $'000	Group 2013 $'000
Property, plant and equipment written off	–	22
Bad debts written off	18	–
Fair value loss on held for trading investment securities	239	634
Allowance for impairment of doubtful debts	–	22
Others	39	–
	296	678

7. FINANCE COSTS

	Group 2014 $'000	Group 2013 $'000
Interest expense on:		
– finance leases	9	2
– bank term loan	214	320
	223	322

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

8. PROFIT/(LOSS) BEFORE TAXATION

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

	Group	
	2014	**2013**
	$'000	$'000
Personnel expenses (Note 28)	1,930	2,100
Depreciation of property, plant and equipment (Note 11(d))	2,185	2,426
Directors' fees	119	119
Rental of premises and office facilities	47	36
Legal and professional fees	431	21
Auditors' remuneration		
– auditors of the Company and local subsidiaries	105	106
– auditors of the overseas subsidiaries*	31	25
– other auditor	1	1
Non-audit fees paid to auditors of the Company	–	5
Travelling expenses	60	70
Inventories recognised as an expense in cost of sales (Note 14)	1,837	4,670

* Refers to member firm of Ernst & Young Global.

9. INCOME TAX EXPENSES

(a) Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2014 and 2013 are:

	2014	**2013**
	$'000	$'000
(i) *Statement of comprehensive income*		
Current income tax		
– current income taxation	–	1
– (over)/under provision in respect of prior years	(3)	9
Deferred income tax		
– origination and reversal of temporary differences	754	–
Income tax expense recognised in profit or loss	751	10
(ii) *Other comprehensive income*		
Income tax expense recognised in other comprehensive income	9,866	–

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. INCOME TAX EXPENSES (CONTINUED)

(b) The reconciliation between tax expenses and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	$'000	$'000
Profit/(loss) before taxation	1,678	(7,693)
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	449	(1,482)
Income not subject to taxation	(75)	(82)
Non-deductible expenses	245	627
Utilisation of previously unrecognised tax losses	(170)	–
Current year losses for which no deferred tax asset was recognised	305	963
Effect of partial tax exemption	–	(3)
(Over)/under provision in respect of prior years	(3)	9
Others	–	(22)
Income tax expense recognised in profit or loss	751	10

(c) 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. The validity of this tax incentive is dependent on the HLHA meeting all the terms and conditions set by the Council for the Development of Cambodia.

In December 2013, HLHA entered into agreements with third parties for crop cultivation at its Kampong Speu agricultural land in Cambodia. Management considers the revenue generated under the agreements as distribution of profit from the said agreements and subject to tax under the Cambodian tax law. The concept of such agreements are presently not well recognised in Cambodia and as such, there is no clear tax guidance on such arrangements. Additionally, HLHA has unrecognised carried forward tax loss benefits of $18,207,000, that is subject to conditions of utilisation encapsulated in the tax legislation.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

9. INCOME TAX EXPENSES (CONTINUED)

As the taxation system in Cambodia is relatively new and complex, with frequently changing legislation, it is subject to differing interpretations in each jurisdiction. Taxes are also subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create significant tax risks in Cambodia. Management believes that it has adequately provided for tax liabilities using reasonable estimates based its best judgements and interpretation of the current tax legislation. Differences of interpretation may arise on a wide range of tax issues, including the above, depending on the conditions prevailing in the country.

The other Cambodia companies of the Group, HLHI (Cambodia) Co Ltd and D' Lotus Development Limited, are 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. PROFIT/(LOSS) PER SHARE (CENTS)

Basic profit/(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 profit/(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 profit/(loss) per share for the years ended 31 December:

	Group	
	2014	**2013**
	$'000	$'000
Net profit/(loss) attributable to owners of the Company	890	(7,690)
Weighted average number of ordinary shares for basic loss per share computation	3,957,211,329	3,957,211,329
Weighted average number of ordinary shares for diluted loss per share computation	3,957,211,329	3,957,211,329

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Lease-hold land $'000	Land use rights[c] $'000	Leasehold improvement $'000	Building and structure $'000
Cost					
As at 1.1.2013	2,465	5,614	1,119	8,178	9,451
Additions	7	–	–	1,983	3,013
Reclassification	–	–	–	1,445	57
Disposals	–	–	–	–	–
Translation differences	87	150	74	319	173
As at 31.12.2013 and 1.1.2014	2,559	5,764	1,193	11,925	12,694
Revaluation[b]	2,107	56,160	–	(8,869)	82
Additions	–	–	–	53	21
Transfer to investment properties[b]	(4,669)	(60,582)	–	(1,106)	(4,029)
Disposals	–	–	–	–	–
Translation differences	3	6	23	97	18
As at 31.12.2014	–	1,348	1,216	2,100	8,786
Accumulated depreciation and impairment loss					
As at 1.1.2013	–	450	343	190	2,038
Charge for the year[d]	–	140	18	133	559
Disposals	–	–	–	–	–
Translation differences	–	8	24	8	41
As at 31.12.2013 and 1.1.2014	–	598	385	331	2,638
Charge for the year[d]	–	79	18	92	521
Transfer to investment properties[b]	–	(295)	–	(332)	(740)
Disposals	–	–	–	–	–
Translation differences	–	–	8	5	8
As at 31.12.2014	–	382	411	96	2,427
Net book value					
As at 31.12.2014	–	966	805	2,004	6,359
As at 31.12.2013	2,559	5,166	808	11,594	10,056

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

	Construction in progress $'000	Computers $'000	Furniture and fittings $'000	Machineries and equipment $'000	Motor vehicles $'000	Office equipment $'000	Reno-vation $'000	Total $'000
	3,961	209	405	14,116	1,175	128	85	46,906
	19	63	32	1,156	906	26	–	7,205
	(4,054)	–	–	2,552	–	–	–	–
	–	(15)	(19)	(266)	(425)	(4)	–	(729)
	93	2	2	538	31	2	2	1,473
	19	259	420	18,096	1,687	152	87	54,855
	–	–	–	–	–	–	–	49,480
	417	1	16	59	440	1	–	1,008
	(30)	–	–	–	–	–	–	(70,416)
	–	(57)	(94)	(426)	(756)	(29)	(17)	(1,379)
	18	1	2	798	30	4	3	1,003
	424	204	344	18,527	1,401	128	73	34,551
	–	177	284	3,739	532	62	35	7,850
	–	27	61	1,451	257	25	10	2,681
	–	(14)	(10)	(118)	(352)	(1)	–	(495)
	–	1	1	146	9	–	1	239
	–	191	336	5,218	446	86	46	10,275
	–	17	23	1,386	262	15	8	2,421
	–	–	–	–	–	–	–	(1,367)
	–	(54)	(94)	(165)	(203)	(29)	(17)	(562)
	–	1	1	267	10	2	2	304
	–	155	266	6,706	515	74	39	11,071
	424	49	78	11,821	886	54	34	23,480
	19	68	84	12,878	1,241	66	41	44,580

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
As at 1.1.2013	34	11	456	3	29	533
Additions	44	–	–	20	–	64
Disposal	–	–	(305)	–	–	(305)
As at 31.12.2013 and 1.1.2014	78	11	151	23	29	292
Disposals	(30)	–	–	–	(17)	(47)
As at 31.12.2014	48	11	151	23	12	245
Accumulated depreciation						
As at 1.1.2013	28	6	316	3	16	369
Charge for the year	4	1	140	2	5	152
Disposal	–	–	(305)	–	–	(305)
As at 31.12.2013 and 1.1.2014	32	7	151	5	21	216
Charge for the year	10	2	–	4	3	19
Disposals	(29)	–	–	(1)	(17)	(47)
As at 31.12.2014	13	9	151	8	7	188
Net book value						
As at 31.12.2014	35	2	–	15	5	57
As at 31.12.2013	46	4	–	18	8	76

(a) The Group has motor vehicles under finance leases (Note 31c) with net book value of $464,000 (2013: $249,000). The leased assets are pledged as security for the related finance lease liabilities.

(b) Revaluation of land and buildings and transfers to investment properties

In January 2014, the Group changed its mode of operations for its agriculture land in Cambodia, from directly planting crop to arrangements to co-operate the agriculture land with third parties for the cultivation of crop on the agriculture land. Additionally, its factory and warehouse at Tropaing Chheu Neang Village was leased to other parties. Details of these properties are disclosed in Note 12. With the change of use of the above properties, the carrying values of these land and buildings were reclassified to investment properties.

In accordance with FRS 16 Property, Plant and Equipment, these are revalued at their estimated fair values in January 2014. The fair values were determined by independent valuations performed by Colliers International (Hong Kong) Ltd. The resultant revaluation gain of $49,480,000, offset by deferred taxes of $9,866,000, was recognised in other comprehensive income, and included under asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) 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 43 years (2013: 44 years).

	Group	
	2014	**2013**
	$'000	$'000
Amount to be amortised:		
– Not later than one year	19	18
– Later than one year but not later than five years	75	74
– Later than five years	711	716
	805	808

(d) During the year, depreciation of $236,000 (2013: $255,000) 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:

	2014	**2013**
	$'000	$'000
Aggregate additions of property, plant and equipment for the year per Note 11	1,008	7,205
Less: Capitalisation of depreciation of machineries used for land clearing	(236)	(255)
Less: Acquisition of motor vehicles under finance lease	(119)	(119)
Purchase of property, plant and equipment per cash flow statement	653	6,831

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

	2014	**2013**
	$'000	$'000
Aggregate depreciation of property, plant and equipment per Note 11	2,421	2,681
Less: Capitalisation of depreciation on machineries to leasehold improvement	(236)	(255)
Depreciation of property, plant and equipment per consolidated statement of comprehensive income	2,185	2,426

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. INVESTMENT PROPERTIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance sheet:				
At 1 January	276	276	276	276
Transfer from property, plant and equipment	69,049	–	–	–
Additions (subsequent expenditure)	415	–	–	–
Net gains from fair value adjustments recognised in profit or loss (Note 5)	3,382	–	–	–
Exchange differences	4,742	–	–	–
At 31 December	77,864	276	276	276

The investment properties held by the Group as at 31 December 2014 are as follows:

Description and location	Existing use	Tenure	Land Area	Carrying value
(a) 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
Transferred from property, plant and equipment				
(b) Land, factory and warehouse at Tropaing Chheu Neang Village, Peuk Commune, Ang Snoul District, Kandal Province, Cambodia Tropaing Chheu Neang Village, Peuk Commune, Ang Snoul District, Kandal Province, Cambodia	Industrial land	Freehold	19,620 m^2	$2,349,000
(c) Land, buildings and infrastructure at Prek Village, Amleang Commune, Thpong District, Kampong Speu Province, Cambodia	Agriculture land	Freehold	450 hectares	$4,369,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. INVESTMENT PROPERTIES (CONTINUED)

Description and location	Existing use	Tenure	Land Area	Carrying value
(d) Land, buildings and infrastructure at Aoral District in Kampong Speu Province, Cambodia	Agriculture land	70 years concession	9,985 hectares	$70,437,000
Acquired during the year				
(e) Land at Tropiang Cho Commune, Aoral District in Kampong Speu Province, Cambodia	Agriculture land	Freehold	403 hectares	$433,000

The investment property held by the Group as at 31 December 2013 comprise the freehold land at Kmougne Village in (a) above, with a carrying value of $276,000.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repair, maintenance or enhancements, except for a legal mortgage provided to a bank, over the freehold land in (c) above in respect of the bank term loan (Note 25).

Valuation of investment properties

Investment properties are stated at fair value, which have been determined based on valuations performed as at 31 December 2014 and 31 December 2013 by independent real estate valuation experts with recent experience in the location and category of the properties being valued. Details of the valuation techniques and inputs used are disclosed in Note 33.

13. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	23,969	23,969
Less: Impairment losses	(22,969)	(22,969)
	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The Company has the following subsidiaries as at 31 December 2014:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held		Cost of investment	
			2014	2013	2014	2013
			%	%	$'000	$'000
Held by the Company						
Hong Lai Huat International 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

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held	
			2014	2013
			%	%
(A) Held by HLH Agri International Pte Ltd				
HLH Agri R&D Pte Ltd*	Agricultural research and experimentation including trading	Singapore	100	100
HLH Global Trading Pte Ltd *	Dormant	Singapore	100	100
Tieling HLH Agri Processing Co. Ltd (China)[@]	Dormant	China	85	85
HLHI (Cambodia) Co. Ltd**[(i)]	Investment holding, property investment	Cambodia	49	49
HLH Agri (Cambodia) Co. Ltd**	Agriculture plantation, processing and distribution	Cambodia	100	100
HLHS (Cambodia) Co. Ltd^[@]	Dormant	Cambodia	70	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The Company has the following subsidiaries as at 31 December 2014 (Continued):

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held	
			2014	2013
			%	%
(B) Held by HLH Development Pte Ltd				
Lithium Development Pte Ltd*(i)	Investment holding, property investment	Singapore	100	100
Fresco Development Pte Ltd*(i)	Property development and real estate	Singapore	70	70
Castilia Development Pte Ltd*	Property development and real estate	Singapore	80	80
Almira Development Pte Ltd*(i)	Property development and real estate	Singapore	100	100
D' Lotus Development Limited**(ii)	Property development and real estate	Singapore	49	–

* Audited by Ernst & Young LLP, Singapore.

** Audited by member firm of Ernst & Young Global.

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

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

(i) In the process of being struck off.

(ii) A director of the Company holds the remaining 51% interest in the subsidiaries, in trust for the Group, pursuant to deeds of trust agreement between the director and the companies in the Group. Accordingly, 100% interests of the subsidiaries have been consolidated in the Group's financial statements.

14. INVENTORIES

	Group	
	2014	2013
	$'000	$'000
Balance sheet:		
Processed corn	–	1,574
Raw materials	71	132
Consumables	414	570
Machineries and spare parts	404	490
	889	2,766
Comprehensive income statement:		
Inventories recognised as an expense in cost of sales (Note 8)	1,837	4,670

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. BIOLOGICAL ASSETS

	Group	
	2014	**2013**
	$'000	$'000
At 1 January	83	129
Additions*	–	4,408
Gain/(loss) on changes in fair value less costs to sell	–	(844)
Decreases due to harvest*	(83)	(3,610)
At 31 December	–	83

* These are additions and decreases to corn, cassava and soya bean plantations during the year.

During the financial year, the Group harvested approximately 748 tonnes (2013: 11,535 tonnes) of wet corn, which had a fair value less estimated point-of-sale costs of approximately S$237,000 (2013: S$2,904,000).

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

16. ADVANCES TO NON-CONTROLLING SHAREHOLDERS

	Group	
	2014	**2013**
	$'000	$'000
Advances to non-controlling shareholders – non-trade	831	1,100

Non-trade advances to non-controlling shareholders are unsecured, interest-free, repayable on demand and are to be settled in cash.

The advances to non-controlling shareholders pertain to advances made to the non-controlling shareholders of Fresco Development Pte Ltd and Castilia Development Pte Ltd.

The amounts were paid out of the development project surplus after the development projects of Fresco Development Pte Ltd and Castilia Development Pte Ltd obtained Temporary Occupation Permit. The amounts were paid out in proportion to the equity interest of the non-controlling interests.

17. TRADE RECEIVABLES

	Group	
	2014	**2013**
	$'000	$'000
Trade receivables	3,595	277

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. TRADE RECEIVABLES (CONTINUED)

Included in trade receivables is an amount of $3,376,000 pertaining to one of the co-operation agreements entered into by a subsidiary with a third party for cultivation of crop. In accordance with the agreement, repayment terms are either by way of cash or the equivalent value in crop upon harvest. The amount is non-interest bearing and recognised at its contractual value which represent the fair value on initial recognition.

The remaining 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.

The Group has trade receivables amounting to $157,000 (2013: $121,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014	**2013**
	$'000	$'000
Less than 30 days	42	27
30 days to 60 days	32	52
61 days to 90 days	33	13
Over 90 days	50	29
At 31 December	157	121

Trade receivables denominated in foreign currency at the end of the reporting period is as follows:

	Group	
	2014	**2013**
	$'000	$'000
USD	3,437	96

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Other receivables	1,289	427	21	22
Deposits (net of allowance for impairment)	90	212	8	–
Other receivables and deposits	1,379	639	29	22
Prepayments	178	94	–	6
	1,557	733	29	28

Included in other receivables as at 31 December 2014, is an amount of $740,000 relating to a portion of amounts paid for a proposed purchase of freehold land in Cambodia, of which the purchase agreement was subsequently terminated during the financial year.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Other receivables	3	3	–	–
Less: Allowance for impairment (Note i)	(3)	(3)	–	–
	–	–	–	–

Other receivables and deposits denominated in foreign currencies at the end of the reporting period are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
USD	1,440	520	–	–
RMB	37	30	–	–

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.

19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2014	**2013**
	$'000	$'000
Due from subsidiaries		
– trade	10,366	8,697
– non-trade	77,246	73,671
	87,612	82,368
Less: Allowance for doubtful debts	(2,697)	(2,697)
	84,915	79,671
Due to subsidiaries		
– non-trade	(10,955)	(11,067)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. INVESTMENT SECURITIES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Held for trading investments				
– equity instruments (quoted)	426	635	424	633

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Cash at banks and in hand	2,621	3,986	803	193
Short-term fixed deposits with financial institutions	2,581	6,112	322	6,112
	5,202	10,098	1,125	6,305

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	
	2014	**2013**
	$'000	$'000
Cash and short-term deposits (as above)	5,202	10,098
Less: Fixed deposit pledged	–	(4,100)
Cash and cash equivalents, per consolidated cash flow statement	5,202	5,998

As at 31 December 2013, fixed deposit of $4,100,000 was pledged as security for short term loan facilities denominated in USD. All outstanding short term loan amounts have been fully repaid as of the previous financial year end. Accordingly, the pledge on the fixed deposit was released on 5 February 2014.

Cash at banks and fixed deposits earn interest at floating rates based on daily deposit rates ranging from 0.25% to 0.50%% (2013: 0.25% to 0.69%) per annum. Fixed deposits are held for varying periods of between 1 to 3 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

Cash and short-term deposits denominated in foreign currencies at the end of the reporting period are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
USD	3,498	1,416	–	–
RMB	6	6	–	–

22. TRADE PAYABLES

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

Trade payables denominated in foreign currency at the end of the reporting period is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
USD	128	182	–	–

23. DEFERRED TAX LIABILITIES

As disclosed in Notes 2.2(a) and 11(b), the Group recognised a gain on revaluation of land and buildings and a gain on change in fair value of investment properties during the financial year. The deferred tax liabilities as at 31 December 2014 therefore relate to the following:

Group	**Balance sheet**	**Other comprehensive income**	**Profit and loss**
	$'000	$'000	$'000
Deferred tax liabilities			
Revaluation of land and buildings	10,358	9,866	–
Gain on change in fair value of investment properties	732	–	754
	11,090	9,866	754

The Group has tax losses of approximately $32,171,000 (2013: $30,322,000) that are available for offset against future taxable profits of the Group for which deferred tax assets amounting to approximately $5,984,875,000 (2013: $5,657,000) 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

For the financial year ended 31 December 2014

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Other payables	532	161	84	26
Deposits received	288	289	–	–
Accrued operating expenses	606	973	347	353
	1,426	1,423	431	379
Deferred income	14	11	–	–
	1,440	1,434	431	379
Non-current				
Deposits received	1,324	1,265	–	–
Total other payables and accruals	2,764	2,699	431	379

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

The non-current deposits received relate to deposits placed by a third party relating to one of the co-operation agreements.

Other payables, deposits received and accrued operating expenses denominated in foreign currencies at the end of the reporting period are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
USD	1,971	1,584	–	–
RMB	55	37	–	–

25. LOANS AND BORROWINGS

	Year of maturity	Group	
		2014	2013
		$'000	$'000
Current:			
Bank term loan (secured)	2015	2,228	1,989
Obligations under finance leases (Note 31)	2013-2018	80	23
		2,308	2,012

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. LOANS AND BORROWINGS (CONTINUED)

	Year of maturity	Group 2014 $'000	Group 2013 $'000
Non-current:			
Bank term loan (secured)	2015	–	2,115
Obligations under finance leases (Note 31)	2013-2018	162	100
		162	2,215
Total loans and borrowings		2,470	4,227

Bank term loan

Bank term loan was taken to finance the Group's operations in Cambodia. The term loan was secured by way of the following:

– charge and assignment over all bank accounts of two subsidiaries;

– assignment of all receivables of two subsidiaries;

– charge over all ordinary shares of a subsidiary;

– legal mortgage over freehold land of a subsidiary;

– charge over specified lists of vehicles, machineries and equipment 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. This loan is expected to be fully repaid by December 2015.

26. SHARE CAPITAL

	Group and Company 2014 No. of ordinary shares	2014 $'000	2013 No. of ordinary shares	2013 $'000
Issued and fully paid				
At 1 January and 31 December	3,957,211,329	105,426	3,957,211,329	105,426

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.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

27. RESERVES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Capital reserve (Note (i))	481	481	(459)	(459)
Asset revaluation reserve (Note (ii))	39,614	–	–	–
Currency translation reserve (Note (iii))	1,966	(1,804)	–	–
Accumulated losses	(51,535)	(52,425)	(28,529)	(28,426)
	(9,474)	(53,748)	(28,988)	(28,885)

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 asset revaluation reserve represents revaluation of land and buildings, net of deferred tax liabilities, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Note (iii)

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.

28. PERSONNEL EXPENSES

		Group	
	Note	**2014**	**2013**
		$'000	$'000
Salaries and bonuses		1,722	1,842
Central Provident Fund contribution		105	118
Other short-term benefits		103	140
	8	1,930	2,100

Key management and directors' remuneration included above is disclosed in Note 29 (c) and (d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. 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	
	Note	**2014**	**2013**
		$'000	$'000
Management fee income in respect of beer garden and restaurant operations at D'Kranji Farm Resort	(i)	274	385
Provision of shuttle bus service at D'Kranji Farm Resort	(ii)	38	47
Renovation and upgrading works at D'Kranji Farm Resort	(iii)	113	2,418
Staff costs	(iv)	266	227

(i) 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 Group. 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.

(ii) The shuttle bus service at D'Kranji Farm Resort was provided by a sole proprietorship owned by a close family member of a key management personnel of the Group. The engagement was awarded based on better monthly charges quoted as compared to quotations obtained from at least two other sources.

(iii) A Company owned by close family member of a director of the Group was engaged to perform renovation and upgrading works at D'Kranji Farm Resort.

(iv) Staff costs of $266,000 (2013: $227,000) were paid to individuals who are close family members of directors. These individuals are occupying managerial positions of the Company and its subsidiaries.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

29. RELATED PARTY DISCLOSURES (CONTINUED)

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

	Company 2014 $'000	Company 2013 $'000
Management fees from subsidiaries	1,575	1,500

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

	Group 2014 $'000	Group 2013 $'000
Short term employee benefits	1,013	926
Central Provident Fund contributions	46	34
	1,059	960
Comprise amounts paid to:		
Director of the Company	543	581
Other key management personnel	516	379
	1,059	960

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

	2014			2013		
Company	**Executive directors**	**Non-executive directors**	**Total**	**Executive directors**	**Non-executive directors**	**Total**
$500,000 to $749,999	1	–	1	1	–	1
$250,000 to $499,999	–	–	–	–	–	–
$0 to $249,999	–	4	4	–	4	4
	1	4	5	1	4	5

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

30. COMMITMENTS

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

The Group has entered into commercial property leases on its investment properties. 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	
	2014	**2013**
	$'000	$'000
Within one year	121	116
Later than one year but not later than five years	71	184
	192	300

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

The Group has 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.

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's activities concerning dividends, additional debts or entering into other leasing agreements.

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. 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.

Minimum lease payments recognised as an expense in the statement of comprehensive income for the financial year ended 31 December 2014 amounted to $47,000 (2013: $36,000).

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

	Group	
	2014	**2013**
	$'000	$'000
Not later than one year	88	38
Later than one year but not later than five years	222	50
Later than five years	780	758
	1,090	846

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

30. COMMITMENTS (CONTINUED)

(c) ***Co-operation agreement***

On 26 December 2013, HLHA entered into an agreement with Zhong Fu International Investment (Cambodia) Ltd ("Zhong Fu") in respect of the cultivation, processing and production of cassava (or maize and sugarcane) at HLHA's 9,985 hectares of farmland plantation (Note 12(d)). The agreement is for a period of 5 years (with an option to renew for a further term of 5 years) and commenced during the financial year. Under the agreement, HLHA shall grant Zhong Fu the right to use the plantation and Zhong Fu shall be solely responsible for all costs relating to, the planting, harvesting, processing, and sale of cassava cultivated on the plantation. In return, Zhong Fu shall pay HLHA US$2.55 million for the first year, US$3 million for the second year and subsequently US$4 million each year for the next 3 years, either in cash or crop of the equivalent value based on the market prices, at HLHA's option.

On 1 January 2014, HLHA also entered into an agreement with an individual third party in respect of the cultivation, processing and production of sugercane at HLHA's 450 hectares of farmland plantation [Note 12(c)]. The agreement is cancellable by the third party with 30 day notice period in writing.

31. FINANCE LEASES

The Group has finance leases for motor vehicles [Note 11(a)]. The leases have remaining term of approximately 3 to 4 years. The lease agreements do not have terms of renewal and purchase options.

The effective interest rates for the finance leases range from 4.35% to 4.92% (2013: 4.92%) per annum.

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

	2014		2013	
	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	90	80	29	23
One to five years	170	162	109	100
Total minimum lease payments	260	242	138	123
Less: Amounts representing finance charges	(18)	–	(15)	–
Present value of minimum lease payments	242	242	123	123

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32. CONTINGENT LIABILITIES

Corporate guarantees

The Group has provided corporate guarantees of $2,228,000 (2013: $4,104,000) to financial institutions for a subsidiary's bank loan.

33. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Assets measured at fair value*

The following table shows an analysis of the assets measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Financial assets:				
Held for trading investments (Note 20)	426	–	–	426
Non-financial assets:				
Investment properties (Note 12)	–	–	77,864	77,864

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) *Assets measured at fair value (Continued)*

Determination of fair values

Held for trading investments (Note 20): Fair values are determined directly by reference to the published market bid price of quoted equity instruments at the end of the reporting period.

Investment properties (Note 12): Fair values are determined based on valuations performed by independent real estate valuation experts with recent experience in the location and category of the properties being valued.

(c) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

For the investment properties as listed in Note 12, the fair values are determined based on valuations performed by independent real estate valuation experts with recent experience in the location and category of the properties being valued.

As at 31 December 2014 and 2013, the valuation techniques used by the valuers comprise the direct comparison approach and the depreciated replacement cost method (2013: direct comparison approach). The significant unobservable inputs include adjustments for site condition, improvements, time, size and legal title based on the valuers' assumptions. The weighted average adjustments made to unobservable inputs used range from -58% to 60% (2013: -7%).

As at the date of transfer of the land and buildings from property, plant and equipment to investment properties during the financial year, the valuation techniques used by the valuer comprise the direct comparison approach and the depreciated replacement cost method. The significant unobservable inputs include adjustments for site condition, improvements, time, size and legal title based on the valuer's assumptions. The weighted average adjustments made to unobservable inputs used range from -65% to 2%.

For all investment properties, a significant increase (decrease) in the significant unobservable inputs would result in a significantly higher (lower) fair value measurement.

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) *Level 3 fair value measurements (Continued)*

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Investment properties $'000
Opening balance	276
Total gains or losses for the period	
– Included in profit or loss	3,382
– Included in other comprehensive income	50,871
Purchases	415
Transfer from property, plant and equipment	19,569
Exchange differences	3,351
Closing balance	77,864

(iii) *Valuation policies and procedures*

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

(i) Direct comparison approach that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value

(ii) Depreciated replacement cost method that is based on estimated gross replacement cost of similar properties, less allowances for physical deterioration, obsolescence and optimisation

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of trade receivables (Note 17), other receivables and deposits (Note 18), cash and short-term deposits (Note 21), trade payables (Note 22), other payables and accruals (Note 24), bank term loan (Note 25) and amounts due to/from subsidiaries (Note 19) are reasonable approximation of fair values due to their short-term nature.

The carrying amount of finance lease obligations approximates fair value as they bear market interest rates which are revised at regular intervals and are estimated based on the expected cash flows discounted to present value.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

34. FINANCIAL INSTRUMENTS

Classification of financial instruments

	Note	Loans and receivables $'000	Held for trading $'000	Financial liabilities at amortised cost $'000	Total $'000
2014					
Group					
Assets					
Trade receivables	17	3,595	–	–	3,595
Other receivables and deposits	18	1,379	–	–	1,379
Investment securities	20	–	426	–	426
Cash and short-term deposits	21	5,202	–	–	5,202
Total financial assets		10,176	426	–	10,602
Total non-financial assets					103,242
Total assets					113,844
Liabilities					
Trade payables	22	–	–	228	228
Other payables and accruals	24	–	–	2,750	2,750
Loans and borrowings	25	–	–	2,470	2,470
Total financial liabilities		–	–	5,448	5,448
Total non-financial liabilities					11,189
Total liabilities					16,637

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. FINANCIAL INSTRUMENTS (CONTINUED)

Classification of financial instruments (Continued)

	Note	Loans and receivables	Held for trading	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
2013					
Group					
Assets					
Trade receivables	17	277	–	–	277
Other receivables and deposits	18	639	–	–	639
Investment securities	20	–	635	–	635
Cash and short-term deposits	21	10,098	–	–	10,098
Total financial assets		11,014	635	–	11,649
Total non-financial assets					48,899
Total assets					60,548
Liabilities					
Trade payables	22	–	–	334	334
Other payables and accruals	24	–	–	2,688	2,688
Loans and borrowings	25	–	–	4,227	4,227
Total financial liabilities		–	–	7,249	7,249
Total non-financial liabilities					206
Total liabilities					7,455

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. FINANCIAL INSTRUMENTS (CONTINUED)

Classification of financial instruments (Continued)

	Note	Loans and receivables $'000	Held for trading $'000	Financial liabilities at amortised cost $'000	Total $'000
2014					
Company					
Assets					
Other receivables and deposits	18	29	–	–	29
Amounts due from subsidiaries	19	84,915	–	–	84,915
Investment securities	20	–	424	–	424
Cash and short-term deposits	21	1,125	–	–	1,125
Total financial assets		86,069	424	–	86,493
Total non-financial assets					1,333
Total assets					87,826
Liabilities					
Other payables and accruals	24	–	–	431	431
Amounts due to subsidiaries	19	–	–	10,955	10,955
Total financial liabilities		–	–	11,386	11,386
Total non-financial liabilities					2
Total liabilities					11,388

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. FINANCIAL INSTRUMENTS (CONTINUED)

Classification of financial instruments (Continued)

	Note	Loans and receivables $'000	Held for trading $'000	Financial liabilities at amortised cost $'000	Total $'000
2013					
Company					
Assets					
Other receivables and deposits	18	22	–	–	22
Amounts due from subsidiaries	19	79,671	–	–	79,671
Investment securities	20	–	633	–	633
Cash and short-term deposits	21	6,305	–	–	6,305
Total financial assets		85,998	633	–	86,631
Total non-financial assets					1,358
Total assets					87,989
Liabilities					
Other payables and accruals	24	–	–	379	379
Amounts due to subsidiaries	19	–	–	11,067	11,067
Total financial liabilities		–	–	11,446	11,446
Total non-financial liabilities					2
Total liabilities					11,448

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. 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.

There has been no change to the Group's exposure to those financial risks or the manner in which it manages and measures the 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 loss before tax would have been approximately $52,000 (2013: $59,000) higher/lower, arising mainly as a result of lower/higher interest income on interest bearing deposits.

(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.

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) ***Credit risk (Continued)***

Exposure to credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk is represented by:

– an amount of $3,376,000 due from a third party, relating to one of the co-operation agreements.

– a nominal amount of $2,227,000 (2013: $4,104,000) relating to corporate guarantees provided by the Company for a subsidiary's bank loan.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of the Group's trade receivables as at the end of the reporting period is as follows:

	2014		2013	
	$'000	%	$'000	%
Singapore	158	4.4	181	65.3
Cambodia	3,437	96.6	96	34.7
	3,595	100.0	277	100.0

At the end of the reporting period, approximately 93.9% of the Group's trade receivables was due from a third party, pertaining to one of the co-operation agreements entered into by a subsidiary for cultivation of cassava.

Financial assets that are neither past due or impaired

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 17 (Trade receivables), Note 18 (Other receivables and deposits), and Notes 19 and 16 (Amounts due from/(to) subsidiaries/non-controlling shareholders).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Liquidity risk (Continued)*

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.

	2014				2013			
	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 (Note 17)	3,595	–	–	3,595	277	–	–	277
Other receivables and deposits (Note 18)	1,379	–	–	1,379	639	–	–	639
Investment securities (Note 20)	426	–	–	426	635	–	–	635
Cash and short-term deposits (Note 21)	5,202	–	–	5,202	10,098	–	–	10,098
Total undiscounted financial assets	10,602	–	–	10,602	11,649	–	–	11,649
Financial liabilities:								
Trade payables (Note 22)	228	–	–	228	334	–	–	334
Other payables and accruals (Note 24)	1,426	1,324	–	2,750	1,423	1,265	–	2,688
Loans and borrowings (Note 25)	2,408	162	–	2,570	2,122	2,428	–	4,550
Total undiscounted financial liabilities	4,062	1,486	–	5,548	3,879	3,693	–	7,572
Total net undiscounted financial assets/(liabilities)	6,540	(1,486)	–	5,054	7,770	(3,693)	–	4,077

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Liquidity risk (Continued)*

	2014				2013			
	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 18)	29	–	–	29	22	–	–	22
Amount due from subsidiaries (Note 19)	84,915	–	–	84,915	79,671	–	–	79,671
Investment securities (Note 20)	424	–	–	424	633	–	–	633
Cash and short-term deposits (Note 21)	1,125	–	–	1,125	6,305	–	–	6,305
Total undiscounted financial assets	86,493	–	–	86,493	86,631	–	–	86,631
Financial liabilities:								
Other payables and accruals (Note 24)	431	–	–	431	379	–	–	379
Amount due to subsidiaries (Note 19)	10,955	–	–	10,955	11,067	–	–	11,067
Total undiscounted financial liabilities	11,386	–	–	11,386	11,446	–	–	11,446
Total net undiscounted financial assets	75,107	–	–	75,107	75,185	–	–	75,185

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

The Group's transactional currency exposures mainly comes from its involvement in 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.

In order to minimise 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 of the Group's profit before tax to a reasonably possible change in the USD exchange rates SGD, with all other variables held constant.

	Group	
	Profit before tax	
	2014	**2013**
	$'000	$'000
USD – strengthen 5% (2013: 5%)	1,614	1,473
USD – weaken 5% (2013: 5%)	(1,614)	(1,473)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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% (2013: 5%) higher/lower, the Group would have an increase/decrease in the other operating income of approximately $21,000 (2013: $32,000) including foreign exchange.

36. 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 2014 and 31 December 2013.

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's policy is to maintain gearing ratio below 60%.

	Group	
	2014	**2013**
	$'000	$'000
Loans and borrowings (Note 25)	2,470	4,227
Equity attributable to the owners of the Company	95,952	51,678
Non-controlling interests	1,255	1,415
Total capital	97,207	53,093
Gearing ratio	3%	8%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. 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 includes the co-operation agreements with third parties to operate the agriculture land, and the agriculture-related resort business.

(ii) *Property Development and Real Estate Division*

The Property Development and Real Estate Division is carrying on the business of investment and prime development of commercial and residential properties. This segment has been inactive for 2013 and 2014.

(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.

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

NOTES TO THE
FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

37. SEGMENT INFORMATION (CONTINUED)

Allocation basis and transfer pricing (Continued)

	Agriculture Division	Property development and real estate Division	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000		$'000
2014						
Revenue						
External sales	6,800	–	–	–		6,800
Inter-segment sales	–	–	1,575	(1,575)	A	–
	6,800	–	1,575	(1,575)		6,800
Results:						
Interest income	66	24	6	–		96
Gain/(loss) on disposal of property, plant and equipment	25	–	–	–		25
Gain on change in fair value of investment properties	3,382	–	–	–		3,382
Fair value loss on held for trading investment securities	–	(1)	(238)	–		(239)
Fair value adjustment to agricultural produce	241	–	–	–		241
Depreciation	(2,073)	(94)	(18)	–		(2,185)
Finance costs	(219)	(4)	–	–		(223)
Segment profit/(loss)	5,330	(91)	(103)	(3,458)	A	1,678
Assets:						
Additions to non-current assets	782	405	–	–		1,187
Segment assets	108,331	3,602	1,911	–		113,844
Segment liabilities	(2,478)	(83)	(431)	(13,645)	B	(16,637)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. SEGMENT INFORMATION (CONTINUED)

Allocation basis and transfer pricing (Continued)

	Agriculture Division $'000	Property development and real estate Division $'000	Others $'000	Adjustments and eliminations $'000	Note	Group $'000
2013						
Revenue						
External sales	4,603	–	–	–		4,603
Inter-segment sales	–	–	1,500	(1,500)	A	–
	4,603	–	1,500	(1,500)		4,603
Results:						
Interest income	1	–	64	–		65
Gain on disposal of property, plant and equipment	25	–	–	–		25
Fair value loss on held for trading investment securities	–	(1)	(633)	–		(634)
Fair value adjustment to agricultural produce	(844)	–	–	–		(844)
Depreciation	(2,253)	(21)	(152)	–		(2,426)
Finance costs	(322)	–	–	–		(322)
Segment (loss)/profit	(6,284)	200	(446)	(1,163)	A	(7,693)
Assets:						
Additions to non-current assets	6,886	–	64	–		6,950
Segment assets	53,101	129	7,318	–		60,548
Segment liabilities	(2,246)	(408)	(379)	(4,422)	B	(7,455)

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Relates to inter-segment transactions eliminated on consolidation.

B The following items are added to segment liabilities to arrive at total liabilities reported:

	2014 $'000	2013 $'000
Loans and borrowings	2,470	4,227
Provision for taxation	85	195
Deferred tax liabilities	11,090	–
	13,645	4,422

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. SEGMENT INFORMATION (CONTINUED)

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	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Singapore	1,489	1,288	8,050	8,413
Cambodia	5,311	3,315	92,136	35,267
Others	–	–	1,158	1,176
Total	6,800	4,603	101,344	44,856

Information about a major customer

Included in revenue is an amount of $3,230,000 pertaining to one of the co-operation agreements entered into by a subsidiary with a third party for cultivation of cassava.

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

38. SUBSEQUENT EVENTS

On 23 February 2015, the Group entered into a sales and purchase agreement to acquire freehold land of approximately 9,818 square metres in Cambodia for a purchase price of US$1,767,000, for a proposed development of a public executive condominium.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 23 March 2015.

ANALYSIS OF **SHAREHOLDINGS**

AS AT 11 MARCH 2015

ISSUED AND FULLY PAID UP CAPITAL	:	S$105,425,589
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 – 99	14	0.19	290	0.00
100 – 1000	250	3.33	212,929	0.01
1,001 – 10,000	571	7.61	3,674,866	0.09
10,001 – 1,000,000	6,274	83.67	1,208,056,792	30.53
1,000,001 and above	390	5.20	2,745,266,452	69.37
TOTAL	7,499	100.00	3,957,211,329	100.00

TOP TWENTY SHAREHOLDERS AS AT 11 MARCH 2015	NO. OF SHARES	%
ONG BEE HUAT	422,255,500	10.67
WONG WEN-YOUNG	415,255,500	10.49
HSU HUNG-CHUN	120,000,000	3.03
CITIBANK NOMINEES SINGAPORE PTE LTD	95,880,000	2.42
WAN CHUNG CONSTRUCTION (SINGAPORE) PTE LTD	89,400,000	2.26
ONG TECK BENG (WANG DEMING)	85,500,000	2.16
ANG POON BENG	73,625,700	1.86
CIMB SECURITIES (S) PTE LTD	70,634,635	1.78
UNITED OVERSEAS BANK NOMINEES PTE LTD	61,964,495	1.57
DBS NOMINEES PTE LTD	50,277,330	1.27
TOH TIAM HOCK	49,950,666	1.26
PHILLIP SECURITIES PTE LTD	37,474,498	0.95
UOB KAY HIAN PTE LTD	34,624,000	0.87
SOH CHIAP HOI	33,104,000	0.84
OCBC SECURITIES PRIVATE LTD	23,267,212	0.59
MAYBANK NOMINEES (S) PTE LTD	21,662,999	0.55
OCBC NOMINEES SINGAPORE PTE LTD	20,987,667	0.53
MAYBANK KIM ENG SECURITIES PTE LTD	20,442,561	0.52
GOH BAK HENG	20,000,000	0.51
BANK OF SINGAPORE NOMINEES PTE LTD	19,712,000	0.50
	1,766,018,763	44.63

ANALYSIS OF SHAREHOLDINGS

AS AT 11 MARCH 2015

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	DEEMED INTEREST	NO. OF SHARES	%
ONG BEE HUAT	422,255,500	–	422,255,500	10.67
WONG WEN-YOUNG	415,255,500	–	415,255,500	10.49

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

78.71% of the Company's issued shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the SGX Listing Manual.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of **HLH GROUP LIMITED** will be held on Monday, 20 April 2015 at 10.00 a.m. at D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 to transact the following business:–

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31 December 2014 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 Chen Seow Phun, John **[Resolution 2]**
   (ii) Dr Lee Kuo Chuen **[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 for the financial year ended 31 December 2014 (2013: S$119,000). **[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

NOTICE OF ANNUAL GENERAL MEETING

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

2 April 2015

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The effect of 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.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HLH GROUP LIMITED

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

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in HLH Group Limited this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We ____

of ____

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

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

as *my/our proxy to vote for *me/us on my/our behalf and, if necessary, to demand a poll, at the Sixteenth Annual General Meeting of the Company to be held at D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 on Monday, 20 April 2015 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Sixteenth 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 Sixteenth Annual General Meeting.)

No.	Resolutions relating to:	For	Against
1	Adoption of Audited Accounts for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors and the Statement by Directors thereon.		
2	Re-election of Dr Chen Seow Phun, John retiring pursuant to Article 89 of the Articles of Association of the Company.		
3	Re-election of Dr Lee Kuo Chuen 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 for the financial year ended 31 December 2014.		
6	Authority to Directors to allot and issue new shares.		

Dated this ________ day of ______________ 2015

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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2015.

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HLH GROUP LIMITED

10 Neo Tiew Lane 2 | D' Kranji Farm Resort #01-05
Singapore 718813
Tel: (65) 6861 0330 | Fax: (65) 6861 7746
www.hlh.com.sg