Since 1988

HLH
GROUP LIMITED
逢來發集團有限公司

Listed in SGX Mainboard (H27.IS)

Where Value Meets Quality

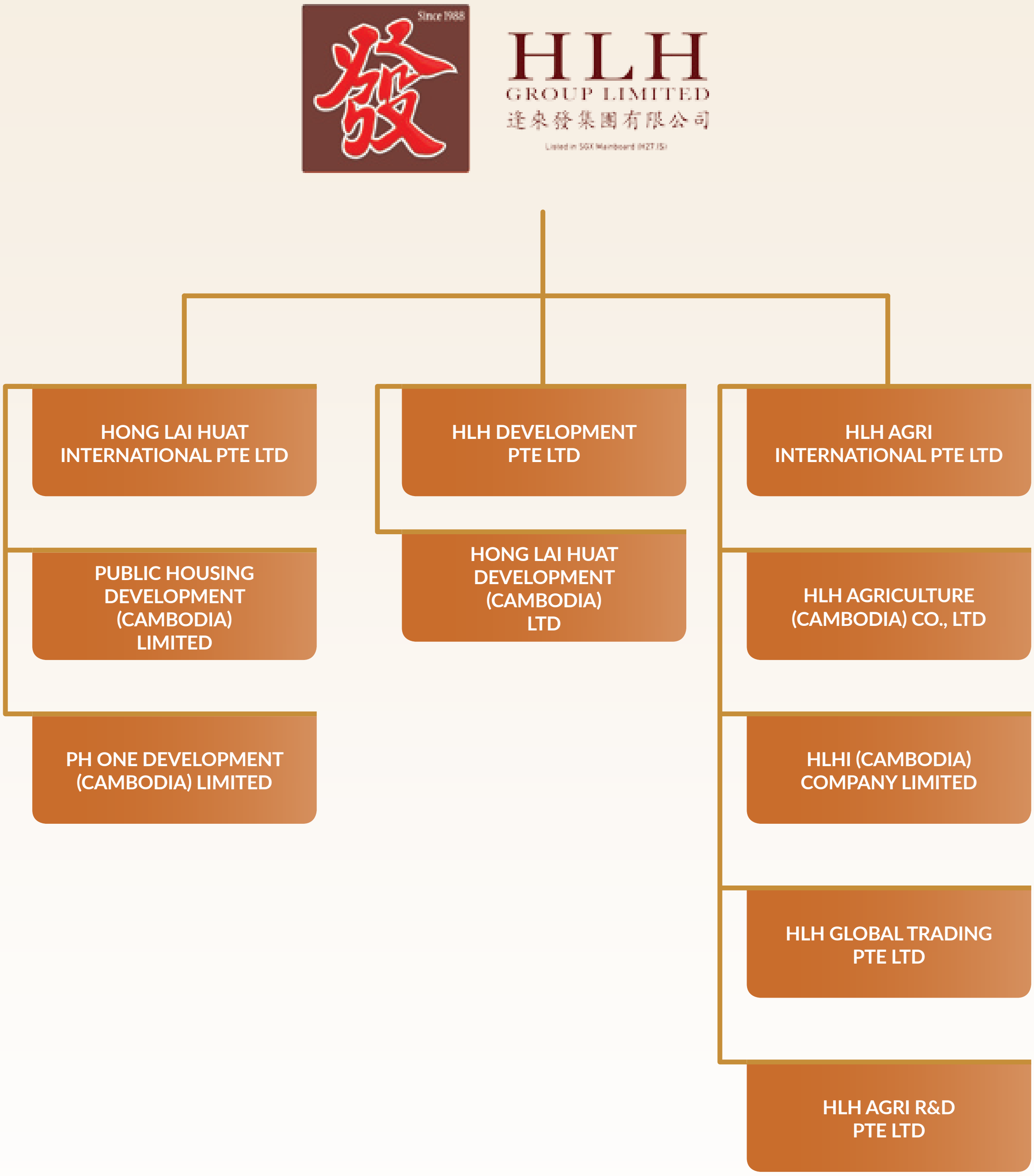
ANNUAL REPORT 2017

Contents

Listed on the Mainboard of Singapore Stock Exchange, HLH Group Limited is a well-established and reputable real estate and property developer with 30 years of successful track record in Singapore. Established since 1988, the Group has completed numerous projects in Singapore ranging from public and residential developments, to commercial and industrial buildings.

The Group expanded its operations into Cambodia in 2008 and has since developed a 10,000 hectares cassava plantation farm property with a cassava starch factory. The Group's Property Division is also developing its first mixed development project in Cambodia known as D'Seaview, a freehold project that consists of 737 residential units and 67 commercial units. The construction of D'Seaview's commercial and residential segments are expected to be completed in the second quarter of 2018 and the first half of 2019 respectively.

Organisation Structure



"...the Group's revenue climbed 22% to $13 million from $10 million a year ago ("FY2016"), largely due to higher contributions from the D'Seaview property development in Sihanoukville, Cambodia."

Dr. Wang Kai Yuen
Chairman

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

DEAR SHAREHOLDERS,

We made steady progress in the year of 2017 for HLH Group, as we adjusted our plan in response to market developments in our business.

For financial year ended 31 December 2017 ("**FY2017**"), the Group's revenue climbed 22% to $13 million from $10 million a year ago ("**FY2016**"), largely due to higher contributions from the D'Seaview property development in Sihanoukville, Cambodia.

The Group's net profit before tax declined to $4.9 million from $6.9 million a year ago which is attributed by lower Agriculture business revenue compared to prior year.

PROPERTY DEVELOPMENT DIVISION

Our D'Seaview property development in Sihanoukville, Cambodia, continued to achieve strong sales momentum during the year, with more than 80% of the commercial units and 60% of the residential units sold to date. These include the sale of hotel block with 98 rooms and 10-storey high-rise in the commercial segment for a consideration sum of US$12.0 million in March 2018. The strong reception to this project is a testament to the immense potential of D'Seaview as one of the preeminent mixed-use development projects in Sihanoukville. Sihanoukville located at the tip of an elevated peninsula in the country's south-west on the coast of Gulf of Thailand is one of the most popular tourism destinations in Cambodia and a city touted as the first port of call for China's "One Belt One Road" initiative which has since attracted many International Investors to invest in Sihanoukville. We expect the development of D'Seaview's commercial and residential segments to be completed in the second quarter of 2018 and the first half of 2019 respectively.

Message to Shareholders

As a result of the above, the property development division enjoyed a bumper year in FY2017, recording a 2.6 times increase in revenue to $8.8 million from $3.4 million a year ago.

Going forward, the Group is exploring property development opportunities back in Singapore as the last residential project was launched by the Group in Singapore in 2013.

AGRICULTURE DIVISION

It was a busy year for the agriculture division as we completed the divestment of several agricultural properties in Cambodia. In Cambodia, a warehouse located at National Road 4, Ang Snoul District, Kondal Province was sold for $2.24 million in 2017 while an agricultural farmland located at Amleang Commune, Thpong District, Kampong Speu Province was sold for $3.06 million in 2017 as well.

The divestments are part of the Group's rationalisation strategy and allow us to realise our investments on these properties. We will redeploy the proceeds to the Group's property development projects in Cambodia, as well as fulfil the Group's working capital requirements.

Meanwhile, we have begun our talks with several starch manufacturing companies in Asia for potential collaboration opportunities on the cultivation of cassava and production of starch in a local factory in Cambodia that was commissioned in FY2016.

In Singapore, the Group owns D'Kranji Farm Resort, which is located in Neo Tiew Lane in the northwest of Singapore. The farm resort is currently managed by an external resort and hospitality management specialist, through which the Group receives a regular income stream.

LOOKING AHEAD

We would like express our heartfelt appreciation to the Board, management and staff. Special thanks also go to the management team and our employees for their dedication and hard work. To our business associates, suppliers and government officials that we work with, we thank you for your continued support. Lastly, we would like to thank all our shareholders for their unwavering confidence in us. We will continue to work diligently to create greater value for all shareholders.

More exciting developments await us in the year ahead. The Group is seeking approval at the upcoming annual general meeting for the reversion of our name back to Hong Lai Huat Group Limited.

Over the years, we have regularly reviewed and refreshed our corporate identity to ensure that it remains consistent with the Group's ambitions, directions and values. With more than 30 years of established track record, Hong Lai Huat, as a brand, is synonymous with its quality property development and international ventures. The renaming of the Group is thus a reflection of our ambitions as we progress to the next phase of growth. We look forward to the continued support from all our stakeholders as we embark on this journey.

Dr Wang Kai Yuen
Chairman of the Board

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 viz ComfortDelGro Corporation Ltd, COSCO Corporation (Singapore) Ltd, Ezion Holdings Limited, Emas Offshore Limited, 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

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.

PROF. WONG WEN-YOUNG, WINSTON

Vice Chairman/Non-Executive Director

Prof. 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. Conferred as an Officer of the Most Excellent Order of the British Empire (OBE), Prof. Wong 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. Prof. 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.n.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 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

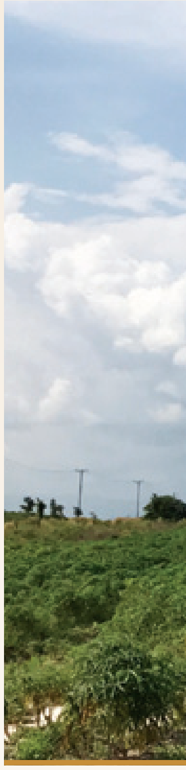
Dr. Lee was appointed as Director on 30 April 2012. He is currently a Professor at the Singapore University of Social Sciences and Vice President of The Economic Society of Singapore. He was the Group Managing Director of Auric Pacific Group Limited and Overseas Union Enterprise Limited. He was also the Director for Sim Kee Boon Institute for Finance Economics. He is also the Independent Director of Lu International (Singapore) Financial Asset Exchange Pte Ltd and SHS Limited.

MR. ONG JIA MING, RYAN

Executive Director

Mr. Ong was appointed as Director on 25 October 2016. He is also the Director of the Group's several key subsidiaries and is also responsible for project management and business development across Singapore and Cambodia. Ryan was instrumental in securing numerous awards like Singapore Brands Award 2014, Singapore Successful Brands Award 2015 as well as Midas Touch Award 2016.

OPERATIONS REVIEW



REVIEW OF INCOME STATEMENTS

REVENUE

The Group's revenue increased from $10.3 million in FY 2016 to $12.6 million in FY 2017 due to the increase in property sale from Cambodia and restated revenue increment in FY 2016 by $3.4 million due to the early adoption of FRS 115 accounting standard in FY 2017.

GROSS PROFIT

The Group's gross profit decreased from $7.8 million in FY 2016 to $6.4 million in FY 2017 due mainly to the lower revenue contribution in Agriculture business segment.

OTHER INCOME

The Group's other income increased from $7.5 million in FY 2016 to $15.3 million in FY 2017 due mainly to the higher fair value gain of the investment properties.

SELLING & ADMINISTRATIVE EXPENSES

The Group's distribution and selling expenses relating to the sales and marketing activities from the property development division, increased slightly from $1.5 million in FY 2016 to $1.6 million in FY 2017. Administrative expenses increased from $6.2 million in FY 2016 to $9.7 million in FY 2017, primarily due to depreciation and fair value adjustment on the biological assets in Cambodia Agriculture business segment.

OTHER EXPENSES

The increase in other expenses from $0.05 million in FY 2016 to $5.0 million in FY 2017 was due to the unrealised foreign currency translation loss.

FINANCE COSTS

Finance cost reduced from $0.7 million in FY 2016 to $0.5 million in FY 2017 due to repayment of bank borrowings.

INCOME TAX EXPENSES

The Group's income tax expenses for FY 2017 increased to $2.9 million from $0.7 million in FY 2016 primarily due increase in provision of deferred tax of $3.4 million in relation to the fair value gain of the investment properties and reversal of overprovision of prior year tax of $0.6 million.

The Group recorded a decrease in net profit to $2.1 million in FY 2017 from $6.3 million in FY 2016.

Refer to disclosure notes on restatement impact between years 2017 and 2016 for the FRS 115 accounting standard.

REVIEW OF FINANCIAL POSITION

The Group's investment properties decreased from $89.4 million as at end FY 2016 to $37.9 million in FY 2017 substantially due to the reclassification to property, plant and equipment of $67.9 million for direct cultivation offset by reclassification of a vacant land from property development for long term capital appreciation and rental purpose.

Biological assets of $7.4 million refers to fair value of cassava crops planted for the direct cultivation.

Trade debtors decreased from $7.8 million as at end FY 2016 to $0.6 million for FY 2017 due to the settlement of receivables from joint cooperation partner Zhong Fu.

Operations Review

Trade creditors reduced from $1.5 million as at end FY 2016 to $7.3 million for FY 2017 as a result of the next milestone payment owing to D'Seaview contractor.

Other payables and accruals decrease from $5.5 million at the end of FY 2016 to $2.5 million for FY 2017 mainly due to lower deferred revenue recognised from the D'Seaview mixed development.

Loans and borrowings for the Group decreased from $6.2 million as at end FY 2016 to $5.2 million in FY 2017 as a result of loan repayments.

The net assets of the Group increased from $131 million as at end FY 2016 to $128 million mainly due to the net profit of $2.1 million in FY 2017 offset by foreign currency translation reserve.

REVIEW OF CASH FLOW STATEMENT

Net cash flows used in operating activities increased from $6.3 million for FY 2016 to $8.2 million in FY 2017.

Net cash flows from investing activities increased to $2.5 million for FY 2017 due to the proceeds of the sale of property, plant and equipment and investment properties.

Net cash flows used in financing activities was $1.7 million in FY 2017 includes repayment of term loans of $3.6 million and proceeds from issuance of convertible bonds of $2.0 million. For FY 2016, net cash flow from financing activities of $9.7 million was largely from the issuance of rights and placement shares.

USE OF PROCEEDS

During FY 2017, the Company received $2 million worth of convertible bonds from Dato' Ong, 200,000,000 shares may be issued on the conversion of the convertible bonds at $0.01 per share. The proceeds was used as part of the general working capital.

Corporate Information

DIRECTORS

Dato Dr. Ong Bee Huat, Johnny
(Executive Director)

Mr Ong Jia Ming
(Executive Director)

Dr. Wang Kai Yuen
(Independent Director)

Dr. Chen Seow Phun, John
(Independent Director)

Dr. Lee Kuo Chuen, David
(Independent Director)

Prof. 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
8 Robinson Road
#03-00 Aso Building
Singapore 048544
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
Hong Leong Finance Limited
Malayan Banking Berhad
DBS Bank Limited
Acleda Bank
Canadia Bank PLC
Industrial and Commercial Bank of China Ltd
CIMB Bank PLC
Bank of China
Mekong Bank PLC
Phnom Penh Commercial Bank

AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2 #33-00
Singapore 068809
Engagement partner: Tsia Chee Wah
(since financial year ended 31 December 2017)

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 six Directors – two executive Directors, three Independent Non-executive Directors and one Non-executive Director. The Board is supported by various sub-committees, namely the Audit Committee ("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.

The number of Directors' and Board Committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2017 ("FY2017") 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
Prof. 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
Mr. Ong Jia Ming	4	4	NA	NA	NA	NA	NA	NA
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
Mr Lin, Joe-Hsiang (Resigned on 9 November 2017)	4	2	NA	NA	NA	NA	NA	NA

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.

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;

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;

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.

Except for Dr. Wang Kai Yuen and Dr. Chen Seow Phun, John, none of the directors have served on the Board for a period exceeding nine years from the date of their appointments. Dr. Wang Kai Yuen and Dr. Chen Seow Phun, John have served as Independent Directors of the Company for more than nine years since their initial appointments on 11 May 2006 and 11 August 2006 respectively. The Board has subjected their independence to rigorous review.

In considering whether an independent director who has served on the Board exceeding nine years is still independent, the Board has taken into consideration the following factors:

a. The considerable amount of experience and wealth of knowledge that the independent director brings to the Company.

b. The attendance and active participation in the proceedings and decision making process of the Board and Committee meetings.

c. Provision of continuity and stability to the Management at the Board level as the independent director has developed deep insight into the business of the Company and possesses experience and knowledge of the business.

d. The qualification and expertise provides reasonable checks and balances for the Management.

e. The independent director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared and responsive and heavily involved in the discussions at the meeting.

f. The independent director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.

Dr. Wang Kai Yuen and Dr. Chen Seow Phun, John have exercised strong independent judgment in their deliberations in the interests of the Company and maintain their objectivity and independence at all times in the discharge of their duties as directors. In addition, the independence of character and judgment of each of the directors concerned was not in any way affected or impaired by the length of service. The Board is satisfied with their continued independence of character and judgment and both Dr. Wang Kai Yuen and Dr. Chen Seow Phun, John are still considered independent.

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 Pg 4 to Pg 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.

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 Band**	**Salary**	**Bonus**	**Other Benefits**	**Directors' Fee**	**Total**
Dr. Wang Kai Yuen	$0 to $249,999	–	–	–	100%	100%
Dato' Dr. Ong Bee Huat, Johnny	$500,000 to $749,999	82%	7%	11%	–	100%
Mr Ong Jia Ming	$0 to $249,999	92%	8%	0%	–	100%
Prof. Wong Wen-Young, Winston	$0 to $249,999	–	–	–	100%	100%
Dr. Chen Seow Phun, John	$0 to $249,999	–	–	–	100%	100%
Dr. Lee Kuo Chuen, David	$0 to $249,999	–	–	–	100%	100%

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.

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.

The Company had 8 employees at the executive level for FY2017. 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 $250,000				
Mr James Ng	92%	0%	8%	100%
Mr Ong Jia Ming	92%	8%	0%	100%
Mr Lim Lay Soon	89%	3%	8%	100%
Mr Tan San Hoe	88%	4%	8%	100%
Mr Ong Bee Wah	96%	4%	0%	100%
Mr Subramani Kandrathanda Chengappa	100%	0%	0%	100%
Mr Leong Kok Shin	87%	3%	10%	100%
Ms Ooi Pey Leei	93%	7%	0%	100%

For FY2017, the aggregate total remuneration paid to the key Management personnel (who are not Directors or the CEO) amounted to $739,667.

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 Band	Salary	Bonus	Other Benefits	Total
Ong Jia Ming Son of Dato' Dr. Ong Bee Huat, Johnny	$50,000 to $99,999	92%	8%	0%	100%
Ong Bee Wah Brother of Dato' Dr. Ong Bee Huat, Johnny	$50,000 to $99,999	96%	4%	0%	100%
Ong Jia Jing Son of Dato' Dr. Ong Bee Huat, Johnny	$50,000 to $99,999	91%	9%	0%	100%
Winston Wong Junior Son of Prof. Wong Wen-Young, Winston	$50,000 to $99,999	100%	–	–	100%

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.

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.honglaihuat.com 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 builds up its property and agricultural development businesses in Cambodia.

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 internal and external auditors;

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

c. reviews with the internal and 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 internal and external auditors;

e. reviews with the internal and 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 internal and 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 internal and external auditor, and approving the remuneration and terms of engagement of the internal and external auditors.

For FY2017, the external auditors' remuneration in respect of audit services provided to the Group amounted to $137,393. There were non-audit services, being tax advisory fees of $4,620 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.

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 has received assurance from the CEO and the CFO that:–

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) the Group's risk management and internal control systems in place is adequate and effective in addressing the key financial, operational and compliance risks in the Group in its current business environment.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate in addressing 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 as at 31 December 2017.

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 and controlling shareholder in the year under review.

Interested Person Transactions

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

There are no interested person transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review.

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, as set out on pages 12 to 99, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. Directors

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

Dato' 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)
Mr Ong Jia Ming	(Executive director)

In accordance with Articles 88 and 89 of the Company's Articles of Association, Dr Wong Wen-Young, Winston, Dr Lee Kuo Chuen, David and Mr Ong Jia Ming retire and, being eligible, offer themselves for re-election.

2. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options to acquire additional shares of the Company arising from the convertible bonds as mentioned in paragraph 4 of the Directors' statement.

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act except as follows:

	Direct interest	
	At the beginning of financial year	At the end of financial year
HLH Group Limited		
Ordinary shares		
Dr. Wang Kai Yuen	7,303,000	7,303,000
Dr. Wong Wen-Young, Winston	415,255,500	415,255,500
Dato' Dr. Ong Bee Huat	1,000,000,000	1,000,000,000
Mr Ong Jia Ming	364,854,150	264,854,150

The directors' interests in the shares and options of the Company at January 21, 2018 were the same at December 31, 2017.

4. Share options

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company under option, except for convertible bonds subscribed by a director during the year which entitled the director to convert the convertible bond into 100 million ordinary shares at a fixed conversion price of $0.01 per share.

5. Audit Committee

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

6. Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Dato' Dr. Ong Bee Huat
Director

....
Dr. Wang Kai Yuen
Director

April 13, 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HLH Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 99.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
Fair value measurement of biological assets During the year, the Group started the cultivation of cassava (tapioca) and the production of cassava starch. The Group recognises the unharvested cassava as biological assets at fair value less cost to sell, which amounted to $7.4 million as at December 31, 2017. The fair value of biological assets is determined by an independent valuer engaged by management, with certain input data provided by management, using the income approach method. The valuation of the biological assets was significant to our audit due to their magnitude and the complexity of the valuation model used. The valuation involved significant estimates used by the independent valuer. These estimates included, amongst others, unit selling price, harvest yield, planted areas and harvesting costs.	As part of our audit procedures, we have: • assessed the competency, capability and objectivity of the independent valuer; • involved and discussed with our internal valuation specialists in reviewing the reasonableness of the valuation reports, which included the review of the valuation method used and the key estimates such as unit selling price, harvest yield, planted area and the harvesting costs, used in the valuation assessment; • assessed the appropriateness of significant assumptions by comparing against the latest selling prices and reasonableness of harvesting costs; and • reviewed the appropriateness of the accounting and disclosures of the biological assets, fair value changes and related deferred tax adjustment corresponding with fair value changes in the financial statements. The related disclosures are made in Notes 3 and 13 to the financial statements.

Key audit matters	How the matter was addressed in the audit
Fair value measurement of investment properties	
As at December 31, 2017, the Group has investment properties amounting to $37.9 million relating to land and property held in Cambodia and Singapore as disclosed in Note 17. The investment properties in Cambodia are stated at fair value based on independent external valuations using the direct comparison approach method. The fair value of the investment property in Singapore is derived from the income approach method based on the discounted cash flow projection by management. These valuation processes involve significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates included, amongst others, comparable and weightage given to each market price for the Cambodian investment properties; and discount rates, rental rate, extension of the rental agreement by the tenant and the ability of the Group to extend the lease of the property with the landlord beyond the current term for the investment property in Singapore. Additionally, the ability of the Company to recover amounts of $30.4 million (Note 9) due from certain subsidiaries is largely dependent on the value of these properties.	As part of our audit procedures, • we have assessed the competency, capability and objectivity of the independent valuers engaged by management; • for the Cambodian investment properties, with the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation techniques used by the independent valuer for the respective investment properties. Taking into account the nature of each investment property, we benchmarked and compared the values used by the independent valuer to comparable property transactions, where available; • for the Singapore investment property, we have assessed management's discounted cash flow projection and challenged management's key assumptions, including the rental rate, discount rate and the likelihood of the extension of the property by the landlord. • we have also assessed the adequacy of the disclosures in respect of the inputs for the valuation and the valuation methodologies adopted by management and the independent valuers in relation to these investment properties. The related disclosures are made in Notes 3 and 17 to the financial statements.

Key audit matters	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment The Group has significant machineries and equipment, motor vehicles, office equipment and furniture and fittings in Cambodia. The carrying amount of these assets amounted to $94.4 million as at December 31, 2017. The Group assessed for impairment of property, plant and equipment when there is an indication of impairment of the assets. The agriculture division incurred a loss for the year. Accordingly, management has engaged an independent external valuer to determine the recoverable amounts of the property, plant and equipment based on the fair value less cost of disposal. The determination of fair value less cost of disposal also involves significant assumptions and estimates which included, amongst others, condition and usage of the machineries and equipment and the estimated cost and time for replacement.	As part of our audit procedures, • we have assessed the competency, capability and objectivity of the independent valuer engaged by management; • with the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation techniques used by the independent valuer for property, plant and equipment. Taking into account the nature of each asset, we benchmarked and challenged the key assumptions used in their valuation by reference to comparable property transactions, where available; • we have also assessed the adequacy of the disclosures in respect of the inputs for the valuation and the valuation methodologies adopted by the independent valuer in relation to these property, plant and equipment. The related disclosures are made in Notes 3 and 16 to the financial statements.

Key audit matters	How the matter was addressed in the audit
Revenue recognition	
The Group is involved in the agriculture and property development. During the year, the Group early adopted FRS 115 with effect from financial year ended December 31, 2017. Specifically, for property development, management adopts the percentage of completion method for revenue recognition as performance obligation is satisfied over time. Accordingly, the comparative figures for December 31, 2016 were restated for the change in accounting policy. The Group's early adoption of FRS 115 resulted in the accounting of the revenue from property development division using the percentage of completion which involves judgement and estimation by management. The stage of completion is measured by the total costs incurred to date as compared to the total budgeted costs of the development projects as approved by management. Significant judgements are required to estimate the total budgeted contract costs. Any changes to the total budgeted contract costs will impact the percentage of completion, and a resulting impact to the revenue recognised.	As part of our audit procedures, we have: • evaluated the design and implementation of the relevant controls of the Group in respect of revenue recognition; • examined the standard Sale and Purchase Agreement; • reviewed the legal letter for the enforceability of the terms and conditions in the agreement; • assessed the reasonableness of the actual costs incurred to date and estimated contract costs to completion in determining the accuracy of the percentage of completion (POC); • assessed the appropriateness of revenue recognised using (POC) method of development property; and • assessed the Group's accounting for revenue recognition in accordance with the early adoption of FRS 115. The related disclosures are made in Notes 2, 3 and 26 to the financial statements.

Other Matters

The financial statements of the Group and the Company for the year ended December 31, 2016 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated March 29, 2017.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tsia Chee Wah.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 13, 2018

	Note	Group December 31, 2017 $'000	Group December 31, 2016 $'000 (Restated)	Group January 1, 2016 $'000 (Restated)	Company December 31, 2017 $'000	Company December 31, 2016 $'000
Assets						
Current assets						
Cash and bank balances	6	2,021	6,746	3,419	639	272
Trade receivables	7	559	7,837	4,764	-	–
Other receivables and deposits	8	722	920	800	121	–
Prepayments		763	253	326	22	4
Amounts due from subsidiaries	9	-	-	-	30,422	99,626
Advances to a non-controlling shareholder	10	-	16	-	-	– -
Investment securities	11	2	2	2	-	–
Inventories	12	496	687	627	-	–
Biological assets	13	7,350	-	206	-	–
Development properties	14	15,098	18,290	14,440	-	–
		27,011	34,751	24,584	31,204	99,902
Assets classified as held for sale	15	2,807	-	-	-	–
Total current assets		29,818	34,751	24,584	31,204	99,902
Non-current assets						
Other receivables and deposits	8	40	-	-	-	-
Property, plant and equipment	16	94,908	35,619	15,989	171	216
Investment properties	17	37,880	89,448	102,389	617	618
Intangible assets		11	-	-	-	-
Investment in subsidiaries	18	-	-	-	77,160	1,000
Total non-current assets		132,839	125,067	118,378	77,948	1,834
Total assets		162,657	159,818	142,962	109,152	101,736
Liabilities and equity						
Current liabilities						
Trade payables	20	7,336	1,459	3,465	-	–
Other payables and accruals	21	2,463	5,547	2,584	462	494
Amount due to subsidiaries	9	-	-	-	11,846	8,594
Loan from a director		-	-	4,737	-	-
Provision for taxation		313	169	135	-	-
Bank loans and overdraft	19(a)	3,301	1,706	6,673	-	-
Finance lease liabilities	19(b)	122	77	84	45	51
Total current liabilities		13,535	8,958	17,678	12,353	9,139
Non-current liabilities						
Bank loans	19(a)	1,931	4,485	2,693	-	-
Finance lease liabilities	19(b)	1,092	708	691	-	45
Other payables and accruals		-	-	2,261	-	–
Convertible bonds	22	1,996	-	-	1,996	–
Deferred tax liabilities	23	16,437	14,891	14,090	-	–
Total non-current liabilities		21,456	20,084	19,735	1,996	45

Statements of Financial Positon

As at 31 December 2017

	Note	Group December 31, 2017 $'000	Group December 31, 2016 $'000 (Restated)	Group January 1, 2016 $'000 (Restated)	Company December 31, 2017 $'000	Company December 31, 2016 $'000
Capital, reserves and non-controlling interests						
Share capital	24	94,602	94,602	76,897	94,602	94,602
(Accumulated losses) Retained earnings	25	(9,775)	(11,825)	(18,129)	656	(1,591)
Capital reserve	25	418	414	481	(455)	(459)
Asset revaluation reserve	25	40,631	40,521	40,521	-	-
Foreign currency translation reserve	25	1,790	7,087	5,703	-	-
Equity attributable to owners of the Company		127,666	130,799	105,473	94,803	92,552
Non-controlling interests		-*	(23)	76	-	–
Total equity		127,666	130,776	105,549	94,803	92,552
Total liabilities and equity		162,657	159,818	142,962	109,152	101,736

* Balance less than $1,000.

See accompanying notes to financial statements.

Consolidated Statement of Profit Or Loss and Other Comprehensive Income

For the Financial Year ended 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000 (Restated)
Revenue	26	12,600	10,344
Cost of sales		(6,232)	(2,497)
Gross profit		6,368	7,847
Other income	27	15,304	7,530
Distribution and selling expenses		(1,582)	(1,452)
Administrative expenses		(9,748)	(6,214)
Other expenses		(4,969)	(51)
Finance costs	28	(469)	(681)
Profit before income tax		4,904	6,979
Income tax expense	29	(2,854)	(696)
Profit for the year	30	2,050	6,283
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(5,297)	1,385
Other comprehensive (loss) income for the year, net of tax		(5,297)	1,385
Total comprehensive (loss) income for the year		(3,247)	7,668
Profit attributable to:			
Owners of the Company		2,050	6,304
Non-controlling interests		-	(21)
		2,050	6,283
Total comprehensive (loss) income attributable to:			
Owners of the Company		(3,247)	7,688
Non-controlling interests		-	(20)
		(3,247)	7,668
Earnings per share (cents)			
Basic	31	0.031	0.118
Diluted	31	0.031	0.118

See accompanying notes to financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 December 2017

	Share capital (Note 24)	Accumulated losses (Note 25)	Capital reserve (Note 25)	Asset revaluation reserve (Note 25)	- currency translation reserve (Note 25)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Group	$'000	$'000 (Restated)	$'000	$'000	$'000	$'000	$'000	$'000
At January 1, 2016 (As previously reported)	76,897	(17,517)	481	40,521	5,703	106,085	76	106,161
Restatements (Note 37)	-	(612)	-	-	-	(612)	-	(612)
At January 1, 2016 (Restated)	76,897	(18,129)	481	40,521	5,703	105,473	76	105,549
Total comprehensive income for the year								
Profit for the year (As previously reported)	–	4,661	–	–	-	4,661	(21)	4,640
Restatements (Note 37)	–	1,643	–	–	-	1,643	-	1,643
Profit for the year (Restated)	–	6,304	–	–	-	6,304	(21)	6,283
Other comprehensive income for the year	–	–	–	–	1,384	1,384	1	1,385
Total (Restated)	–	6,304	–	–	1,384	7,688	(20)	7,668
Transactions with owners, recognised directly in equity								
Issue of ordinary shares	17,705	–	–	–	–	17,705	–	17,705
Dividends paid to a non-controlling shareholder	–	–	–	–	–	-	(79)	(79)
Total	17,705	-	–	–	-	17,705	(79)	17,626
Others	-	-	(67)	-	-	(67)	-	(67)
Balance at December 31, 2016 (Restated)	94,602	(11,825)	414	40,521	7,087	130,799	(23)	130,776

Statements of Changes in Equity

For the Financial Year ended 31 December 2017

	Share capital (Note 24)	Accumulated losses (Note 25)	Capital reserve (Note 25)	Asset revaluation reserve (Note 25)	Foreign currency translation reserve (Note 25)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	$'000	$'000 (Restated)	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At January 1, 2017 (Restated)	94,602	(11,825)	414	40,521	7,087	130,799	(23)	130,776
Total comprehensive income (loss) for the year								
Profit for the year	-	2,050	-	-	-	2,050	-	2,050
Other comprehensive loss for the year	-	-	-	-	(5,297)	(5,297)	-	(5,297)
Total	-	2,050	-	-	(5,297)	(3,247)	-	(3,247)
Transactions with owners, recognised directly in equity								
Recognition of equity component of convertible bonds issued during the year	-	-	4	-	-	4	-	4
Total	-	-	4	-	-	4	-	4
Others	-	-	-	110	-	110	23	133
Balance at December 31, 2017	94,602	(9,775)	418	40,631	1,790	127,666	-*	127,666

* Balance less than $1,000.

Statements of Changes in Equity

For the Financial Year ended 31 December 2017

	Share capital (Note 24) $'000	Accumulated losses (Note 25) $'000	Capital reserve (Note 25) $'000	Total equity $'000
Company				
At January 1, 2016	76,897	(826)	(459)	75,612
Loss for the year, representing total comprehensive loss for the year	–	(765)	–	(765)
Transaction with owners, recognised directly in equity				
Issue of ordinary shares	17,705	–	–	17,705
At December 31, 2016	94,602	(1,591)	(459)	92,552
Profit for the year, representing total comprehensive income for the year	-	2,247	-	2,247
Transaction with owners, recognised directly in equity				
Recognition of equity component of convertible bonds issued during the year	-	-	4	4
At December 31, 2017	94,602	656	(455)	94,803

See accompanying notes to financial statements.

	Group 2017 $'000	Group 2016 $'000 (Restated)
Operating activities		
Profit before tax	4,904	6,979
Adjustments for:		
Interest expense	469	681
Bad debts written off	68	44
Depreciation of property, plant and equipment	3,503	1,722
Loss on fair value of biological assets	1,073	-
Gain on change in fair value of investment properties	(12,918)	(5,381)
Loss (Gain) on disposal of property, plant and equipment, net	778	(29)
Gain on disposal of subsidiaries	(575)	(66)
Loss (Gain) on disposal of investment properties	126	(238)
Foreign exchange adjustments	1,124	(1,580)
Interest income	(46)	(27)
Operating cash flows before movement in working capital	(1,494)	2,105
Trade receivables	(335)	(4,457)
Other receivables and deposits	92	(120)
Prepayments	(510)	73
Inventories	185	(41)
Biological assets	(1,181)	206
Development properties	(7,424)	(3,526)
Trade payables	5,878	(2,006)
Other payables and accruals	(2,903)	1,989
Cash used in operations	(7,692)	(5,777)
Interest paid	(469)	(681)
Income tax (paid) refunded	(90)	139
Interest received	46	27
Net cash used in operating activities	(8,205)	(6,292)
Investing activities		
Purchase of intangible assets	(11)	-
Purchase of property, plant and equipment	(334)	(204)
Proceeds from disposal of subsidiaries	351	-
Proceeds from sale of property, plant and equipment	290	378
Proceeds from disposal of investment properties	2,218	415
Net cash from (used in) investing activities	2,514	589

Consolidated Cash Flow Statement

For the Financial Year ended 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000
Financing activities			
Advances to non-controlling shareholder		-	(16)
Repayment of bank loans		(3,600)	(3,669)
Repayment for finance leases		(87)	(132)
Proceeds from issuance of convertible bonds		2,000	-
Payment of dividends to minority shareholders of subsidiaries		-	(79)
Proceeds from issuance of rights shares		-	4,761
Proceeds from issuance of placement shares		-	8,100
Net cash (used in) from financing activities		(1,687)	8,965
Net (decrease) increase in cash and cash equivalents		(7,378)	3,262
Effect of exchange rate changes on balances held in foreign currencies		12	65
Cash and cash equivalents at beginning of year		6,746	3,419
(Overdrawn) Cash and cash equivalents at end of year	6	(620)	6,746

Non-cash transactions:

(1) During the year, the Group took over the crops from a third party which were used to fully offset the outstanding receivable amounting to $7,545,000 (Note 7).

(2) During the year, the Group acquired property, plant and equipment with an aggregate cost of $907,000 (2016 : $1,067,000) of which $573,000 (2016 : $766,000) was acquired under finance lease arrangements.

See accompanying notes to financial statements.

1. GENERAL

The Company (Registration Number 199905292D) is incorporated in Singapore with its principal place of business and registered office at 10 Neo Tiew Lane 2, #01-05, D'Kranji Farm Resort, Singapore 718813. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

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

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2017 were authorised for issue by the Board of Directors on April 13, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 inputs are unobservable inputs for the asset or liability.

Adoption of new and revised standards - On January 1, 2017, the Group and the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Changes in accounting policies – Except for the early adoption of FRS 115 *Revenue from Contracts with Customers* as discussed below, the accounting policies adopted are consistent with those of the previous financial year.

Impact of application of FRS 115 *Revenue from Contracts with Customers*

In the current year, the Group has early adopted FRS 115 *Revenue from Contracts with Customers* (as amended in April 2016) in advance of its effective date of January 1, 2018. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied FRS 115 using the practical expedients for completed contracts in FRS 115.C5(a), and (b), or for modified contracts in FRS 115.C5(c) but using the expedient in FRS 115.C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. January 1, 2017.

FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in FRS 115 to describe such balances.

The Group's accounting policies for its revenue streams are disclosed in detail in below. Apart from the recognition of the revenue from the sale of the development properties in accordance with the percentage of completion method and providing more extensive disclosures on the Group's revenue transactions, the application of FRS 115 has not had a significant impact on the financial position and/or financial performance of the Group. The amount of adjustment for each financial statement line item affected by the application of FRS 115 for the current and prior years is illustrated below.

Impact on profit or loss

	2016
	$'000
Impact on profit for the year	
Revenue	
Increase due to change in the timing of recognition for development properties(1)	3,439
Cost of sales	
Increase due to change in the timing of recognition for development properties(1)	1,612
Income tax expense	
Increase due to due to change in the timing of recognition of revenue and cost of sales`	133
Increase in profit for the year	1,694
Increase in earnings per share (in cents)	
Basic	0.032
Diluted	0.032

Impact on assets, liabilities and equity as at December 31, 2016

	As previously reported	FRS 115 adjustments	Non-FRS 115 adjustments	As restated
	$'000	$'000	$'000	$'000
Development properties(2)	19,902	(1,612)	-	18,290
Contract liability (current)(3)	-	(4,364)	-	(4,364)
Contract liability (non-current)(3)	(7,803)	7,803	-	-
Provision for taxation	(36)	(133)	-	(169)
Accumulated losses	(12,856)	1,694	(663)	(11,825)

The Group recognises the revenue on the property development based on the percentage of completion method under FRS 115 compared to the completion method previously adopted by the Group. An adjustment to revenue has therefore been made to reflect the change in accounting. A corresponding reduction of the contract liability is also observed as amounts were previously deferred.

(1) For property development sale of real estate unit, when an agreement between a developer and buyer is reached before the construction of real estate is completed, revenue and related expenses are accounted for using the percentage of completion ("POC") method as the entity continuously transfer to the buyer control of the work in progress as construction progresses.

(2) Property development work in progress consists of costs of construction of residential and commercial units. As a consequence of POC recognition of related work in progress, a corresponding adjustment to recognize such costs when incurred is accounted in cost of sales.

(3) In 2016, the deferred income was recorded as non-current. The deferred income relates to the amount received from buyer of development properties which has been reclassified as a contract liability. The adjustments pertain to the following:

(a) reclassification of $7,803,000 from non-current to current liabilities as revenue was recognised based on POC method; and
(b) recognition of revenue amounting to $3,439,000 for 2016. When POC revenue was recognised, the corresponding adjustment is a reduction in contract liability. The resulting current portion of the contract liability as at December 31, 2016 is $4,364,000.

Basis of consolidation - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company’s separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business combinations - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

Financial instruments - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are mainly classified as "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, cash and bank balances and short-term deposits) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days (2016: 0 to 120 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Leases - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Non-current assets held for sale - Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal Groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Inventories - Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

- Consumables and spare parts: purchase costs and all other costs directly attributable to the acquisition of these inventories. These costs are assigned on a first-in first-out basis.

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 represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Biological assets - Biological assets relate to immature cassava that have yet to be harvested.

The immature cassava plantation costs consist of field preparation, planting, fertilising and maintenance and an allocation of other related costs. In general, a cassava plantation take about ten months to reach maturity from the time the seedlings are planted.

Biological assets 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. Point-of-sale costs include all costs that would be necessary to sell the assets.

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 profit or loss for the period in which they arise.

Development properties - Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Property, plant and equipment - Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	–	Over the lease period of between 20 to 70 years
Land use rights	–	Over the lease period of 50 years
Leasehold improvements	–	10 - 30 years
Building and structure	–	25 years
Computers	–	5 years
Furniture and fittings and office equipment	–	10 years
Machineries and equipment	–	10 - 20 years
Motor vehicles	–	3 - 10 years
Renovation	–	2 - 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Investment properties - Investment properties, which are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible assets - At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue – During the year, the Group has early adopted FRS 115. Accordingly, the Group changes its accounting policy from completion method to percentage of completion method in current year. 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 crops*

For sale of crops, revenue is recognised at a point in time when control of the goods is transferred to the customers depending on the respective incoterms of each sales transaction.

(b) *Development of properties*

The Group develops and sells residential and commercial properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from development of properties is therefore recognised over time on a cost–to–cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under FRS 115.

The Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones on building completion. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds, the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference. This is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

(c) *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.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

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

Borrowing costs - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlement - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Income tax - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group’s liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

Foreign currency transactions and translation - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Cash and cash equivalents in the statement of cash flows - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) *Revenue recognition*

The Group recognises the revenue on the property development based on the percentage of completion method under FRS 115 compared to the completion method previously adopted by the Group.

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in FRS 115 and, in particular, whether the Group has an enforceable right to payment for performance completed to date.

As a result of the early adoption of percentage of completion in accordance with FRS 115, an adjustment to revenue and associated costs to fulfil the contract have therefore been made to reflect the change in accounting and a corresponding reduction of the contract liability is also observed as amounts were previously deferred as set out in Note 2 to the financial statements.

(b) *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 Note 29.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities as at December 31, 2017 are $180,000 (2016: $36,000) and $16,437,000 (2016: $14,891,000) respectively.

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) *Valuation of development properties*

Development property of the Group is stated at cost less allowance for impairment in value or at the lower of cost and net realisable values, assessed on an individual property basis.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The carrying amount of the development properties is disclosed in Note 14.

(b) *Valuation of biological assets*

The Group's biological assets are stated at fair value less estimated costs to sell, which has been estimated by management with the assistance of an independent valuer.

During the valuation process, the Group has made estimates relating to the unit selling price of the cassava, the production yield, the planted area and the harvesting cost.

The carrying amount of the Group's biological assets as at December 31, 2017 is disclosed in Note 13 to the financial statements.

(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 December 31, 2017 and 2016. The valuation techniques used by the Valuers comprise the direct comparison approach, depreciated replacement cost method and income approach. The key assumptions used to determine the fair value of these investment properties and sensitivity analysis are provided in Note 4.

The carrying amount of the investment properties as at December 31, 2017 is disclosed in Note 17 to the financial statements.

(d) *Impairment assessment 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. PPE mainly comprises leasehold land and building, machineries and equipment, motor vehicles, office equipment, furniture and fittings in Cambodia.

Management has engaged an independent external valuer to determine the recoverable amounts of the property, plant and equipment based on the fair value less cost of disposal. The determination of fair value less cost of disposal also involves significant assumptions and estimates which included, amongst others, condition and usage of the machineries and equipment and the estimated cost and time for replacement.

The carrying amount of the property, plant and equipment as at December 31, 2017 is disclosed in Note 16 to the financial statements.

(e) *Useful lives of property, plant and equipment ("PPE")*

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge.

During the year, the Group has terminated the joint co-operation with the third party for the lease of the concession land at Aoral District in Kampong Speu Province, Cambodia. The Group recovered the agriculture land and started cultivation of cassava and production of cassava starch. Accordingly, the concession land has been reclassified from investment properties to property, plant and equipment. The concession land is depreciated over the remaining lease term of 62 years.

(f) *Impairment of investments in subsidiaries*

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of these investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from these investments and a suitable discount rate in order to calculate present value. Management has evaluated the recoverability of these investments based on such estimates. The carrying amount of investments in subsidiaries is disclosed in Note 18 to the financial statements.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company	
	December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December, 31, 2016
	$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
Financial assets					
Investment securities	2	2	2	-	-
Loans and receivables (including cash and bank balances)	3,342	15,519	8,983	31,182	99,898
Financial liabilities					
Payables at amortised cost	14,549	9,309	23,188	12,353	9,184
Convertible bonds	1,996	-	-	1,996	-

(b) *Financial risk management policies and objectives*

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 and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Finance department. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

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.

(i) *Interest rate risk management*

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.

Interest rate sensitivity

At the end of the reporting period, if SGD interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been approximately $52,000 (2016: $62,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(ii) Credit risk management

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 bank balances), 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 reputable financial institutions.

Exposure to credit risk

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry.

The maximum amount the Group could be forced to settle under the financial guarantee contract in Note 34, if the full guaranteed amount is claimed by the counterparty to the guarantee is $5,295,000 (2016: $6,313,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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:

	2017		2016	
	$'000	%	$'000	%
Singapore	-	-	148	1.9
Cambodia	559	100.0%	7,689	98.1
	559	100.0%	7,837	100.0

At the end of the reporting period, approximately Nil% (2016: 96.3%) of the Group's trade receivables was due from a third party, pertaining to a co-operation agreement entered into by a subsidiary for cultivation of cassava.

(i) ***Liquidity risk management***

Liquidity risk refers to the risk that the Group may have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient funds to meet its potential liabilities as they fall due. This strategy has not changed from prior periods.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group and the Company's non-derivative financial assets are receivable within one year from the end of the reporting period and are non-interest bearing except as disclosed in Note 8.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2017						
Trade and other payables	-	8,103	-	-	-	8,103
Bank loans (Variable rate)	6.52%	3,628	2,060	-	(456)	5,232
Finance lease (fixed rate)	5.25-5.39%	138	1,336	-	(260)	1,214
Convertible bonds	5.00%	-	2,208	-	(212)	1,996
		11,869	5,604	-	(928)	16,545
2016						
Trade and other payables	-	2,333	-	-	-	2,333
Bank loans (Variable rate)	6.18%	1,967	4,959	-	(735)	6,191
Finance lease (fixed rate)	5.16%	81	923	-	(219)	785
		4,381	5,882	-	(954)	9,309

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Over 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000	$'000
Company						
2017						
Trade and other payables	-	12,308	-	-	-	12,308
Finance lease (fixed rate)	5.25%	46	-	-	(1)	45
Convertible bonds (fixed rate)	5.00%	-	2,208	-	(212)	1,996
		12,354	2,208	-	(213)	14,349
2016						
Trade and other payables	-	9,088	-	-	-	9,088
Finance lease (fixed rate)	5.25%	51	50	-	(5)	96
		9,139	50	-	(5)	9,184

* The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability in the statement of financial position.

(ii) *Foreign exchange risk management*

The Group's transactional currency exposures mainly arise from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The foreign currency risk is largely attached to the exposure of its net financial assets denominated in United States dollar.

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 are not hedged as currency positions in United States Dollar are considered to be long-term in nature. The remaining exposure is not considered by 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.

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

Foreign currency sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against SGD, with all other variables held constant.

	Group		**Company**	
	Profit before tax		**Profit before tax**	
	2017	2016	2017	2016
	$'000	$'000	$’000	$’000
USD - strengthen 5% (2016: 5%)	1,055	2,805	694	724
USD - weaken 5% (2016: 5%)	(1,055)	(2,805)	(694)	(724)

(iii) Fair value of financial 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:

2017	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
Held for trading investments (Note 11)	2	-	-	2
2016				
Held for trading investments (Note 11)	2	–	–	2

Determination of fair values

Held for trading investments (Note 11): Fair values are determined directly by reference to the published market bid price of quoted equity instruments at the end of the reporting period.

(c) *Fair value of financial assets and financial liabilities*

The carrying amounts of trade receivables, other receivables and deposits, cash and bank balances, trade payables, other payables and accruals, and amounts due to/from subsidiaries approximate their respective fair values due to their relatively short-term nature of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

(c) ***Capital management policies and objectives***

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 capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital, reserves and borrowings.

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 December 31, 2017 and 2016.

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%.

The gearing ratio at the end of the reporting period is as follows:

	Group	
	2017	2016
	$'000	$'000 (Restated)
Bank loans (Note 19(a))	5,232	6,191
Finance lease liabilities (Note 19(b))	1,214	785
	6,446	6,976
Equity attributable to the owners of the Company	127,666	130,799
Non-controlling interests	-	(23)
Total equity	127,666	130,776
Gearing ratio	5%	5%

5. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions were entered into by the Group with related parties at terms agreed between the parties during the financial year. The balances with related parties are unsecured, interest-fee and repayable on demand unless otherwise stated.

Transactions, arrangements and agreements involving directors and other related parties

	Note	Group 2017 $'000	Group 2016 $'000
Personnel expenses	(i)	232	256
Interest expense on convertible bonds and loans from a director	(ii)	20	130

(i) Personnel expenses of $352,000 (2016: $256,000) were paid to individuals who are close family members of directors. These individuals are occupying managerial positions of the Company and its subsidiaries.

(ii) Interest of $20,000 (2016: $130,000) was paid to a director in relation to the convertible bonds issued to a director (2016: personal loans provided by the director).

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group 2017 $'000	Group 2016 $'000
Short term employee benefits	1,353	733
Central Provident Fund contributions	50	42
	1,403	775
Comprise amounts paid to:		
Directors of the Company	1,171	717
Other key management personnel	232	58
	1,403	775

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at banks and on hand	1,268	5,968	639	272
Short-term fixed deposits with financial institutions	753	778	-	–
	2,021	6,746	639	272
Less: bank overdrafts (Note 19a)	(2,641)	-	-	
(Overdrawn) Cash and cash equivalents in the statement of cash flows	(620)	6,746	639	272

Cash at banks and fixed deposits earn interest at floating rates based on daily deposit rates of 0.50% (2016: 0.50%) per annum. Fixed deposits are held for varying periods of between 1 to 3 months.

7. TRADE RECEIVABLES

	Group	
	2017	2016
	$’000	$’000
Amounts due from contract with customers	556	170
Outside parties	-	7,667
Amount receivable from the sale of goods	3	-
	559	7,837

The trade receivables are non-interest bearing and are generally on 30 days’ credit term (2016: 0 to 120 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

As at December 31, 2016, 96% of the Group’s trade receivables amounting to $7,545,000 was due from a third party pertaining to one of the co-operation agreements entered into by a subsidiary for cultivation of cassava. 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. During the year, the Group terminated the co-operation agreement with the third party in view that the party was not able to fulfil the terms of the agreement. The Group took over the crops from the third party which were used to fully offset the outstanding receivable.

Included in the Group's trade receivable balances are debtors with a carrying amount of $3,000 (2016: $7,763,000) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, management believes that there is no allowance for doubtful debts required.

The table below is an analysis of trade receivables as at December 31:

	Group	
	2017	2016
	$'000	$'000
Not past due and not impaired	556	74
Past due but not impaired (i)	3	7,763
	559	7,837

(i) Aging of receivables that are past due but not impaired		
1 to 30 days	-	398
31 to 60 days	1	313
>61 days	2	7,052
Total	3	7,763

8. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Other receivables (net of allowance for impairment)	448	727	121	-
Deposits	274	193	-	–
Current portion of other receivables and deposits	722	920	121	-
Non-current deposits	40	-	-	-
	762	920	121	-

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

	Group	
	2017	2016
	$'000	$'000
Other receivables	-	3
Less: Allowance for impairment (Note i)	-	(3)
	-	–

Note (i): Other receivables that are individually determined to be impaired at the end of the reporting period relate to a debtor that has defaulted on payments.

9. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Due from subsidiaries		
- trade	-	11,998
- non-trade	30,422	90,325
	30,422	102,323
Less: Allowance for doubtful debts	-	(2,697)
	30,422	99,626
Due to subsidiaries		
- non-trade	(11,846)	(8,594)

The balances due from/(to) subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash. Included in amount due from subsidiaries is an amount of $10,624,000 (2016: $81,490,000) due from key subsidiaries in the agriculture division. During the year, the Company reclassified $76,160,000 of amount due from a subsidiary, net of allowance for doubtful debts, to investment as this amount is not likely to be settled in the foreseeable future.

10. ADVANCES TO A NON-CONTROLLING SHAREHOLDER

	Group	
	2017	2016
	$'000	$'000
Advances to a non-controlling shareholder		
- non-trade	-	16

Non-trade advances to a non-controlling shareholder are unsecured, interest-free and repayable on demand in cash.

11. INVESTMENT SECURITIES

	Group	
	2017	2016
	$'000	$'000
Held for trading investments		
- equity instruments (quoted)	2	2

12. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Raw materials	3	46
Consumables	122	176
Machineries and spare parts	318	349
Finished goods	53	116
	496	687

13. BIOLOGICAL ASSETS

	Group 2017 $'000	Group 2016 $'000
At beginning of year	–	206
Transfer from a third party	7,545	–
Additions*	1,181	-
Decreases due to harvest**	-	(206)
Loss on fair value of biological assets	(1,073)	-
Exchange differences	(303)	-
At end of year	7,350	–

* These are additions to cassava during the year.
** These are decrease in sugar cane plantations in 2016.

The fair values of cassava and sugarcane have been determined based on the estimate of selling prices less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the assets.

	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2)** $'000	**Significant unobservable inputs (Level 3)** $'000	**Total** $'000
At December 31, 2017	-	-	7,350	7,350

Description	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets	7,350 (2016: Nil)	Income approach	Selling prices of comparable sales less costs to harvest: $57 (2016: $Nil) Production yield: 25 ton/ hectare Cultivation area: 4,000 hectares	The estimated fair value increases with higher comparable selling prices, production yield and cultivation area.

14. DEVELOPMENT PROPERTIES

	Group 2017 $'000	Group 2016 $'000 (Restated)
Freehold land	12,391	12,583
Development costs	13,323	5,707
	25,714	18,290
Reclassified to investment properties (Note 17)	(10,616)	-
	15,098	18,290

Description and location	% owned	Site area (square metre)	Gross floor area (square metre)	Stage of completion as at end of reporting period (expected year of completion) $'000
Land in Preah Sihanouk Province, Cambodia	100%	9,818	92,566	35% (2019)

During the year, the Group reclassified a plot of land in Preah Sihanouk Province, Cambodia from development properties to investment properties as management decided to hold the land either for capital appreciation or for rent. There is no construction plan for the land and the land remains vacant as at the end of the reporting period.

15. ASSETS CLASSIFIED AS HELD FOR SALE

On November 9, 2017, management resolved to dispose one of the Group's investment properties to an outside party. The Group has entered into a sales and purchase agreement during the year and as at December 31, 2017, the application for the transfer of the title deed is in progress and the sale of the asset is likely to be completed within the following twelve months. The Group has received partial payment on the property.

The proceeds of disposal less costs of sales are expected to approximate the fair value of the relevant asset classified as held for sale.

The assets held for sale by the Group as at December 31, 2017 are as follows:

Description and location	**Existing use**	**Tenure**	**Land area**	**Fair value as at December 31, 2017** ($'000)
Land, buildings and infrastructure at Prek Village, Amleang Commune, Thpong District, Kampong Speu Province, Cambodia – held for sale	Agriculture land	Freehold	450 hectares	2,807

16. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land $'000	Land use rights $'000	Leasehold improvements $'000	Building and structure $'000	Construction-in-progress $'000	Computers $'000	Furniture and fittings $'000	Machineries and equipment $'000	Motor vehicles[a] $'000	Office equipment $'000	Renovation $'000	Freehold Land $'000	Total $'000
Cost													
As at January 1, 2016	–	1,245	2,228	718	2,905	81	109	18,743	1,567	117	107	–	27,820
Additions	–	–	–	–	377	11	12	274	329	12	52	–	1,067
Reclassified to investment properties [b]	–	–	–	–	–	–	–	(706)	–	–	–	–	(706)
Reclassified from investment properties[c]	–	–	19,846	–	–	–	–	-	–	–	–	–	19,846
Transfers	–	–	–	–	(3,222)	–	–	3,222	–	–	–	–	–
Write-offs	–	–	–	–	–	–	–	(625)	(3)	–	–	–	(628)
Disposal	–	–	–	–	–	–	–	(508)	(483)	–	–	–	(991)
Translation differences	–	(55)	921	(32)	(60)	1	2	472	21	3	3	-	1,276
As at December, 31 2016	–	1,190	22,995	686	–	93	123	20,872	1,431	132	162	-	47,684
Reclassification	20,743	(1,190)	(19,553)	-	–	-	-	-	–	-	-	–	-
Additions	–	–	121	20	–	27	1	257	473	1	7	–	907
Reclassified from investment properties[b][d]	62,008	–	–	3,508	–	–	–	706	–	–	–	1,673	67,895
Disposals	–	–	(1,670)	(686)	–	(5)	(10)	(1,091)	(541)	(10)	(30)	–	(4,043)
Translation differences	(3,726)	–	(151)	(123)	–	(3)	(11)	(1,593)	(63)	(8)	(51)	(58)	(5,787)
As at December 31, 2017	79,025	–	1,742	3,405	–	112	103	19,151	1,300	115	88	1,615	106,656

Group	Lease-hold land $'000	Land use rights $'000	Leasehold improve-ments $'000	Buildings and structures $'000	Construct-ion-in-progress $'000	Computers $'000	Furniture and fittings $'000	Machineries and equipment $'000	Motor vehicles[a] $'000	Office equipment $'000	Reno-vation $'000	Freehold Land $'000	Total $'000
Accumulated depreciation													
As at January 1, 2016	–	1,245	212	718	–	32	56	8,707	791	57	13	–	11,831
Charge for the year	–	–	105	–	–	13	10	1,348	217	16	13	–	1,722
Reclassified to investment properties [b]	–	–	–	–	–	–	–	(319)	–	–	–	–	(319)
Disposals	–	–	–	–	–	–	–	(370)	(272)	–	–	–	(642)
Write-offs	–	–	–	–	–	–	–	(625)	(3)	–	–	–	(628)
Translation differences	–	(55)	9	(32)	–	(1)	1	163	14	1	1	–	101
As at December 31, 2016	–	1,190	326	686	–	44	67	8,904	747	74	27	–	12,065
Reclassification	1,190	(1,190)	–	-	–	-	-	-	–	-	-	-	-
Charge for the year	990	-	107	203	-	15	15	1,949	195	13	16	-	3,503
Disposals	(1,188)	-	(58)	(686)	-	(4)	(8)	(554)	(462)	(10)	(5)	-	(2,975)
Translation differences	(35)	-	(26)	(7)	-	–	(7)	(726)	(29)	(4)	(11)	-	(845)
As at December 31, 2017	957	-	349	196	-	55	67	9,573	451	73	27	-	11,748
Carrying amount													
As at December 31, 2017	78,068	-	1,393	3,209	-	57	36	9,578	849	42	61	1,615	94,908
As at December 31, 2016	–	–	22,669	–	–	49	56	11,968	684	58	135	–	35,619

Company	Computers $'000	Furniture and fittings $'000	Motor vehicle $'000	Office equipment $'000	Renovation $'000	Total $'000
Cost						
As at January 1, 2016	50	11	151	25	12	249
Additions	–	–	192	–	1	193
Disposals	–	–	(151)	–	–	(151)
As at December 31, 2016	50	11	192	25	13	291
Additions	9	-	-	-	-	9
As at December 31, 2017	59	11	192	25	13	300
Accumulated depreciation						
As at January 1, 2016	23	10	151	13	9	206
Charge for the year	10	1	3	4	2	20
Disposals	–	–	(151)	–	–	(151)
As at December 31, 2016	33	11	3	17	11	75
Charge for the year	11	-	38	4	1	54
As at December 31, 2017	44	11	41	21	12	129
Carrying amount						
As at December 31, 2017	15	-	151	4	1	171
As at December 31, 2016	17	–	189	8	2	216

(a) Assets held under finance leases

The Group and Company have property, plant and equipment under finance leases (Note 19(b)) with net carrying amounts of $78,068,000 (2016: $Nil) and $$151,000 (2016: $189,000) respectively. The motor vehicles under lease arrangement are pledged as security for the related finance lease liabilities.

(b) Reclassification of machineries and equipment to investment properties in prior year

In 2016, the Group reclassified certain machineries and equipment, with total carrying amount of $387,000 from property, plant and equipment to investment properties. These items were included in a lease agreement with a third party, under one of the co-operation agreements entered into by a subsidiary in March 2016 for cultivation of cassava as disclosed in Note 33.

In accordance with FRS 40 *Investment Property*, the machineries and equipment were valued to their estimated fair values on March 1, 2016 upon reclassification to investment properties. As the revaluation gains were not significant, there were no revaluation gains recognised in other comprehensive income in respect of these machineries and equipment in the prior year.

During the year, the Group terminated the lease arrangement with the third party and recovered the machineries and equipment from the third party. These machineries and equipment were reclassified from investment properties back to property, plant and equipment at the fair value at date of transfer.

(c) Reclassification of leasehold improvements from investment properties in prior year

The Group’s 9,985 hectares of farmland plantation at Aoral District in Kampong Speu Province, Cambodia has been classified as investment properties since the inception of the co-operation agreement with Zhong Fu International Investment (Cambodia) Ltd (“Zhong Fu”) in 2014. In October 2016, the Group changed its mode of operations for approximately 2,400 hectares of this farmland, from co-operating with Zhong Fu for the cultivation of crop to directly planting crop.

(d) Reclassification of property from investment properties in current year

Further in April 2017, the joint co-operation with Zhong Fu was terminated and the Group took over the remaining hectares of the farmland and commenced its own cassava plantation. The Group also took over certain plant and equipment which were previously under the lease arrangement with Zhong Fu. In accordance with FRS 40 *Investment Property*, these property, plant and equipment have been reclassified to property, plant and equipment with its fair value at the date of change in use being the deemed cost for subsequent accounting and depreciation in accordance with FRS 16 *Property, Plant and Equipment.*

17. INVESTMENT PROPERTIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At beginning of year	89,448	102,389	618	276
Reclassified to property, plant and equipment (net)	(67,895)	(19,459)	-	–
Reclassified from development property (Note 14)	10,616	-	-	-
Reclassified to assets held for sale (Note 15)	(2,807)	-	-	-
Disposed during the year	(2,344)	(177)	-	–
Net gains from fair value adjustments recognised in profit or loss (Note 27)	12,918	5,381	-	342
Exchange differences	(2,056)	1,314	(1)	–
At end of year	37,880	89,448	617	618

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Gain from fair value adjustments included in profit or loss (net)	12,918	5,381	-	342

The Group's investment properties are held under freehold and leasehold interests.

Fair value measurement of the Group's investment properties

The fair values of the Group's investment property at December 31, 2017 and 2016 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

There were no transfers between Levels 1 and 2 and into or out of Level 3 during the year.

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to $1,085,000 (2016: $1,037,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $300,000 (2016: $300,000).

The investment properties held by the Group as at December 31, 2017 are as follows:

Description and location	Existing use	Tenure	Land area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(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	618 (2016: 618)	Direct comparison method	Adjustment factors for transacted price of comparable properties (sqm): $314 to $799 (2016: $374 to $900)	The estimated fair value increases with higher comparable prices.

Description and Location	Existing Use	Tenure	Land area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(b) Land at Tropaing Chheu Neang Village, Peuk Commune, Ang Snoul District, Kandal Province, Cambodia	Industrial land	Freehold	8,499 m^2 (2016: 18,051 m^2)	1,270 (2016: 3,638)	Direct comparison method	Adjustment factors for: Transacted price of comparable properties (sqm): $55 to $125 (2016: $55 to $125)	The estimated fair value increases with higher comparable prices.
Factory and warehouse at Tropaing Chheu Neang Village, Peuk Commune, Ang Snoul District, Kandal Province, Cambodia					Depreciated replacement cost method	Market price (sqm): $97 to $180 (2016: $97 to $180)	The estimated fair value increases with higher construction costs.

Description and Location	Existing Use	Tenure	Land Area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(c) Land at 10 Neo Tiew Lane 2, D'Kranji Farm Resort, #01-05, Singapore 718813	Farm resort	Leasehold (20 years from May 9, 2007)	50,969 m^2	10,600 (2016: 10,600)	Income approach	Capitalisation yield: 4% (2016: 4%)	The estimated fair value varies inversely against the capitalisation yield.

Description and Location	Existing Use	Tenure	Land Area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(d) Land at Phum 1, Sangkat Iek 3, Khan Mittapheap Preah Sihanouk Province, Cambodia – reclassed from development properties	Vacant land	Freehold	22,065 m^2	25,392 (2016: $Nil)	Direct comparison method	Adjustment factors for transacted price of comparable properties (sqm): $1,270 to $2,673	The estimated fair value increases with higher comparable prices.

Description and Location	Existing Use	Tenure	Land Area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(e) Land at Prek Village, Amleang Commune, Thpong District, Kampong Speu Province, Cambodia	Reclassified from investment properties to assets classified as held for sale (Note 15)	Freehold	450 hectares	$Nil (2016: 5,334)	Direct comparison method	Adjustment factors for transacted price of comparable properties (sqm): $Nil (2016: $0.46 to $1.38)	The estimated fair value increases with higher comparable prices.
Buildings and infrastructure at Prek Village, Amleang Commune, Thpong District, Kampong Speu Province, Cambodia					Depreciated replacement cost method	Market price (sqm): $Nil (2016: $83 to $180)	The estimated fair value increases with higher construction costs.

Description and Location	Existing Use	Tenure	Land Area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(f) Land at Aoral District in Kampong Speu Province, Cambodia	Reclassified from investment properties to property, plant and equipment (Note 16(c))	70 years concession	7,585 hectares	$Nil (2016: 69,264)	Direct comparison method	Adjustment factors for transacted price of comparable properties (sqm): $Nil (2016: $0.46 to $0.97)	The estimated fair value increases with higher comparable prices.
Buildings and infrastructure at Aoral District in Kampong Speu Province, Cambodia					Depreciated replacement cost method	Market price (sqm): $Nil (2016: $83 to $235)	The estimated fair value increases with higher construction costs.

Description and Location	Existing Use	Tenure	Land Area	Fair value as at December 31, 2017 ($'000)	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
(g) Land at Tropiang Cho Commune, Aoral District in Kampong Speu Province, Cambodia	Reclassified from investment properties to property, plant and equipment (Note 16(d))	Freehold	403 hectares	$Nil (2016: 1,747)	Direct comparison method	Adjustment factors for transacted price of comparable properties (sqm): $Nil (2016: $0.28 to 0.73)	The estimated fair value increases with higher comparable prices.

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 (b) above
- A first mortgage provided to a bank over the leasehold property in (c) above

These mortgages are provided in respect of the Group's loans and borrowings. Details of these loans and borrowings are disclosed in Note 19(a).

Valuation of investment properties

Investment properties are stated at fair value, which have been determined based on valuations performed as at December 31, 2017 and 2016 by independent real estate valuation experts with recent experience in the location and category of the properties being valued.

The Group's investment properties are classified into Level 3 of the fair value hierarchy as the fair value measurement of these investment properties are based on significant unobservable inputs.

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

Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. 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 elements of comparison 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.

(iii) Income approach that takes into account the annual net income of the property which is then capitalised at an appropriate rate of return to arrive at the market value.

18. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company 2017	Company 2016
	$'000	$'000
Unquoted equity shares, at cost	23,969	23,969
Loans to subsidiaries	76,160	-
Less: Impairment losses	(22,969)	(22,969)
	77,160	1,000

Movement in impairment loss:

	2017	2016
At beginning and end of year	22,969	22,969

The loans to subsidiaries are unsecured and interest-free. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less impairment losses.

Details of the Group's significant subsidiaries at December 31, 2017 are as follows:

Name	Principal activities	Country of incorporation and place of business	Proportion of ownership interest and voting power held 2017	Proportion of ownership interest and voting power held 2016
			%	%
Held by the Company				
Hong Lai Huat International Pte Ltd *	Investment holding	Singapore	100	100
HLH Agri International Pte Ltd *	Investment holding	Singapore	100	100
HLH Development Pte Ltd *	Investment holding	Singapore	100	100

Name	Principal activities	Country of incorporation and place of business	Proportion of ownership interest and voting power held	
			2017	**2016**
			%	%
Held by HLH Agri International Pte Ltd				
HLH Agri R&D Pte Ltd*	Agricultural research and experimentation	Singapore	100	100
HLH Global Trading Pte Ltd *	Dormant	Singapore	100	100
Tieling HLH Agri Processing Co. Ltd (China) @(ii)	Dormant	China	-	85
HLHI (Cambodia) Company Limited **(i)	Investment holding, property investment	Cambodia	49	49
HLH Agriculture (Cambodia) Co.Ltd **	Agriculture plantation, processing and distribution	Cambodia	100	100
Held by HLH Agri International Pte Ltd				
HLHS (Cambodia) Co. Ltd ^@	Dormant	Cambodia	70	70
Held by HLH Development Pte Ltd				
Hong Lai Huat Development (Cambodia) Limited (i) @	Property development and real estate	Cambodia	49	49
Held by Hong Lai Huat International Pte Ltd				
Public Housing Development (Cambodia) Limited @ (i)	Investment holding, property investment	Cambodia	49	49
PH One Development (Cambodia) Limited ** (i)	Property development and real estate	Cambodia	49	49

Name	Principal activities	Country of incorporation and place of business	Proportion of ownership interest and voting power held 2017 %	2016 %
PH Two Development (Cambodia) Limited @ (i) (ii)	Property development and real estate	Cambodia	-	49
New Building Products (Cambodia) Ltd @ (i) (ii)	Import/export of construction materials	Cambodia	-	49

* Audited by Deloitte & Touche LLP, Singapore.

** Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

@ 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) A director of the Company holds the remaining 51% interest in these 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 these subsidiaries have been consolidated in the Group's financial statements.

(ii) Disposed during the year (Note 32).

The non-controlling interests of Tieling HLH Agri Processing Co. Ltd (China) and HLHS (Cambodia) Co. Ltd are not material to the financial statements of the Group.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries held by the Company	
		December 31, 2017	December 31, 2016
Investment holding, property investment	Singapore	3	3
	Cambodia	2	2
Agricultural research and experimentation, agriculture plantation, processing and distribution	Singapore	1	1
	Cambodia	1	1
Property development and real estate	Cambodia	2	3
Import/ export of construction materials	Cambodia	-	1
Dormant	Singapore	1	1
		10	12

19. BANK LOANS, OVERDRAFT AND FINANCE LEASES

(a) BANK LOANS AND OVERDRAFT

	Year of maturity	Group	
		2017	2016
		$'000	$'000
Current:			
Bank loans:			
SGD bank loan 1 at base rate – 0.6% p.a. [(a)]	2021	660	629
USD bank loan 1 at base rate + 1.75% p.a. [(b)]	2020	-	205
USD bank loan 2 at base rate + 4.25% p.a. [(c)]	2018	-	872
USD bank overdraft at base rate + 2.0% p.a. [(d)]	-	2,641	-
		3,301	1,706
Non-current:			
Bank loans:			
SGD bank loan 1 at base rate – 0.6% p.a. [(a)]	2021	1,931	2,591
USD bank loan 1 at base rate + 1.75% p.a. [(b)]	2020	-	574
USD bank loan 2 at base rate + 4.25% p.a. [(c)]	2018	-	1,320
		1,931	4,485
Total loans and borrowings		5,232	6,191

* Base rate refers to the respective banks' internal cost of funds.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2017	Financing cash flow (i)	Non-cash changes Increase in finance lease (ii)	Equity component of convertible bonds	Foreign exchange movement	December 31, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Overdraft (Note 19a)	-	2,641	-	-	-	2,641
Bank loans (Note 19a)	6,191	(3,600)	-	-	-	2,591
Finance leases (Note 19b)	785	(87)	573	-	(57)	1,214
Convertible bonds (Note 22)	-	2,000	-	(4)	-	1,996
	6,976	954	573	(4)	(57)	8,442

(i) The cash flows make up the net amount of proceeds from bank loans, overdraft and repayments of loans in the statement of cash flows.

(ii) The increase in finance lease includes new leases entered and the interest portion of the outstanding finance lease.

(a) SGD bank loan at base rate - 0.6% p.a.

This loan is secured by a first mortgage over the Group's investment property at 10 Neo Tiew Lane 2 (Note 17) and corporate guarantee by the Company. The loan bears interest at 4.75% (2016: 4.5%) per annum, during the year. It is repayable in 72 equal instalments and will be fully repaid in September 2021, in accordance with the terms of the loan agreement.

(b) USD bank loan 1 at base rate + 1.75% p.a.

The loan is secured by a legal charge over the Group's investment property at Tropaing Chheu Neang Village (Note 17) and corporate guarantee by the Company. The loan bears interest at 8% (2016: 8%) per annum during the year. It was fully repaid in October 2017.

(c) USD bank loan 2 at base rate + 4.25% p.a.

This loan is 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 at Prek Village, Amleang Commune [Note 15];

- charge over specified lists of vehicles, machineries and equipment of two subsidiaries; and

- assignment of interests in insurance policies of two subsidiaries.

The loan is repayable over a 3-year period and bears interest at at 6.8% (2016: 6.1% to 6.4%) per annum. It was fully repaid on 30 November 2017.

(d) Bank overdrafts at base + 2.0% p.a.

The bank overdrafts is secured by a legal charge over vacant development land at Preah Sihanouk Province and corporate guarantee by the Company. It bears interest at 8.25% per annum and is repayable on demand.

19. (b) FINANCE LEASE LIABILITIES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2017	**December 31, 2016**	**January 1, 2016**	**December 31, 2017**	**December 31, 2016**	**January 1, 2016**
	$'000	$'000	$'000	$'000	$'000	$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Amounts payable under finance leases:						
Within one year	138	81	90	122	77	84
In the second to fifth years inclusive	1,336	923	883	1,092	708	691
	1,474	1,004	973	1,214	785	775
Less: Future finance charges	(260)	(219)	(198)	N/A	N/A	N/A
Present value of lease obligations	1,214	785	775	1,214	785	775
Less: Amount due for settlement within 12 months (shown under current liabilities)				(122)	(77)	(84)
Amount due for settlement after 12 months				1,092	708	691

	Company			
	Minimum lease payments		**Present value of minimum lease payments**	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	46	51	45	51
In the second to fifth years inclusive	-	50	-	45
	46	101		
Less: Future finance charges	(1)	(5)	N/A	N/A
Present value of lease obligations	45	96	45	96
Less: Amount due for settlement within 12 months (shown under current liabilities)			(45)	(51)
Amount due for settlement after 12 months			-	45

The Group has finance leases for motor vehicles (Note 16). The leases have remaining term of approximately 1 to 2 years. The lease agreements do not have terms of renewal and purchase options.
The effective interest rates for the finance leases range from 5.25% to 5.39% (2016: 4.35% to 5.25%) per annum.

In addition, the Group has finance leases for the 70 years' concession leasehold land at Aoral District in Kampng Speu Province, Cambodia (Note 17(f)). The lease has remaining unexpired term of 62 years. The effective interest rate for the finance lease is 9% (2016: 9%).

Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 16). The average discount rate implicit in the leases is 7.55% per annum (2016: 4.80% per annum). These obligations are denominated in Singapore dollars.

20. TRADE PAYABLES

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

21. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000 (Restated)	$'000	$'000
Current:				
Other payables	266	388	20	118
Deposits received	1,379	309	2	–
Contract liability	317	4,364	-	-
Accrued operating expenses	501	486	440	376
Total other payables and accruals	2,463	5,547	462	494

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

22. CONVERTIBLE BONDS

On January 18, 2017, the Group issued convertible bonds of $4.0 million to the Chief Executive Officer of the Group. The convertible bonds bear interest at the rate of 5 per cent per annum and is convertible at the option of the holder of the Convertible Bonds, at any time commencing from the date falling after 12 months from the issue date of the Convertible Bonds to three years from the issue date of the Convertible Bonds.

On August 2017, $1.0 million of the $4.0 million convertible bonds was subscribed with maturity date being January 18, 2020. The subscribed bonds were then transferred to a third party on the same day.

Further on December 21, 2017, another $1.0 million of the $4.0 million convertible bonds was subscribed by the Chief Executive Officer of the Group, with maturity date being January 18, 2020.

The convertible bonds can be converted into new shares based on fixed conversion price of $0.01 per share, subject to adjustments determined by the Board, in the events of rights, bonus, consolidation or other capitalisation issues. There has been no early redemption of the convertible bonds.

The net proceeds from the issue of the Bonds have been split between the liability element and an equity component.

23. DEFERRED TAX LIABILITIES

As disclosed in Notes 16 and 17, the Group recognised a gain on revaluation of land and buildings and a gain on change in fair value of investment properties during the current and prior financial years. The deferred tax liabilities as at December 31, therefore relate to the following:

	Revaluation of land and building $'000	Gain on change in fair value of investment properties $'000	Total $'000
Group			
At January 1, 2016	11,275	2,815	14,090
Charge to profit or loss for the year	-	557	557
Exchange differences	229	15	244
At December 31, 2016	11,504	3,387	14,891
Charge to profit or loss for the year	-	2,584	2,584
Exchange differences	(893)	(145)	(1,038)
	10,611	5,826	16,437

The Group has tax losses of approximately $41,853,000 (2016: $47,402,000) that are available for offset against future taxable profits of the Group for which deferred tax assets amounting to approximately $8,371,000 (2016: $8,972,000) 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.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognized is $2.0 million (2016: $585,000). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

24. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of ordinary shares	$'000	No. of ordinary shares	$'000
Issued and paid-up				
At beginning of year	6,658,068,582	94,602	3,957,211,329	76,897
Issue of ordinary shares	-	-	2,700,857,253	17,705
At end of year	6,658,068,582	94,602	6,658,068,582	94,602

In 2016, the Company issued 2,700,857,253 ordinary shares for $17,705,000.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

25. RESERVES

	Group			Company	
	December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016
	$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
(Accumulated losses) Retained earnings	(9,775)	(11,825)	(18,129)	656	(1,591)
Capital reserve (Note (i))	418	414	481	(455)	(459)
Asset revaluation reserve (Note (ii))	40,631	40,521	40,521	-	–
Foreign currency translation reserve (Note (iii))	1,790	7,087	5,703	-	–
	33,064	36,197	28,576	201	(2,050)

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.

26. REVENUE

Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under FRS 108 (see Note 35):

		Group	
	Location	**2017**	**2016**
		$'000	$'000 (Restated)
Sale of crops	Cambodia	2,740	683
Income from co-operation agreements	Cambodia	-	5,185
Rental income from lease of resort	Singapore	1,085	1,037
Sale of development of properties	Cambodia	8,775	3,439
		12,600	10,344

Timing of revenue recognition		
(i) At a point in time		
Sale of crops	2,740	683
Income from co-operation agreements	-	5,185
Rental income from lease of resort	1,085	1,037
	3,825	6,905
(ii) Over time		
Sale of development of properties	8,775	3,439

27. OTHER INCOME

	Group 2017 $'000	Group 2016 $'000
Interest income from bank deposits	46	27
Gain on change in fair value of investment properties (Note 17)	12,918	5,381
Gain on disposal of property, plant and equipment	-	29
Gain on disposal of investment property	-	238
Gain on disposal of subsidiary	575	66
Net foreign exchange gain	-	1,304
Other sundry income	1,765	485
	15,304	7,530

28. FINANCE COSTS

	Group 2017 $'000	Group 2016 $'000 (Restated)
Interest expense on:		
- bond interest	20	-
- finance leases	80	57
- loans from a director	-	130
- bank loans	369	494
	469	681

29. INCOME TAX EXPENSE

	Group 2017 $'000	Group 2016 $'000 (Restated)
Current tax	831	211
Deferred tax (Note 23)	2,584	557
	3,415	768
Overprovision in respect of prior years:		
- current tax	(561)	(72)
Tax expense	2,854	696

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2017	**2016**
	$'000	$'000
		(Restated)
Profit before income tax	4,904	6,979
Income tax expense calculated at 17% (2016 : 17%)	834	1,186
Income not subject to taxation	(23)	(915)
Non-deductible expenses	2,915	95
Utilisation of previously unrecognised tax losses	(601)	(233)
Effect of unused tax losses not recognised as deferred tax assets	-	635
Effect of different tax rates of subsidiaries operating in other jurisdictions	290	-
Over provision in respect of prior years	(561)	(72)
Income tax expense recognised in profit or loss	2,854	696

HLH Agri (Cambodia) Co. Ltd ("HLHA") is a Qualified Investment Project (QIP) registered with the Council for the Development of Cambodia (“Council”). HLHA is entitled to exemption from the tax on profit imposed under the Law on Taxation covering the tax exemption period of up to 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.

In December 2013, HLHA entered into an agreement with a third party for crop cultivation at its Kampong Speu agricultural land in Cambodia. Management considered the revenue generated under the agreement as distribution of profit from the said agreement and would qualify as QIP income under the Cambodian tax law. The concept of such an agreement is 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 that is subject to conditions of utilisation encapsulated in the tax legislation.

As the taxation system in Cambodia is relatively new and complex, with frequently changing legislation, it is subject to differing interpretations. Taxes are also subject to review and investigation by the taxation authority, who is 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 judgement 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 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.

30. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2017	**2016**
	$'000	$'000
Personnel expenses		
- Salaries and bonuses	969	1,999
- Central Provident Fund contribution	99	96
- Other short-term benefits	50	25
	1,118	2,120
Directors' fees:		
- of the Company	134	134
Directors' remuneration:		
- of the Company	1,037	630
- of the subsidiaries	169	-
Total directors' remuneration	1,206	630
Depreciation of property, plant and equipment (Note 16)	3,503	1,722
Rental of premises and office facilities	421	444
Legal and professional fees	351	468
Audit fees:		
- paid to auditors of the Company	105	93
- paid to other auditors	32	45
Non-audit fees:		
- paid to auditors of the Company	14	7
- paid to other auditors	29	11
Inventories recognised as an expense in cost of sales (Note 12)	-	279
Bad debts written off	68	44
Loss on fair value of biological assets	1,073	–
Loss (Gain) on disposal of investment property	126	(238)
Net foreign exchange loss (gain)	2,966	(1,304)
Gain on change in fair value of investment property	(12,918)	(5,381)
Loss (Gain)on disposal of property, plant and equipment	778	(29)

Key management and directors' remuneration included above is disclosed in Note 5.

31. EARNINGS PER SHARE

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

	Group	
	2017	**2016**
	$'000	$'000 (Restated)
Earnings:		
Profit attributable to equity holders of the Company	2,050	6,304
Interest on convertible bonds (Note 22)	17	-
Earnings for the purposes of basic and diluted earnings per share	2,067	6,304
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,658,068,582	5,359,182,443
Weighted average number of ordinary shares for the purposes of diluted earnings per share	6,658,068,582	5,359,182,443
Earnings per share (cents)	0.031	0.118

In 2017, the share options are antidilutive and hence disregarded in the calculation of diluted earnings per share.

32. DISPOSALS

As referred to in Note 18 to the financial statements, the Group disposed one subsidiary in China and two subsidiaries in Cambodia during the year. Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost

	2017 $'000
Assets	
Current assets	
Cash and cash equivalents	8
Other receivables and deposits	66
Advances to a non-controlling shareholder	16
Inventories	6
Total current assets	96
Current liabilities	
Other payables and accruals	181
Provision for taxation	36
Total current liabilities	217
Net liabilities derecognised	(121)
Consideration received:	
Cash	343

	2017 $'000
Gain on disposal	
Consideration received	343
Net liabilities derecognised	121
Non-controlling interest derecognised	6
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	105
Gain on disposal	575

Net cash inflow arising on disposal	
Cash consideration received	343
Cash and cash equivalents disposed of	(8)
	335

33. COMMITMENTS

(a) *The Group as lessor*

The Group entered into a management agreement with a third party company, granting the Company the right to manage, operate, and collect revenue in relation to the Group's resort in Singapore. The third party company is owned by a former director of the subsidiary and an insignificant shareholder of the Group. As at December 31, 2017, this non-cancellable lease has remaining lease term of 9 months (2016: 21 months). Upon the expiry of the lease term and subject to the Group's approval, the lease may be renewed for a further fixed term of 36 months, up to till 2024, with upward revision of the rental charge.

At the end of the reporting period, the Group has contracted with the tenant for the future minimum lease payments:

	Group	
	2017	**2016**
	$'000	$'000
Within one year	810	1,080
Later than one year but not later than five years	-	810
	810	1,890

(b) *The Group as lessee*

The Group has various commercial leases in Cambodia for the use of office premise and agricultural operations. These non-cancellable leases have remaining lease terms of 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.

In 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 US$1 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 profit or loss for the financial year ended December 31, 2017 amounted to $421,000 (2016: $444,000). Future minimum lease payments payable under non-cancellable operating leases as described above as at December 31, 2017 and 2016 are as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	69	189
Later than one year but not later than five years	348	26
Later than five years	352	1,194
	769	1,409

Co-operation agreements

(i) *Aoral District in Kampong Speu Province, Cambodia*

On December 26, 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 in 2014. 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$3 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. The amount to be paid by Zhong Fu for the first year was subsequently revised to US$2.55 million in 2014 by way of an addendum to the agreement.

On October 13, 2016, HLHA requested Zhong Fu to hand over approximately 2,400 hectares of the farmland which the Group is currently using for their own cultivation In this respect, the 2,400 hectares has been reclassified from investment property to property, plant and equipment.

Under the agreement, Zhong Fu has the option to purchase the farmland at a price of US$60 million during the 5-year agreement period. This is subject to the approval of the Group’s shareholders, and compliance with all applicable laws and regulations of relevant government or regulatory authorities.

During the year, the above agreement was terminated and the Group took over the agricultural land and the cassava crops.

(ii) *Prek Village, Thpong District, Kampong Speu Province, Cambodia*

In March 2016, HLHA entered into a co-operation agreement with a local farmer in respect of the cultivation, processing and production of cassava at HLHA’s 450 hectares of farmland plantation. The agreement is for a period of 3 years, with an option to renew for a further term of 5 years. Under the agreement, HLHA shall grant the third party the right to use the plantation and the third party shall be solely responsible for all costs relating to, the planting, harvesting, processing, and sale of cassava cultivated on the plantation.

During the year, the above agreement was terminated and the Group took over the agricultural land and the cassava crops.

34. CONTINGENT LIABILITIES

The Company has provided corporate guarantees of $5,232,000 (2016: $6,313,000) for subsidiaries' loans and borrowings.

The Company has also undertaken to provide financial support to certain subsidiaries for deficiencies in their shareholders' funds and to extend adequate funding to meet their operational needs.

35. SEGMENT INFORMATION

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, and distribution of cassava, 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.

(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 which 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Agriculture division $'000	Property development and real estate division $'000	Others $'000	Adjustments and eliminations $'000	Group $'000
2017					
Revenue					
External sales	3,825	8,775	-	-	12,600
Inter-segment sales	912	-	2,880	(3,792)	-
	4,737	8,775	2,880	(3,792)	12,600
Results:					
Interest income	3	43	-	-	46
Gain (Loss) on disposal of property, plant and equipment	(778)	-	-	-	(778)
Gain on change in fair value of investment properties	-	12,918	-	-	12,918
Depreciation expense	(3,333)	(115)	(55)	-	(3,503)
Finance costs	(310)	(135)	(24)	-	(469)
Income tax benefit (expense)	323	(3,177)	-	-	(2,854)
Segment profit (loss)	(11,688)	14,015	1,851	(2,128)	2,050
Assets:					
Additions to non-current assets	500	398	9	-	907
Segment assets	117,724	43,337	1,596	-	162,657
Segment liabilities	(14,830)	(17,653)	(2,508)	-	(34,991)

	Agriculture division $'000	Property development and real estate division $'000	Others $'000	Adjustments and eliminations $'000	Group $'000
2016					
Revenue					
External sales	6,905	3,439	–	–	10,344
Inter-segment sales	–	–	120	(120)	–
	6,905	3,439	120	(120)	10,344
Results:					
Interest income	3	24	–	–	27
Gain (Loss) on disposal of property, plant and equipment	41	(12)	–	–	29
Gain on change in fair value of investment properties	5,039	–	342	–	5,381
Depreciation expense	(1,575)	(127)	(20)	–	(1,722)
Finance costs	(547)	(134)	–	–	(681)
Income tax expense	(557)	(139)	-	-	(696)
Segment profit (loss)	7,109	(1,036)	(765)	975	6,283
Assets:					
Additions to non-current assets	719	154	194	–	1,067
Segment assets	134,605	24,104	1,109	-	159,818
Segment liabilities	(22,125)	(6,361)	(590)	34	(29,042)

Geographical information

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

	Revenues from external customers		Non-current assets	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Singapore	1,287	1,037	11,732	11,757
Cambodia	11,313	9,307	121,107	113,310
Total	12,600	10,344	132,839	125,067

Information about a major customer

Included in revenue is an amount of $Nil (2016: $5,094,000) pertaining to a co-operation agreement 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.

36. SUBSEQUENT EVENTS

On April 7, 2018, the Group proposed to change the name of the Company from "HLH Group Limited" to "Hong Lai Huat Group Limited" to better represent the Group's corporate identity, business activities and business direction.

In addition, on April 7, 2018, the Company also proposed to consolidate every thirty ordinary shares in the capital of the Company into one ordinary share.

The above proposals will be subject to shareholders' approval at the Extraordinary General Meeting to be held on April 30, 2018.

37. RESTATEMENT AND COMPARATIVE FIGURES

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements due to early adoption of FRS 115 *Revenue from Contracts with Customers* and recognition of finance lease liabilities in relation to the lease payments pertaining to the leasehold land used for agricultural purpose, which were classified as operating leases in prior years.

As a result, certain line items have been amended in the statements of financial position, statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Previously reported 2016	Adjustments	As restated 2016
	$'000	$'000	$'000
Group			
Statement of financial position			
Development properties	19,902	(1,612)	18,290
Other payables and accruals - current	(1,183)	(4,364)	(5,547)
Other payables and accruals – non-current	(7,803)	7,803	-
Finance lease liabilities – non- current	(45)	(663)	(708)
Provision for taxation	(36)	(133)	(169)
Accumulated losses	12,856	(1,031)	11,825
Equity attributable to owners of the Company	(129,768)	(1,031)	(130,799)
Consolidated statement of profit or loss and other comprehensive income			
Revenue	6,905	3,439	10,344
Cost of sales	(885)	(1,612)	(2,497)
Finance costs	(630)	(51)	(681)
Income tax expense	(563)	(133)	(696)
Profit for the year	4,640	1,643	6,283
Consolidated statement of cash flows			
Profit before tax	5,203	1,776	6,979
Interest expense	630	51	681
Foreign exchange adjustments	(1,072)	(508)	(1,580)
Operating profit before movement in working capital	785	1,320	2,105
Changes in development properties	(5,138)	1,612	(3,526)
Changes in other payables and accruals	5,438	(3,449)	1,989
Net cash used in operating activities	(5,260)	(1,032)	(6,292)

	Previously reported 2015 $'000	Adjustments $'000	As restated 2015 $'000
Group			
Statement of financial position			
Finance lease liabilities – non- current	(79)	(612)	(691)
Accumulated losses	17,517	612	18,129
Equity attributable to owners of the Company	(106,085)	612	(105,473)

38. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a preliminary analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management may be electing the following transition options that will result in material adjustments on transition to the new framework:

- Option to reset the translation reserve to zero as at date of transition

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*

The pronouncement:
- retains the requirement that a transfer into, or out of, investment property can be made when, and only when, evidence of a change of use of the property exists; and
- clarifies that the list of events constituting evidence of a change of use has occurred are only examples.

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management does not plan to early adopt SFRS(I) 16 for financial year ending December 31, 2018.

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:
- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Management does not plan to early adopt SFRS(I) INT 23 for financial year ending December 31, 2018.

Impact assessment

The Group does not expect the adoption of the above SFRS(I) 9 to have a material impact on the financial statements of the Group in the period of their initial adoption. Management did not early adopt SFRS(I) 9 for financial year ended December 31, 2017.

SFRS(I) 16 will take effect from financial years beginning on or after January 1, 2019. Management expects the adoption of SFRS(I) 16 to have a material impact on the financial statements of the Group in the period of their initial adoption, in particular on property, plant and equipment, finance lease liabilities and depreciation expenses. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group.

ISSUED AND FULLY PAID-UP CAPITAL	–	S$94,601,970
CLASS OF SHARES	–	ORDINARY SHARES
NUMBER OF SHARES	–	6,658,068,582
VOTING RIGHTS	–	ONE VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	31	0.45	1,166	0.00
100 – 1000	248	3.58	205,548	0.00
1001 – 10000	538	7.76	3,432,233	0.05
10,001 – 1,000,000	5,545	80.01	1,182,044,700	17.76
1,000,001 and above	568	8.20	5,472,384,935	82.19
TOTAL	6,930	100.00	6,658,068,582	100.00

TWENTY LARGEST SHAREHOLDERS

TOP TWENTY SHAREHOLDERS AS AT 12 MARCH 2018	NO. OF SHARES	%
ONG BEE HUAT	1,000,000,0000	15.02
WONG WEN-YOUNG	415,255,500	6.24
CITIBANK NOMINEES SINGAPORE PTE LTD	351,697,900	5.28
ONG JIA MING	264,854,150	3.98
DBS NOMINEES PTE LTD	160,125,078	2.41
NG CHUEN GUAN	147,000,000	2.21
HSU HUNG-CHUN	120,000,000	1.80
DB NOMINEES (S) PTE LTD	113.720,820	1.71
ANG POON BENG	110,438,550	1.66
ONG JIA JING	100,000,000	1.50
TOH TIAM HOCK	99,950,666	1.50
WAN CHUNG CONSTRUCTION (SINGAPORE) PTE LTD	89,400,000	1.34
CGS-CIMB SECURITIES (S) PTE LTD	87,780,133	1.32
SOH CHIAP HOI	80,800,000	1.21
UOB KAY HIAN PTE LTD	76,398,300	1.15
CITIBANK CONSUMER NOMINEES PTE LTD	71,549,000	1.07
KGI SECURITIES (SINGAPORE) PTE LTD	63,693,000	0.96
UNITED OVERSEAS BANK NOMINEES PTE LTD	58,810,379	0.88
PHILLIP SECURITIES PTE LTD	57,946,063	0.87
MAYBANK KIM ENG SECURITIES PTE LTD	44,198,004	0.66
	3,513,617,543	52.77

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2018
(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ong Bee Huat, Johnny	1,000,000,000	15.0%	–	–
Dr. Wong Wen-Young, Winston	415,255,500	6.2%	–	–
Seven Voyagers Capital Ltd	427,564,400	6.4%	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 12 March 2018, 68.3% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held on Monday, 30 April 2018 at 2.00 p.m. at Windows East Level 20, Four Seasons Hotel, 190 Orchard Boulevard Singapore 248646 to transact the following business: -

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2017 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (i) Dr Wang Kai Yuen **(Resolution 2)**
   (ii) Dr Chen Seow Phun, John **(Resolution 3)**

   [See Explanatory Note (i) and (ii)]

3. To re-appoint Messrs Deloitte & Touche 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$134,000.00 for the financial year ended 31 December 2017 (2016: S$134,625.00). **(Resolution 5)**

6. **Authority to issue shares in the capital of the Company under Section 161 of the Companies Act, Cap. 50 and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"): -**

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

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

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution 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 (iii)] **(Resolution 6)**

7. Authority to grant options and to allot and issue shares under HLH Employee Share Option Scheme 2017

"That authority be and is hereby given to the Directors to offer and grant options in accordance with the rules of HLH Employee Share Option Scheme 2017 and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore), and to deliver existing shares (including treasury shares, if any) and allot and issue from time to time such number of new shares as may be required to be transferred or allotted and issued pursuant to the exercise of the options under the HLH Employee Share Option Scheme 2017."
[See Explanatory Note (iv)] **(Resolution 7)**

8. Authority to grant awards and to allot and issue shares under HLH Employee Performance Share Plan 2017

"That authority be and is hereby given to the Directors to grant awards in accordance with the rules of HLH Employee Performance Share Plan 2017 and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore), and to deliver existing shares (including treasury shares, if any) and allot and issue from time to time such number of new shares as may be required to be transferred or allotted and issued pursuant to the release of awards under the HLH Employee Performance Share Plan 2017."
[See Explanatory Note (v)] **(Resolution 8)**

By Order of The Board

HELEN CAMPOS
Company Secretary
Singapore

14 April 2018

Explanatory Notes: -

(i) Dr Wang Kai Yuen will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Chairman, Chairman of the Audit Committee and as a member of the Remuneration Committee and Nominating Committee of the Company and he will be considered independent.

(ii) Dr Chen Seow Phun, John will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of Nominating Committee of the Company, and he will be considered independent.

(iii) The Ordinary Resolution 6, if passed, will 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.

(iv) The Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant options in accordance with the rules of the Employee Share Option Scheme (the "**Scheme**") and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) and to issue shares from time to time as may be required pursuant to the exercise of the options under the Scheme. The Scheme was first approved by the Shareholders at the Extraordinary General Meeting held on 28 April 2017. Details of the Scheme may also be found in the Circular to Shareholders dated 12 April 2017.

(v) The Ordinary Resolution 8, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards in accordance with the rules of the HLH Employee Performance Share Plan 2017 (the "**Plan**"), and pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) and to issue shares from time to time as may be required pursuant to the exercise of the Options under the Plan. The Plan was first approved by the Shareholders at the Extraordinary General Meeting held on 28 April 2017. Details of the Plan may also be found in the Circular to Shareholders dated 12 April 2017.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company 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.

2. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings (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.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 not less than forty-eight (48) hours before the time fixed for the Meeting. A Depositor's name must be registered in the Depository Register maintained by the Central Depository (Pte) Limited not less than seventy-two (72) hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

4. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorized.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),

(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.

HLH GROUP LIMITED

(Company Registration No. 199905292D)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their Central Provident Fund ("**CPF**") monies to buy shares in the capital of HLH Group Limited, this Annual 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.

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We ______________________________ NRIC/Passport No. ________________

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)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing *him/her, the Chairperson of the Meeting, as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Nineteenth Annual General Meeting ("**AGM**") of the Company to be held at Windows East Level 20, Four Seasons Hotel, 190 Orchard Boulevard Singapore 248646 on Monday, 30 April 2018 at 2.00 p.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 Nineteenth 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 Nineteenth Annual General Meeting.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2017 and the Auditors' Report thereon		
2	Re-election of Dr Wang Kai Yuen as a Director		
3	Re-election of Dr Chen Seow Phun, John as a Director		
4	Re-appointment of Deloitte & Touche LLP as Auditors		
5	Approval of Directors' Fees of S$134,000.00 for the year ended 31 December 2017.		
6	Authority to allot and issue new shares.		
7	Authority to grant options and to allot and issue shares under HLH Employee Share Option Scheme 2017		
8	Authority to grant award and issue shares under HLH Employee Performance Share Plan 2017		

Dated this __________ day of ____________________ 2018

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
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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company 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 shareholdings (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% 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 D' Kranji Farm Resort, 10 Neo Tiew Lane 2, Singapore 718813 not less than forty-eight (48) hours before the time fixed for the Meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorized.
6. A corporation which is a member may also authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at not less than seventy-two (72) 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) to attend, speak and vote at the Annual General Meeting 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) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),

(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.

HLH GROUP LIMITED

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