

RH Petrogas Limited

Company Registration No: 198701138Z

Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) An income statement (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Group		
	Year 2010 \$'000	Year 2009 \$'000	% Change
Revenue	65,230	-	N.M.
Cost of sales	(49,987)	-	N.M.
Gross profit	15,243	-	N.M.
Other income	558	107	N.M.
Administrative expenses	(3,782)	(1,141)	N.M.
Other expenses	(3,176)	(576)	N.M.
Finance costs	(163)	(322)	(49.38)
Profit/(Loss) before tax	8,680	(1,932)	N.M.
Income tax expenses	(6,812)	120	N.M.
Profit/(Loss) after tax from continuing operations	1,868	(1,812)	N.M.
Loss from discontinued operations, net of tax	(261)	(2,758)	(90.54)
Profit/(Loss) after tax attributable to owners of the parent	1,607	(4,570)	N.M.
Basic and fully diluted earnings/(loss) per share from continuing operations attributable to owners of the parent (cents per share)	0.41	(0.54)	N.M.
Basic and fully diluted loss per share from discontinued operations attributable to owners of the parent (cents per share)	(0.06)	(0.81)	(92.6)

N.M. : not meaningful

1(a)(i) Loss from discontinued operations, net of tax comprises the following :

<u>Discontinued operations</u>	Group		
	Year	Year	%
	2010	2009	Change
	\$'000	\$'000	%
Revenue	3,714	4,180	(11.15)
Cost of sales	(3,365)	(4,687)	(28.21)
Gross profit/(loss)	349	(507)	N.M.
Other income	562	607	(7.41)
Selling and distribution expenses	(143)	(352)	(59.38)
Administrative expenses	(777)	(1,781)	(56.37)
Other operating expenses	(252)	(660)	(61.82)
Finance costs	-	(65)	N.M.
Loss before tax from discontinued operations	(261)	(2,758)	(90.54)
Income tax expenses	-	-	-
Loss from discontinued operations, net of tax	(261)	(2,758)	(90.54)

N.M. : not meaningful

1(a)(ii) Profit/(Loss) before tax is arrived after crediting/(charging) the following :

Continuing operations

	Group	
	Year	Year
	2010	2009
	\$'000	\$'000
Depreciation of property, plant and equipment	(494)	(136)
Depreciation of oil and gas properties	(6,388)	-
Amortisation of intangible assets	(1,267)	-
Finance Costs	(163)	(322)
Interest income	36	-
Gain on disposal of assets held for sale	521	-
Write-off of dry wells	-	(242)
Foreign exchange (loss)/gain	(1,144)	11
Professional fees incurred for acquisition of working interest in Production Sharing Contracts	(1,948)	-

Discontinued operations

	Group	
	Year	Year
	2010	2009
	\$'000	\$'000
Depreciation of property, plant and equipment	(150)	(616)
Finance Costs	-	(65)
Interest income	-	2
Gain on disposal of property, plant and equipment	15	541
Bad debts written off	-	(3)
Allowance for inventory obsolescence	-	(20)
Impairment loss in value of property, plant and equipment	-	(162)
Foreign exchange gain/(loss)	80	(392)
Gain on disposal of investment in subsidiaries	53	-
Group provisions relating to discontinued operations, now written back	208	-

1(a)(iii) Consolidated Statement of Comprehensive Income for the year ended 31 December 2010

	Group	
	Year	Year
	2010	2009
	\$'000	\$'000
Profit/(Loss) after tax	1,607	(4,570)
Other comprehensive (expense)/ income :		
Foreign currency translation during the year	379	576
Foreign currency translation transferred to income statement upon disposal of subsidiaries	(430)	-
Transferred from asset revaluation reserve arising from disposal of assets held for sale	(2,298)	-
Transferred to accumulated losses	2,298	-
Other comprehensive (expense)/income for the year, net of tax	(51)	576
Total comprehensive income/(expense) for the year that is attributable to owners of the parent	1,556	(3,994)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Property, plant and equipment	2,005	2,368	85	45
Oil and gas properties	63,608	-	-	-
Other assets	19,484	-	-	-
Exploration and evaluation assets	39,860	19,401	-	-
Intangible assets	26,320	-	-	-
Goodwill	179,144	116,134	-	-
	330,421	137,903	85	45
Current Assets				
Assets held for sale	-	4,377	-	-
Inventories	9,393	976	-	41
Trade receivables	27,290	2,635	-	2,129
Other receivables and prepayments	17,045	1,057	49,101	49
Amount due from subsidiaries	-	-	144,783	132,562
Cash and cash equivalents	4,880	22,663	589	20,511
Restricted cash	2,280	-	-	-
	60,888	31,708	194,473	155,292
Current Liabilities				
Loans and borrowings	-	2,098	-	268
Trade and other payables	104,580	23,705	15,947	12,608
Income tax payable	2,798	144	144	144
	107,378	25,947	16,091	13,020
Net Current (Liabilities)/ Assets	(46,490)	5,761	178,382	142,272
Non-Current Liabilities				
Loans and borrowings	68,013	5,066	33,953	2,977
Other payables	34,816	-	10,000	-
Deferred tax liabilities	40,948	-	-	-
	143,777	5,066	43,953	2,977
Net Assets	140,154	138,598	134,514	139,340
Capital and reserves				
Share capital	176,877	176,877	176,877	176,877
Reserves	(36,723)	(38,279)	(42,363)	(37,537)
Total Equity	140,154	138,598	134,514	139,340

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2010		As at 31/12/2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	1,830	268

Amount repayable after one year

As at 31/12/2010		As at 31/12/2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
34,060	33,953	2,089	2,977

	Group		Company	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Borrowings (Current)				
Bank overdrafts	-	592	-	268
MYR - term loan	-	1,506	-	-
Total Borrowings (Current)	-	2,098	-	268
Borrowings (Non-current)				
USD - bank loan	34,060	-	-	-
MYR - term loan	-	2,089	-	-
Loan from a related party	24,293	-	24,293	-
Loan from a corporate shareholder	9,660	2,977	9,660	2,977
Total Borrowings (Non-current)	68,013	5,066	33,953	2,977
Total loans and borrowings	68,013	7,164	33,953	3,245

Details of any collateral

Comprises of a fixed term revolving reducing facility and term loan obtained for the acquisition of Exploration and Production ("E&P") assets secured by way of fixed charge over a subsidiary's bank accounts with a bank in Singapore and all amounts standing to the credit of these accounts.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Group	
	Year	Year
	2010	2009
	\$'000	\$'000
Operating activities		
Profit/(Loss) before tax from continuing operations	8,680	(1,932)
Loss before tax from discontinued operations	(261)	(2,758)
Profit before tax, total	8,419	(4,690)
Adjustments for:		
Depreciation of property, plant and equipment	644	752
Depreciation of oil and gas properties	6,388	-
Amortisation of intangible assets	1,267	-
Gain on disposal of property, plant and equipment	(15)	(541)
Gain on disposal of assets held for sale	(521)	-
Gain on disposal of investment in subsidiaries	(53)	-
Group provisions relating to discontinued operations, now written back	(208)	-
Finance costs	163	387
Interest income on bank deposits	(36)	(2)
Allowance for inventory obsolescence	-	20
Bad debts written off	-	3
Write-off dry wells	-	242
Impairment loss in value of property, plant and equipment	-	162
Operating cash flows before changes in working capital	16,048	(3,667)
Decrease/(Increase) in inventories	4,438	(526)
Decrease/(Increase) in trade and other receivables	(6,610)	2,287
Decrease/(Increase) in trade and other payables	(1,605)	(1,394)
Cash flows generated from/(used in) operating activities	12,271	(3,300)
Income tax (paid)/refund	(2,965)	35
Interest paid	(163)	(387)
Interest received	36	2
Net cash flows generated from/(used in) operations	9,179	(3,650)
Investing activities		
Proceeds from disposal of property, plant and equipment	4,901	588
Purchase of exploration and evaluation assets	(14,709)	(7,252)
Purchase of oil and gas properties	(8,213)	-
Purchase of property, plant and equipment	(548)	(748)
Payment for professional fees for the acquisition of Kingworld Resources Limited	-	(867)
Net cash outflow on acquisition of subsidiaries	(77,178)	(9,735)
Net cash outflow on disposal of subsidiaries	(213)	-
Net cash flows used in investing activities	(95,960)	(18,014)

	Group	
	Year	Year
	2010	2009
	\$'000	\$'000
Financing activities		
New bank loans raised	34,060	-
Repayment of borrowings	(3,595)	(958)
Loan from a related party	24,293	-
Loan from a corporate shareholder	6,683	4,278
Loans from/(repayment to) related companies	10,532	(1,470)
Repayment of advances to subsidiary's previous shareholder	(2,280)	-
Repayment of finance leases	-	(147)
Net proceeds from issuance of shares	-	41,732
Net cash generated from financing activities	69,693	43,435
Effect of exchange rate changes on cash and cash equivalents	(103)	56
Net (decrease)/increase in cash and cash equivalents	(17,191)	21,827
Cash and cash equivalents at beginning of the year	22,071	244
Cash and cash equivalents at end of the year	4,880	22,071

Breakdown of Cash & Cash Equivalents at end of the year

	31/12/2010	31/12/2009
	\$'000	\$'000
Cash at bank and in hand	4,880	22,663
Bank overdrafts	-	(592)
Cash and cash equivalents at end of the year	4,880	22,071

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Share Capital	Capital reduction reserve	Assets revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity/ (deficit)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
At 1 January 2009	24,145	3,710	2,298	(6,099)	(34,194)	(10,140)
Loss net of tax	-	-	-	-	(4,570)	(4,570)
Other comprehensive income for the year	-	-	-	576	-	576
Total comprehensive income/ (expense) for the year	-	-	-	576	(4,570)	(3,994)
Conversion of shareholder's loan	12,000	-	-	-	-	12,000
Issuance of shares	142,600	-	-	-	-	142,600
Share issue expenses	(1,868)	-	-	-	-	(1,868)
At 31 December 2009, and 1 January 2010	176,877	3,710	2,298	(5,523)	(38,764)	138,598
Profit after tax	-	-	-	-	1,607	1,607
Other comprehensive income/ (expense) for the year	-	-	(2,298)	(51)	2,298	(51)
Total comprehensive income/ (expense) for the year	-	-	(2,298)	(51)	3,905	1,556
At 31 December 2010	176,877	3,710	-	(5,574)	(34,859)	140,154
Company						
At 1 January 2009	24,145	3,710	-	-	(36,022)	(8,167)
Loss net of tax and total comprehensive expense for the year	-	-	-	-	(5,225)	(5,225)
Conversion of shareholder's loan	12,000	-	-	-	-	12,000
Issuance of shares	142,600	-	-	-	-	142,600
Share issue expenses	(1,868)	-	-	-	-	(1,868)
At 31 December 2009, and 1 January 2010	176,877	3,710	-	-	(41,247)	139,340
Loss net of tax and total comprehensive expense for the year	-	-	-	-	(4,826)	(4,826)
At 31 December 2010	176,877	3,710	-	-	(46,073)	134,514

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

There had been no change in the company's share capital in the current reported financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares as at 31 December 2010 was 455,821,443 (31 December 2009: 455,821,443).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as the audited financial statements for the financial year ended 31 December 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted applicable Financial Reporting Standards ("FRS"), which became effective for financial years beginning on or after 1 January 2010.

The adoption of the new/revised FRS did not result in any material impact on the Group's results reported for the current or prior years.

6. Earnings per ordinary share of the group for the current financial year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.

Continuing operations

	Group	
	Year	Year
	2010	2009
	Cents	Cents
Earnings/(Loss) per ordinary share for the year based on net profit/(loss) attributable to owners of the parent		
(i) Based on the weighted average number of ordinary shares on issue; and	0.41	(0.54)
(ii) On a fully diluted basis	0.41	(0.54)

Discontinued operations

	Group	
	Year	Year
	2010	2009
	Cents	Cents
Earnings/(Loss) per ordinary share for the year based on net loss attributable to owners of the parent		
(i) Based on the weighted average number of ordinary shares on issue; and	(0.06)	(0.81)
(ii) On a fully diluted basis	(0.06)	(0.81)

Basic earnings/(loss) per share is calculated with reference to the net profit/(loss) attributable to owners of the parent and the weighted average number of ordinary shares of 455,821,443 (31 December 2009 : 337,505,005 shares).

There are no potential dilutive ordinary shares outstanding during the year.

7. Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the:-

- (a) current financial year reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2009	2010	2009
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	30.75	30.41	29.51	30.57

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

During the year, the Group completed :

- a) the disposal of its electronics business;
- b) the acquisition of participating interests in the following production sharing contracts ("PSC"):
 - (i) West Belida PSC (the "West Belida PSC") in Sumatra, Indonesia, through the acquisition of Orchard Energy Pte Ltd (now known as RH Petrogas Singapore Pte Ltd);
 - (ii) Kepala Burung PSC (the "Basin PSC") in West Papua, Indonesia, through the acquisition of PearlOil (Basin) Ltd and Lundin Salawati Basin BV; and
 - (iii) Salawati Kepala Burung PSC (the "Island PSC") in West Papua, Indonesia, through the acquisition of PearlOil (Island) Ltd and Lundin Indonesia BV.

8.1 Oil and gas division – continuing operations

Revenues, cost of sales and gross profit relate wholly to the Group's working interest in the Basin PSC and Island PSC.

The Group's participation in Basin PSC and Island PSC commenced in June 2010 when the obligations, risks and rewards of the working interests were transferred to the Group.

Other income mainly comprises interest received on short term deposits and a gain from the disposal of property by the Malaysian subsidiary.

Higher administrative expenses are mainly due to the increases in payroll and other monthly overheads resulting from the setting up of the new oil and gas division.

Other expenses have increased mainly due to professional fees incurred in relation to the acquisitions of the participating interests noted above and foreign exchange losses.

8.2 Electronics division – discontinued operations

The disposal of this division has resulted in reduced losses for the year.

8.3 Balance Sheet

8.3.1 The increase in property, plant and equipment, oil and gas properties and exploration and evaluation assets is due to the acquisition of the working interest in Basin PSC and Island PSC.

8.3.2 The increase in goodwill has resulted from the acquisition of the working interest in Basin PSC and Island PSC and West Belida PSC.

8.3.3 Assets held for sale has decreased due to the completion of the disposal of the leasehold vacant land and the factory building in Penang, Malaysia during financial year ended 31 December 2010.

8.3.4 The increase in trade and other receivables is due to the acquisition of the working interest in Basin PSC and Island PSC.

8.3.5 Trade and other payables (current) and Other Payables (non-current) have increased due to the acquisition of the working interest in Basin and Island PSCs. Also, included in trade and other payables (current) is an amount of S\$16,400,000 due to related parties; and included in Other Payables (non-current) is S\$10,000,000 owing to the vendors of Kingworld Resources Limited ("KRL") for the balance of unpaid cash consideration.

8.3.6 The restricted cash is the fixed deposits pledged as security for performance bond given by RH Petrogas Singapore Pte Ltd to the Central Government of the Republic of Indonesia as set out in the terms of the West Belida PSC.

8.3.7 The increase in loans and borrowings is mainly due to the drawdown of the bank loan of S\$34,060,000 and additional loans from a related party of S\$24,293,000 and from a corporate shareholder of S\$6,683,000 offset by a repayment of term loan of S\$2,089,000.

8.4 Cash Flow

For the acquisition of the working interest in Basin PSC and Island PSC, the Group has obtained a bank loan of S\$34,060,000, loan from a related party of S\$24,293,000 and additional loan from a corporate shareholder of S\$5,141,000.

For the year ended 31 December 2010, the Group funded its working capital requirements from its operating activities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's portfolio of oil and gas properties represents a balanced mix of exploration, development and production in the Upstream business. This provides a good platform for the Company's growth.

Oil prices have climbed robustly since the beginning of 2011 driven mainly by events in the Middle East and North Africa which continue to unfold. While oil prices are likely to soften when the situation improves in the Middle East and North Africa, the Company expects prices to remain relatively firm for the rest of the year owing to the continuing demand from China and India. With production from the recent Salawati acquisition, the Group stands to benefit from the higher oil prices, though there is a risk that exploration and production costs may increase as a result of stronger demand for contract services in the E&P sector. Against this backdrop and barring unforeseen circumstances, the Board is cautiously optimistic about the Group's performance for 2011.

To strengthen its asset base, the Group will continue to actively seek and acquire strategic oil and gas producing properties in the near term. Acquisition opportunities will continue to be rigorously reviewed taking into account the current high oil price environment.

11. Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Business Sector

	<u>Continuing operations</u>	
	<u>Oil & Gas</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Revenue	65,230	-
EBITDA *	16,992	(1,474)
Profit/(loss) for the year	1,868	(1,812)
Total assets	391,309	159,738
Total capital expenditure	23,470	7,792
Depreciation and amortisation	8,149	136
Professional fees incurred for acquisition of working interest in PSCs	1,948	-
Foreign exchange (loss)/gain	(1,144)	11

* Earnings before interest, taxation, depreciation and amortisation (EBITDA)

	<u>Discontinued operations</u>	
	<u>Electronics</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Revenue	3,714	4,180
Loss for the year	(261)	(2,758)
Total assets	-	9,873
Total capital expenditure	-	208
Depreciation	150	616

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Paragraph 8.

15. A breakdown of sales as follows :

	<u>Group</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Continuing operations</u>		
(a) Sales reported for first half	-	-
(b) Operating loss after tax before deducting minority interests reported for first half year	(937)	(427)
(c) Sales reported for second half	65,230	-
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	2,805	(1,385)
<u>Discontinued operations</u>		
(a) Sales reported for first half	3,047	1,801
(b) Operating loss after tax before deducting minority interests reported for first half year	(582)	(1,286)
(c) Sales reported for second half	667	2,379
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	321	(1,472)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend	Latest Full Year 2010	Previous Full Year 2009
Ordinary	-	-
Preference	-	-
Total	-	-

17. Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	FY 2010 \$'000	FY 2009 \$'000	FY 2010 \$'000	FY 2009 \$'000
(a) Loans from RH Capital Limited - Tan Sri Datuk Sir Tiong Hiew King ⁽¹⁾	1,002 ⁽¹⁾	-	Not applicable	Not applicable
b) Acquisition of KRL - Tan Sri Datuk Sir Tiong Hiew King ⁽²⁾ - Tiong Kiu King ⁽²⁾	- -	110,000 ⁽³⁾ 110,000 ⁽³⁾	Not applicable	Not applicable
c) Debt conversion and allotment of shares - Tan Sri Datuk Sir Tiong Hiew King ⁽⁴⁾ - Dato' Sri Dr Tiong Ik King ⁽⁴⁾ - Surreyville Pte Ltd ⁽⁴⁾ - Woodsville International Limited ⁽⁴⁾	- - - -	12,000 ⁽⁵⁾ 12,000 ⁽⁵⁾ 12,000 ⁽⁵⁾ 12,000 ⁽⁵⁾	Not applicable	Not applicable

Notes

(1) Pursuant to loan from an interested person, RH Capital Limited (being a company controlled by Tan Sri Datuk Sir Tiong Hiew King) for the sum of up to US\$50 million to fund the acquisition of the working interest in Basin PSC and Island PSC. The aggregate value of S\$1,002,000 assumes that an aggregate management fee for four quarters will be paid to the interested person in respect of the said loan.

(2) Pursuant to the Sales and Purchase Agreement ("SPA") dated 18 August 2008 between the Company, Tan Sri Datuk Sir Tiong Hiew King and Tiong Kiu King (the "Vendors") to acquire the entire issued and paid-up share capital of KRL comprising 50,000 issued ordinary shares of par value US\$1.00 each.

(3) The SPA was amended and varied by a Supplemental Agreement dated 27 April 2009.

(4) Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King own 55% and 45% respectively of the issued share capital of Woodsville International Limited, which is the holding company of Surreyville.

(5) Pursuant to the Debt Conversion Deed dated 18 August 2008 between the Company and Surreyville Pte Ltd for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital. The Debt Conversion Deed was amended and varied by a Supplemental Deed dated 29 April 2009.

BY ORDER OF THE BOARD

Tan Sri Datuk Sir Tiong Hiew King
Executive Chairman

27 February 2011