ANNUAL REPORTS AND RELATED DOCUMENTS::

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

Stapled Security

No

Announcement Details

Announcement Title

Annual Reports and Related Documents

Date &Time of Broadcast

04-Apr-2019 17:48:23

Status

New

Report Type

Annual Report

Announcement Reference

SG190404OTHRMS2R

Submitted By (Co./ Ind. Name)

Foo Yang Hym

Designation

Chief Financial Officer

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached Annual Report 2018.

Additional Details

Period Ended

31/12/2018

Attachments

HLGE_AR2018.pdf

Total size =1615K MB

HL GLOBAL ENTERPRISES LIMITED

ANNUAL REPORT 2018

CONTENTS

Corporate Directory	01
Hospitality Operations	02
Chairman's Statement	04
Board of Directors	06
Key Management Personnel	08
Corporate Governance Report	09
Sustainability Report	33
Directors' Statement	42
Independent Auditor's Report	46
Financial Statements	50
Analysis of Shareholdings	136
Notice of Annual General Meeting	138
Additional Information on Directors Seeking Re-election/election at the 56th Annual General Meeting	142
Proxy Form	

Front cover and top: Proposed 40-unit high-rise apartment building in Cameron Highlands

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman
Dato' Gan Khai Choon – *Non-executive*

Lead Independent Director
Andrew Goh Kia Teck

Non-Executive Directors
Hoh Weng Ming
Loo Hwee Fang – *Independent*
Goh Kian Chee – *Independent*
Tan Eng Kwee

EXECUTIVE COMMITTEE

Dato' Gan Khai Choon – *Chairman*
Andrew Goh Kia Teck
Tan Eng Kwee

AUDIT AND RISK COMMITTEE

Andrew Goh Kia Teck – *Chairman*
Loo Hwee Fang
Goh Kian Chee

NOMINATING COMMITTEE

Loo Hwee Fang – *Chairman*
Andrew Goh Kia Teck
Goh Kian Chee

REMUNERATION COMMITTEE

Andrew Goh Kia Teck – *Chairman*
Loo Hwee Fang
Goh Kian Chee

HL GLOBAL ENTERPRISES SHARE OPTION SCHEME 2006 COMMITTEE

Andrew Goh Kia Teck – *Chairman*
Loo Hwee Fang
Goh Kian Chee

SECRETARIES

Nor Aishah Binte Nasit
Yeo Swee Gim, Joanne

REGISTERED OFFICE

10 Anson Road
#19-08 International Plaza
Singapore 079903
Tel: (65) 6324 9500
Fax: (65) 6221 4861

REGISTRARS & TRANSFER OFFICE

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721
Tel: (65) 6837 2133
Fax: (65) 6339 0218

AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants, Singapore
One Raffles Quay
Level 18 North Tower
Singapore 048583
(Partner-in-charge: Tan Swee Ho, appointed from financial year ended 31 December 2016)

PRINCIPAL BANKERS

DBS Bank Ltd
HL Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

COPTHORNE HOTEL CAMERON HIGHLANDS

Perched at 1,628 meters above sea level and surrounded by majestic mountains, tea plantations, strawberry farms and gentle undulating valleys, **Copthorne Hotel Cameron Highlands** is the only hotel situated at the highest accessible point of the highlands. The year-long cool climate makes it an ideal holiday retreat.

The 269 guestrooms and suites offer beautiful views of the highland landscapes. Equipped with an indoor heated pool, multiple meeting rooms, and a range of dining options at the peak of the highlands, Copthorne Hotel Cameron Highlands offers a wide array of amenities and facilities for business and leisure alike. The hotel is famous for its capability in hosting events ranging from company incentive trips to conventions and seminars.

Guests are also welcome to stay in the Tudor-styled resort located next to the hotel, where 69 units have been leased by the hotel from the owners of the resort for use by its guests. Spreading over 13 acres, the resort offers attractive and self-contained low-rise and high-rise apartment suites. Each suite comes with a living room, a kitchenette and a spacious balcony which provides a spectacular view of the valley.

HOTEL EQUATORIAL SHANGHAI

Hotel Equatorial Shanghai is managed by a joint venture of the Group. Located in the heart of Shanghai, the hotel is at the junction of Hua Shan Road and West Yanan Road and only minutes away from the Shanghai Exhibition Centre, major tourist attractions and key intersections like East Nanjing Road, People's Square and Huaihai Road.

The 506 guest rooms and suites offer stunning city views, and has been beautifully furnished and renovated. The rooms offer glamorous and intelligent features, which ensures a comfortable and relaxing stay.

There are 15 function rooms that can be used for various social and business events, and are able to accommodate up to 800 people. The versatile function and meeting rooms offer a wide range of facilities, services and packages for every occasion.

The well-recognized Shanghai International Club Fitness Centre is situated on the 4th floor, easily accessible to all patrons. The centre offers a range of top-of-the-line fitness facilities from Life Fitness, the Fei Spa and a pool.

REVIEW OF THE GROUP'S PERFORMANCE

Following the disposals in 2017 of the Group's 60% equity interest in Copthorne Hotel Qingdao Co., Ltd. ("CHQ") and the entire equity interest in the Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("LKNII") (the "LKNII Disposal"), the Group's revenue contribution for 2018 was mainly from Copthorne Hotel Cameron Highlands ("CHCH") and the sale of two plots of land at Punggol 17th Avenue, Singapore (the "Punggol Land").

Compared to 2017, despite the recognition of $3.3 million on the sale of Punggol Land in 2018, the Group's revenue for 2018 declined by $0.9 million to $10.7 million. This was mainly attributed to (a) the absence of revenue contribution from Elite Residences Shanghai as a result of the LKNII Disposal (which owned Elite Residences Shanghai) in November 2017; and (b) competition from new hotels and apartments in Cameron Highlands which had an adverse impact on the performance of CHCH. For the year under review, the average occupancy rate for CHCH declined by approximately 5 percentage points, from 67% in 2017 to 62%. The average room rate also decreased by approximately RM8, from RM226 in 2017 to RM218 in 2018.

Nevertheless, the Group saw a higher operating profit before other income, finance costs and share of results of associate and joint ventures of $1.2 million for 2018 compared to $35,000 a year ago. This was substantially contributed by the sale of the Punggol Land which resulted in an operating profit of $1.5 million for the property development segment *vis-à-vis* an operating loss of $0.7 million in the preceding year. Operating profit for the hospitality segment reduced from $2.3 million in 2017 to $1.2 million in 2018. Corporate overhead costs incurred by the Group in 2018 was $1.4 million compared to $1.5 million in 2017.

Other income included mainly interest income, licence fee and currency exchange gain. Interest income and licence fee for 2018 were substantially higher than 2017, primarily due to the placement of surplus funds (arising from the sale proceeds of the LKNII Disposal) in fixed deposits and licence fee charged to CHQ. The net currency exchange gain of approximately $0.3 million for 2018 was largely due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the strengthening of the US Dollar and weakening of Renminbi against the Singapore Dollar.

Interest expense reduced substantially from $813,000 in 2017 to $82,000 in 2018, mainly due to the full prepayment of an unsecured loan of $68 million in December 2017. During the year, the Company reported an additional withholding tax and relevant expenses of $1.3 million in relation to the LKNII Disposal.

After taking into account the share of results of associate and joint ventures and income tax, net profit attributable to shareholders of the Company in 2018 was $1.7 million compared to $86.2 million (mainly contributed by the LKNII Disposal) recorded in 2017. There was no loan and borrowings as at 31 December 2018 as the Group has fully settled its secured loan and borrowings in 2018.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on Singapore Exchange Securities Trading Limited are required to adopt Singapore Financial Reporting Standards (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group adopted SFRS(I) on 1 January 2018.

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the Group reclassified an amount of $2,454,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017. The Group also elected the option to treat the carrying amount of investment property revalued under previous accounting policy as its deemed cost as at 1 January 2017. The Group treated an amount of $2,109,000 of investment property as its deemed cost as at 1 January 2017 and depreciate it based on its expected useful life. Accordingly, the Group's balance sheet as at 31 December 2017 and income statement for the year ended 31 December 2017 have been restated to reflect the said adoptions.

OUTLOOK

The operations of CHCH are expected to remain challenging with the increase in the number of hotels and serviced apartments which have opened for business in Cameron Highlands in 2018.

To enhance the Group's asset value, plans are underway to refurbish the Group's old commercial complex next to CHCH and convert it into additional hotel rooms and meeting rooms to meet the need for MICE (meetings, incentives, conventions and exhibitions) facilities in Cameron Highlands. The Group also plans to develop a 40-unit high-rise apartment building in Cameron Highlands for sale. Commencement of both projects will be subject to approvals from the relevant authorities. The Group is currently also reviewing and following up closely on the proposed development of its property in Melaka and will, at the same time, continue its efforts to source for other sustainable and viable business opportunities.

As the Group's assets are substantially located in Malaysia, it will continue to be exposed to currency fluctuation risks.

ACKNOWLEDGEMENTS

I wish to take this opportunity to extend a warm welcome to Mr Tan Eng Kwee who joined the Board of Directors ("Board") in January 2019 as a non-independent non-executive Director. I am confident that with his wealth of experience, Mr Tan will be able to make positive contributions to the Company. I would also like to express my sincere appreciation to Mr Philip Ting, who stepped down from the Board in December 2018, for his invaluable contributions to the Company over the past 11 years.

On behalf of the Board, I would like to express my appreciation to our stakeholders, including our investors, suppliers, customers, bankers and business associates for their continuing support. I would also like to thank my fellow Directors, management and employees of the Group for their commitment, involvement and contributions throughout the year.

DATO' GAN KHAI CHOON
Chairman
21 March 2019

DATO' GAN KHAI CHOON
Age 72
Non-Executive and Non-Independent Director

Appointed Chairman of HL Global Enterprises Limited ("HLGE" or the "Company") since 21 September 2007 and last re-elected on 29 April 2016, Dato' Gan is also the Chairman of the Executive Committee ("Exco") of the Company. He will be retiring at the 2019 Annual General Meeting of the Company ("2019 AGM") in accordance with the Company's Constitution and being eligible, will be seeking re-election as a Director at the 2019 AGM.

He is also the Managing Director of Hong Leong International (Hong Kong) Limited ("HLIHK") and Non-Executive Director of China Yuchai International Limited ("CYI") and Safety Godown Company Limited. HLIHK and CYI are related companies under the Hong Leong group of companies, Singapore. In the preceding 3-year period, he was an Executive Director of City e-Solutions Limited until his resignation in September 2016.

Dato' Gan has extensive experience in the banking, real estate investment and development sectors and has been involved in a number of international projects for the Hong Leong Group of companies, which include the management and development of the Grand Hyatt Taipei and the Beijing Riviera.

Dato' Gan holds a Bachelor of Arts Degree (Honours) in Economics from the University of Malaya.

HOH WENG MING
Age 57
Non-Executive and Non-Independent Director

Mr Hoh was appointed as a Director of the Company on 16 February 2011 and was last re-elected on 29 April 2016. He will be retiring at the 2019 AGM in accordance with the Company's Constitution and being eligible, will be seeking re-election as a Director at the 2019 AGM.

He is currently the President and Director of CYI. He was previously the Chief Financial Officer ("CFO") of Hong Leong Asia Ltd. ("HLA") from November 2011 to July 2013. HLA and CYI are related companies under the Hong Leong group of companies, Singapore.

Mr Hoh has more than 35 years of working experience in Malaysia, New Zealand, Hong Kong, China and Singapore. He has worked in various roles with companies including Johnson Electric Industrial Manufactory Limited as well as Henan Xinfei Electric Co., Ltd. and CYI, a subsidiary of HLA. He was previously the Financial Controller of CYI from 2002 to 2003 and its CFO from May 2008 to November 2011.

Mr Hoh holds a Bachelor of Commerce Degree majoring in Accountancy from the University of Canterbury and a Master of Business Administration from the Massey University (both in New Zealand). He is a Chartered Accountant in New Zealand and Malaysia and a Fellow Member of the Hong Kong Institute of Certified Public Accountants.

LOO HWEE FANG
Age 44
Non-Executive and Independent Director

Appointed a Director of the Company since 1 March 2012 and last re-elected on 28 April 2017, Ms Loo is the Chairman of the Nominating Committee ("NC") and a member of the Audit and Risk Committee ("ARC"), Remuneration Committee ("RC") and HL Global Enterprises Share Option Scheme 2006 Committee ("SOSC") of the Company.

Ms Loo is currently the Group General Counsel and Company Secretary of Yoma Strategic Holdings Ltd. and the Company Secretary of Memories Group Limited. She was previously with Messrs Lee & Lee where she served as a Partner in the Corporate Department of the firm until March 2013. Ms Loo has extensive legal experience particularly in the area of corporate finance, capital markets and fund management, fund raising, mergers and acquisitions, stock exchange procedures, compliance and corporate governance issues. Ms Loo is listed in The Legal 500's GC Powerlist for Asia Pacific in 2014 and South-East Asia in 2017 and 2019. In the preceding 3-year period, she was a Non-Executive and Independent Director of Terracom Limited until her resignation on 7 March 2017.

Ms Loo graduated from the University of Sheffield, England, with an LL.B (Hons) Degree in 1996. She is also a Barrister-at-law, having been called to the English Bar at Gray's Inn, England and Wales, in 1997 and was admitted to the Singapore Bar in 1998.

ANDREW GOH KIA TECK
Age 69
Non-Executive and Lead Independent Director

Mr Goh was appointed as a Director of the Company on 1 September 2014 and was last re-elected on 26 April 2018. He is the Chairman of the ARC, RC and SOSC and a member of the Exco and NC. He was appointed the Lead Independent Director of the Company on 1 March 2018.

Mr Goh is currently a Consultant with PI ETA Consulting Company and the Vice President of the Board of Management of St. Andrew's Mission Hospital, a voluntary welfare organisation. He has more than 30 years of banking experience having held senior positions in both international and local banks, handling *inter alia* corporate banking, trade finance, specialised lending, lending to Small & Medium Enterprises and credit audit. He was Head of Corporate Banking with American Express Bank for 13 years, before joining Oversea-Chinese Banking Corporation as the Senior Audit Manager in Credit Risk Review. Mr Goh had also worked with United Overseas Bank, first as head of Consumer Banking and Credit Administration before assuming the position of Head of Corporate Banking.

Mr Goh graduated from the University of Adelaide, South Australia with a degree in Economics.

GOH KIAN CHEE
Age 65
Non-Executive and Independent Director

Appointed to the Board as a Director since 1 March 2018 and last re-elected on 26 April 2018, Mr Goh also sits on the ARC, NC, RC and SOSC.

Mr Goh is also an Independent Director of Indofood Agri Resources Ltd. and AsiaMedic Limited. In the preceding 3-year period, Mr Goh was a Non-Executive and Independent Director of China Minzhong Food Corp Ltd, which had been delisted from the mainboard of Singapore Exchange Securities Trading Limited in March 2017. He had served as a Part-Time Consultant to the Centre For the Arts of the National University of Singapore from 2005 to 2018.

Prior to his retirement from full-time employment in 2004, Mr Goh worked for a few multi-national corporations, including Mobil Oil Singapore Pte Ltd and Mobil Petrochemicals International Ltd, mainly in accounting and finance related areas. He was with John Hancock International Pte Ltd as their Regional Vice President & Controller from 2000 to 2004 and also served as an Executive Director of John Hancock International Pte Ltd in 2004.

Mr Goh holds a Bachelor of Arts (Honours) Degree in Accounting and Economics from Middlesex University, United Kingdom.

TAN ENG KWEE
Age 65
Non-Executive and Non-Independent Director

Appointed to the Board as a Director on 8 January 2019, Mr Tan is also a member of the Exco. In accordance with the Company's Constitution, he will stand for election as Director at the 2019 AGM.

Mr Tan is an Executive Director and the Chief Executive Officer of HLA. He is also a Non-Executive Director of CYI and Tasek Corporation Berhad ("TCB"). HLA, CYI and TCB are related companies under the Hong Leong group of companies, Singapore.

Mr Tan was formerly the CFO of HLA from 2008 to 2011. He has more than 30 years of operations, corporate, accounting and financial experience arising from his senior management positions previously held at the Gold Coin Group, Perennial China Retail Trust Management Pte. Ltd., Dynapack Asia Pte. Ltd. and Epsilon Global Communications Pte. Ltd.

Mr Tan graduated with a Bachelor of Accountancy (Honours) from The University of Singapore and a Master of Business Administration from Cranfield School of Management, United Kingdom. He successfully completed all examinations of the Chartered Association of Certified Accountants, the Institute of Chartered Secretaries & Administrators (now known as Chartered Secretaries Institute of Singapore) and the Chartered Association of Management Accountants and was a Fellow Member of the former and an Associate Member of the latter two.

KEY MANAGEMENT PERSONNEL

FOO YANG HYM

Ms Foo joined HL Global Enterprises Limited ("HLGE") in 1984 as an Accountant and became the Group Accountant in 1994 and thereafter, the Financial Controller in 2004. She was re-designated as Senior Vice President (Finance/ Administration) in April 2006 and subsequently as Chief Financial Officer of HLGE on 1 September 2015. Ms Foo has also been overseeing the Group's operations in Malaysia since August 2016. Prior to joining HLGE, she was an Audit Senior at Deloitte Haskins & Sells (now known as Deloitte & Touche LLP).

Ms Foo is a Fellow Member of the Institute of Singapore Chartered Accountants.

YAM KIT SUNG

Mr Yam joined HLGE as Vice President (Finance) in June 2006 and was re-designated as Vice President – Asset Management (China) on 1 March 2013 and subsequently as General Manager – Asset Management (China) on 1 September 2015. He is also the General Manager of Grand Plaza Hotel Corporation which owns The Heritage Hotel Manila, since April 2000. Prior to joining HLGE, he was an internal auditor at CDL Hotels International Limited (until 1996). He also worked at Price Waterhouse (now known as PricewaterhouseCoopers LLP) as an auditor (until 1995) and was an Operations Analyst with The Heritage Hotel Manila from 1996 to 1999.

Mr Yam obtained his Bachelor of Accountancy (Honours) Degree from the Nanyang Technological University, Singapore.

HL Global Enterprises Limited ("HLGE" or the "Company") is committed to maintaining good corporate governance and business integrity in all its business activities.

The Company has complied with the transitional arrangement under Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Rules") by describing in this report its corporate governance practices with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("2012 Code"). Where the Company's practices differ from the principles or guidelines under the 2012 Code, these differences and the Company's position in respect of the same are explained in this report. The Company has also taken note of the updated principles and provisions in the revised Code of Corporate Governance 2018 ("2018 Code"), and where the Company's practices are already aligned with the new principles and provisions under the 2018 Code, these are highlighted within this report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Primary Functions of the Board

The Board of Directors (the "Board") oversees the Company's business. Its primary functions are to provide leadership, set corporate policy, provide guidance on and approve strategic objectives, and ensure that necessary financial and human resources are in place for the Company to meet its objectives, review the Company's and Management's performance, satisfy itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management for the safeguarding of shareholders' interests and the Company's assets, and assume responsibility for good corporate governance.

Sustainability

The Board notes the importance of including sustainability issues as part of its overall review of the Company's strategic objectives and performance. In this regard, the Board has delegated to the Audit and Risk Committee ("ARC") the general oversight on sustainability issues and sustainability reporting. The ARC's terms of reference set out, *inter alia*, the roles and responsibilities of the ARC and include its purview over matters relating to the environmental, social and governance ("ESG") framework, ESG targets, the sustainability reporting framework and the Company's policies, practices and performance on its material ESG factors which are significant and contribute to the Company's performance, business activities, and/or reputation as a corporate citizen. Further information on the Board Statement and the Company's sustainability practices are set out in the Company's Sustainability Report on pages 33 to 41 of this Annual Report ("AR"). The Sustainability Report addresses the social and environmental impacts that are pertinent to the Group's business, identifying the various stakeholders which comprise the Company's investors, suppliers, customers, bankers and business partners. It has been prepared in accordance with the internationally recognised Global Reporting Initiative (GRI) Standards.

Directors' Objective Discharge of Duties and Declaration of Interests

All Directors being fiduciaries are required to objectively discharge their duties and responsibilities in the interests of the Company. This ability to exercise objectivity is one of the assessment criteria in the Nominating Committee's ("NC") annual evaluation of the Directors.

Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50 of Singapore (the "Companies Act") and voluntarily abstain from deliberation and decision-making on such transactions, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the committees established by the Board.

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Executive Committee ("Exco"), the ARC, the NC, the Remuneration Committee ("RC") and the HL Global Enterprises Share Option Scheme 2006 ("SOS") Committee ("SOSC"), all collectively referred to hereafter as the Board Committees.

Except for the SOSC which purpose is to grant options to eligible participants to subscribe for shares in the Company pursuant to the rules of the SOS, specific written terms of reference for each of the Board Committees set out the required composition, authority and responsibilities of the Board Committees and provide each Board Committee to submit at least an annual report of its activities to the Board *(note: aligned with Provision 1.4 of the 2018 Code)*. All terms of reference for the Board Committees are approved by the Board and reviewed periodically to ensure their continued relevance taking into consideration the changes in the governance and regulatory environment.

The composition of each Board Committee is set out below.

Board Committee	Composition
Executive Committee	Dato' Gan Khai Choon (Chairman) Andrew Goh Kia Teck Tan Eng Kwee
Audit and Risk Committee	Andrew Goh Kia Teck (Chairman) Loo Hwee Fang Goh Kian Chee
Nominating Committee	Loo Hwee Fang (Chairman) Andrew Goh Kia Teck Goh Kian Chee
Remuneration Committee	Andrew Goh Kia Teck (Chairman) Loo Hwee Fang Goh Kian Chee
HL Global Enterprises Share Option Scheme 2006 Committee	Andrew Goh Kia Teck (Chairman) Loo Hwee Fang Goh Kian Chee

The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these committees to decide on matters within their respective written terms of reference and/or limits of delegated authority, and yet without abdicating the Board's overall responsibility.

Please refer to sections on Principles 4, 5, 7, 8, 11 and 12 in this report for further information on the activities of the ARC, NC and RC. Information on the activities of the Exco can be found under the section 'Board Approval' paragraph in this section on Principle 1, while those of the SOSC's can be found in the Directors' Statement on pages 42 and 43 and in the Financial Statements on pages 104 and 105 of the AR.

Board Processes

Board and Board Committee meetings are held regularly, with the Board meeting no less than four times a year. Seven Board meetings were held in 2018.

The proposed meetings for the Board and all Board Committees, except for the Exco and SOSC, for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of that calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretary. The Company's Constitution allows for the meetings of its Board and Board Committees to be held *via* teleconferencing and/or videoconferencing. The Board and Board Committees may also make decisions by way of circulating written resolutions.

The attendance of the Directors at the annual general meeting ("AGM"), at the extraordinary general meeting ("EGM") and at meetings of the Board and Board Committees, as well as the frequency of such meetings in 2018, are disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his or her attendance at the AGM, EGM and at meetings of the Board and/or Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and through strategic networking relationships which would further the interests of the Company.

Directors' Attendance at the AGM, EGM and Meetings of the Board and Board Committees in 2018

A.

	Board	ARC	NC	RC
Number of Meetings held in 2018:	**7**	**5**	**2**	**1**
Name of Directors	**Number of Meetings Attended in 2018**			
Dato' Gan Khai Choon	7	N.A.	N.A.	N.A.
Hoh Weng Ming	7	N.A.	N.A.	N.A.
Loo Hwee Fang (i)	7	5	2	1
Andrew Goh Kia Teck (ii)	7	5	2	1
Goh Kian Chee (iii)	5	3	–	–
Michael Yeo Chee Wee (iv)	1	2	2	1
Philip Ting Sii Tien (v)	7	N.A.	N.A.	N.A.

Notes:

(i) Ms Loo Hwee Fang took over the chairmanship for the NC from Mr Andrew Goh Kia Teck with effect from 1 March 2018.

(ii) Mr Andrew Goh Kia Teck was appointed as the Lead Independent Director ("Lead ID") in place of Mr Michael Yeo Chee Wee with effect from 1 March 2018. He also took over the chairmanship for the ARC, RC and SOSC with effect from 1 March 2018. Mr Andrew Goh stepped down as the chairman of the NC on 1 March 2018 but remains as a member of the NC.

(iii) Mr Goh Kian Chee was appointed Independent Non-Executive Director ("ID") and as a member of the ARC, NC, RC and SOSC with effect from 1 March 2018.

(iv) Mr Michael Yeo Chee Wee stepped down from his roles as the Lead ID, the Chairman of the ARC, RC and SOSC, and a member of the NC on 1 March 2018. He retired from the Board following the conclusion of the AGM held on 26 April 2018.

(v) Mr Philip Ting Sii Tien resigned as a Non-Executive Director ("NED") and as a member of the Exco on 12 December 2018.

B. All the Directors were present at the Company's AGM and EGM held in April 2018.

The SOSC did not convene any meeting in 2018. Although no formal meetings of the Exco were held in 2018, regular informal discussions were held by its members to discuss, amongst other matters, the Group's operations and potential investment opportunities.

Board Approval

The Board has in place an internal guide wherein certain key matters are specifically reserved for approval by the Board and this includes the setting of strategic direction or policies or financial objectives which have or may have material impact on the profitability or performance of the Group, decisions to commence, discontinue or modify significantly any business activity or to enter into or withdraw from a particular market sector, material acquisition and disposal of assets, adoption of corporate governance policies and any other matters which require Board approval as prescribed under the relevant legislation as well as the provisions of the Company's Constitution.

The Company also has in place an authorisation matrix for various matters including limits for investments, capital expenditure and operation of bank accounts.

The Exco comprises three Directors, one of whom is an ID. The Exco's principal responsibility as set out in its written terms of reference approved by the Board, is to assist the Board in the discharge of its duties by deliberating on matters requiring Board review that may arise between full Board meetings, and in carrying out any Board functions as delegated down and tasked by the Board from time to time. It also assists the Board in its general oversight of Management and objectively evaluates the performance of Management. It reviews and recommends to the Board, the HLGE Group's (the "Group") initiatives on strategic development and direction on new investments. Management is fully apprised of such matters which require the approval of the Board or the Board Committees.

Board Orientation and Training

Every newly appointed Director receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislation. The new Director will also receive an induction pack containing information and documents relating to the role and responsibilities of a director and where applicable, a member of the relevant Board Committees, the Group's businesses, Board processes, corporate governance practices, relevant Company policies and procedures as well as a meeting calendar for the year with a brief of the routine agenda for each meeting of the Board and where applicable, the relevant Board Committees.

The Company also conducts a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Board Committees, which seeks to familiarise Directors with the Group's businesses, board processes, internal controls and governance practices and in the case of appointments to any of the Board Committees, the role and responsibilities of such Board Committees. The induction programme includes meetings with Management to allow the new Directors to be acquainted with Management and to facilitate their independent access to Management in future. The programme also includes briefings by the Chief Financial Officer ("CFO") on key areas of the Group's operations. Management currently comprises the CFO, Ms Foo Yang Hym and Mr Yam Kit Sung, the General Manager – Asset Management (China).

Mr Goh Kian Chee and Mr Tan Eng Kwee who were appointed to the Board on 1 March 2018 and 8 January 2019 respectively, were given detailed briefings and induction on the Group's business and operations. They were also briefed by the Company Secretary on the Company's corporate governance practices, and key duties and responsibilities of a director under the relevant legislation. Mr Goh was appointed a member of the ARC, NC, RC and SOSC, whilst Mr Tan was appointed a member of the Exco. They were both briefed on the scope and responsibilities of the relevant Board Committees by the chairmen of the respective Board Committees.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be encouraged to also attend the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire the relevant knowledge of what is expected of a listed company director. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, the Listing Rules and the 2012 Code. The Company has noted that such training for first-time directors is now mandatory under the revised Listing Rules.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislation, risk management and financial reporting standards. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars such as those run by the SID and the Directors are encouraged to attend such training at the Company's expense. The NC and the Board are kept informed of the training attended by the Directors during the year. As part of the NC's annual assessment of the skills set of the Board and the respective Board Committees, the NC would also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to the Directors from time to time.

Two in-house seminars were conducted by invited speakers in 2018, on the following topics:

1. Innovation in the Marketplace: Emerging Trends and Insights, with focus on Blockchain technology, Fintech and Smart Buildings
2. Ethical Standards and Culture: The Role of the Board
3. Unlocking Business Value from Sustainable Development Goals Integration
4. Driving Business Performance through Sustainability Reporting
5. Sustainability Reporting by SGX-ST listed companies

In addition to the training courses/programmes, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Group's operations.

Principle 2: Board Composition and Guidance

Board Independence

The Board currently comprises six members, all of whom are NEDs. The NC has recommended and the Board has determined three of them, being half the Board, to be independent (the "Three IDs"), thus providing for a strong and independent element on the Board capable of exercising objective judgment on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision-making. The Board concurred with the NC's determination of the independence of the Three IDs.

When determining the independence of the Three IDs, the NC has considered the guidelines for independence set out in Guideline 2.3 of the 2012 Code. As part of the consideration, the NC also considered their other directorships, annual declaration regarding their independence, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation and decision-making on such transactions, and their ability to maintain objectivity in their conduct as Directors of the Company.

The Three IDs are Ms Loo Hwee Fang, Mr Andrew Goh Kia Teck and Mr Goh Kian Chee. In accordance with Listing Rule 210(5)(d), none of the Three IDs are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations. None of the Three IDs have immediate family members who are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations, and whose remuneration is determined by the RC. For purposes of determining independence, the Three IDs have also provided confirmation that they are not related to the Directors and substantial shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence. The Board concurred with the NC's determination of the independence of the Three IDs. The Board is also not aware of any other relationship or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of each of the Three IDs' independent business judgment with a view to the best interests of the Company. Each of the Three IDs abstained from deliberation of their own independence.

As at to-date, there is no ID on the Board who has served more than 9 years since his or her last date of appointment to the Board.

Board Composition and Size

The NC reviews the size and composition mix of the Board and Board Committees annually. At the recommendation of the NC, the Board had approved in 2018 a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board *(note: aligned with Provision 2.4 of the 2018 Code)*. The Board recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

In this regard, the NC will strive to ensure that:

(a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates;

(b) when seeking to identify a new Director for appointment to the Board, the NC will request for female candidates to be fielded for consideration;

(c) female representation on the Board be continually improved over time based on the set objectives of the Board; and

(d) at least one female Director be appointed to the NC.

The final decision on selection of Directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity to arrive at an optimum balanced composition of the Board.

The NC is supportive of diversity on the Board including gender diversity. Ms Loo Hwee Fang, the Company's current female Director has been appointed to the Board since March 2012. Ms Loo's extensive legal experience further complements and strengthen the core competencies of the Board.

The Board currently comprises business leaders and professionals with accounting, financial, legal and business management backgrounds. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in the AR.

With consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and yet allow for effective decision-making at meetings of the Board and Board Committees.

NEDs' Participation

The Board comprises all NEDs who participate actively in Board meetings. They also constructively challenge and help to develop proposals on strategy and review and monitor Management's performance against budgets. To facilitate this, they are kept informed of the Group's business and performance through monthly reports from Management, and have unrestricted access to Management. They also sit on various Board Committees established by the Board to provide constructive input and the necessary review and monitoring of performance of the Group and Management. No separate meetings of the NEDs were convened as the NEDs have been expressing and putting forward their views ardently, freely and openly at all meetings of the Board and Board Committees.

The NEDs also meet regularly and actively participated in discussions relating to operational matters and governance issues. In 2018, the Board held an additional three ad-hoc meetings besides the scheduled quarterly Board meetings to discuss, *inter alia*, potential acquisition opportunities by the Group.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman

The Chairman of the Board ("Board Chairman") is Dato' Gan Khai Choon who is a NED. The Chairman bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including promoting high standards of corporate governance, setting agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of each agenda item, promoting an open environment within the Board room for constructive debate, encouraging all the Directors to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. As the Board Chairman with written terms of reference approved by the Board, he also promotes and leads the Company in its commitment to achieve and maintain good corporate governance. At AGMs and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The Company does not have any Executive Director and the Exco is tasked to undertake the overall management of the Group's operations and investments. The Exco is assisted by the Management team which currently comprises the CFO, Ms Foo Yang Hym and Mr Yam Kit Sung, the General Manager – Asset Management (China). The CFO has been overseeing the Group's operations in Malaysia since the demise of the General Manager – Malaysia Operations in August 2016.

Lead Independent Director

There are internal controls in place to allow for effective oversight by the Board of the Company's business to ensure an appropriate balance of power and authority is exercisable by the Board to enable objective decision-making in the interests of the Company. In view that the Board Chairman, Dato' Gan Khai Choon is not an ID, the Board in line with the recommendation under the 2012 Code has appointed Mr Andrew Goh Kia Teck as the Lead ID on 1 March 2018, in place of Mr Michael Yeo Chee Wee, to serve as a sounding board for the Board Chairman and also as an intermediary between the Directors and the Board Chairman. The role of the Lead ID is set out under the written terms of reference of the Lead ID, which has been approved by the Board. The Lead ID is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman or the Management has failed to resolve or is inappropriate. A meeting of the IDs, chaired by the Lead ID may be held as often as may be warranted by circumstances. No query or request on any matter which requires the Lead ID's attention was received from the shareholders in 2018. No meeting of the IDs was required to be convened in 2018.

Principle 4: Board Membership

NC Composition and Role

The NC comprises three NEDs, all of whom including the chairman of the NC, are independent. The Lead ID is also a member of the NC. Please refer to the 'Corporate Directory' section on page 1 of the AR, for the composition of the NC.

The NC's responsibilities as set out in its written terms of reference approved by the Board, are to review all Board and Board Committee composition and membership, board succession plans for the Directors, determine each Director's independence annually and as and when circumstances require, evaluate performance of the Board as a whole, its Board Committees and the individual Directors, review appointments and reasons for resignations and termination of Senior Management, review and confirm the induction programme for newly appointed Directors and for existing Directors in respect of their appointments to any of the Board Committees, and review training and continuous professional development programme for the Directors. Two NC meetings were held in 2018. The Company Secretary maintains records of all NC meetings including records of discussions on key deliberations and decisions taken.

For the financial year under review, the NC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("NC Self-Assessment Checklist"). The NC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NC under its terms of reference and considered also the contribution of NC members to the deliberation and decision-making process at NC meetings.

Based on the self-assessment, the NC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

Re-nomination of Directors

The NC reviews annually the nomination of the relevant Directors for re-election/election as well as the independence of Directors. When considering the nomination of Directors for re-election/election, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitment especially for Directors who have multiple listed company board representations and/or other principal commitments, and also reviews their independence. The recommendation of the NC on the annual nomination of the Directors for re-election/election is submitted to the Board for decision and thereafter put to the shareholders for approval at the AGM.

The Constitution of the Company provides that at least one-third of the Directors for the time being, shall retire as Directors at each AGM. All new Directors appointed by the Board shall hold office until the next AGM and be eligible for election at the said AGM of the Company. Excluding the new Directors who are seeking appointment at the AGM or who will be seeking election at the first AGM immediately after their initial appointment, the remaining Directors of the Company will retire about once in every two to three years.

In accordance with the Constitution of the Company, Dato' Gan Khai Choon and Mr Hoh Weng Ming will be retiring by way of rotation while Mr Tan Eng Kwee who was appointed by the Board on 8 January 2019 will also be retiring at the forthcoming AGM ("2019 AGM"). The retiring Directors being eligible, have offered themselves for re-election/election. Detailed information on the Directors who are proposed to be re-elected/elected at the 2019 AGM can be found under the sections on "Board of Directors" and "Additional Information on Directors Seeking Re-election/Election" of the AR.

Criteria and Process for Nomination and Selection of New Directors

Searches for and selection of candidates to be considered for appointment as Directors are facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in the related industries, finance, legal and accounting professions, and identified based on the needs of the Company and the relevant expertise required. Assistance may also be obtained from SID and professional executive search firms engaged to source for suitable candidates for the NC's consideration. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

The NC meets with the proposed candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees.

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate's age, gender, track record, experience and capabilities or such other factors as may be determined by the NC to be relevant and which would contribute to the Board's collective skills and diversity; (b) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments; (c) the candidate's independence, in the case of the appointment of an independent NED; and (d) the composition requirements for the Board and Board Committees after matching the candidate's skills set to the requirement of the relevant Board Committees (if the candidate is proposed to be appointed to any of the Board Committees).

Mr Goh Kian Chee was appointed as an independent NED and a member of the ARC, NC, RC and SOSC on 1 March 2018, whilst Mr Tan Eng Kwee was appointed a NED and a member of the Exco on 8 January 2019. In recommending Mr Goh's appointment to the Board, the NC took into consideration his accounting and finance related experience which it felt would provide further diversity to the core competencies of the Board. In the case of Mr Tan, the NC took into account his qualifications and in-depth working experience garnered from the senior management positions he had held throughout his career.

Directors' Time Commitments

When considering the re-nomination of Directors for re-election/election, the NC also considers the competing time commitments faced by Directors with multiple listed company board representations and/or other principal commitments. An analysis of the directorships (which includes directorships within corporate groups and executive appointments) held by the Directors is reviewed annually by the NC. Each Director is also required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a Director of the Company. Based on the analysis, the Directors' annual confirmation and the Directors' commitments and contributions to the Company which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as Directors of the Company.

It is recommended under the 2012 Code that the Board consider providing guidance on the maximum number of listed company board representations which each Director of the Company may hold to address competing time commitments faced by Directors serving on multiple boards. The NC noted that, excluding the directorship held in the Company, the number of listed company board representations currently held by each of the Directors ranged from nil to three and those held by Dato' Gan Khai Choon, Mr Hoh Weng Ming and Mr Tan Eng Kwee are mainly on the boards of the related companies of the Company. Having considered this issue, the NC does not recommend setting a maximum number of listed company board representations that a Director may hold. The Board considers an assessment of the individual Directors' participation as described above to be more effective for the Company than to prescribe a numerical limit on the number of listed company directorships that a Director may hold. It would not wish to omit from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Alternate Directors

The Company has no Alternate Directors on its Board.

Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the Directors and other relevant information, in the notice of AGM and additional information for Directors proposed for re-election/election at the 2019 AGM.

Succession Planning for the Board and the Board Chairman

The Board believes in carrying out succession planning for itself and the Board Chairman to ensure continuity of leadership. Board renewal is a continuing process and, in this regard, the NC reviews the composition of the Board, which includes size and mix, annually and recommends to the Board the selection and appointment of new Directors, whether in addition to existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board's skills sets taking into account the Group's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board.

Board Development

The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Board Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. Further training for the Directors in specific areas are also being recommended by the NC, where required, based on the NC's review of the annual evaluation checklists from the Board and the Board Committees. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which as well as the internal briefing and updates provided for the Directors in 2018 are set out in the paragraph above under the subject heading "Board Orientation and Training".

The Board is kept apprised twice yearly on a list of training programmes attended by the Directors during the year.

Principle 5: Board Performance

Board Evaluation Process

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees, where applicable. No external facilitator has been used. The NC assesses the Board's performance as a whole annually using criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the Board composition, the Directors' independence, feedback from individual Directors on areas relating to the Board's strategy and performance, process, governance (including risk management and internal controls) and the effectiveness of the Board Chairman. The results of the overall evaluation of the Board by the NC including its recommendation, if any, for improvements are presented to the Board.

The NC also undertook an evaluation of performance of the NC, RC and ARC with the assistance of self-assessment checklists completed by these Board Committees, as well as a report provided by the Exco.

The annual evaluation process for each individual Director's performance comprises two parts: (a) the background information concerning the Director including his attendance records at Board and Board Committee meetings; and (b) NC's evaluation based on certain assessment parameters. The assessment parameters were recommended by the NC and approved by the Board.

When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

The results of the individual evaluation of each of the Directors are also used by the NC, in its consultation with the Board Chairman, to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-election/election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria

The qualitative criteria used by the NC to evaluate the Board covers six main areas relating to Board composition, Board independence, the Board's review of the Company's strategy and performance, the Board's oversight of the Company's governance including risk management and internal controls, and the effectiveness of the Board Chairman and Board processes.

The quantitative criteria used to evaluate the overall Board performance comprises the Company's financial performance for the year under review as compared against the historical performance and budgeted forecasts of the previous year.

Individual Director Evaluation Criteria

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Board Committee meetings including his contribution to Board processes and the business strategies and performance of the Company.

Principle 6: Access to Information

Complete, Adequate and Timely Information and Access to Management

Prior to each meeting, members of the Board and the Board Committees are provided with the meeting agenda and the relevant papers submitted by Management, containing where possible and practicable, complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management, the Company's auditors and professional advisers who can provide additional insight into the matters for discussion, are also invited from time to time to attend Board and Board Committees' meetings. Directors also have separate and independent access to Management.

Management provides all Directors with monthly financial reports of the Group's performance including analysis of the same. Any material variances between the month and year-to-date ("YTD") under review as compared to the corresponding month and the YTD of the preceding year, are disclosed and explained.

Draft agendas for Board and Board Committee meetings are circulated to the Board Chairman and the chairmen of the Board Committees, in advance, for them to review and suggest items for the agenda. Each of the chairmen of the Exco, ARC, NC and RC provides an annual report of the respective committees' activities during the year under review to the Board. The minutes of meetings of the Board Committees are circulated to all Board members.

Company Secretary

The Company Secretary, whose appointment and removal are subject to the Board's approval, attends all meetings of the Board, Board Committees and IDs and ensures that all Board procedures are followed. The Company Secretary, together with Management, also ensures that the Company complies with all applicable statutory and regulatory rules. Together with Management, she also advises the Board Chairman, the Board and Board Committees on corporate governance matters and assists to implement and strengthen corporate governance practices and processes, including ensuring good information flows within the Board and the Board Committees and between Management and the Directors, facilitating the induction for newly appointed Directors and newly appointed Board Committee members, and assisting in the continuing training and development for the Directors. On an on-going basis, the Directors have separate and independent access to the Company Secretary.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role

The RC comprises three NEDs, all of whom including the chairman of the RC, are independent. The RC's principal responsibilities as set out in its written terms of reference approved by the Board are to review and recommend, for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Board member and the Company's key management personnel ("KMP").

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the KMP. The Company currently identifies its CFO and General Manager – Asset Management (China) as its KMP. On an annual basis, the RC reviews and approves the remuneration packages including annual increments and year-end bonuses to be granted to the KMP. There were no changes in the Company's KMP in 2018. The KMP's contracts of service which have been reviewed by the RC do not contain any unfair or unreasonable termination clauses.

All the members of the RC also sit on the SOSC and the chairman of the RC is also the chairman of the SOSC. The RC has access to appropriate advice from the CFO who assists to provide human resources support to the Group. No remuneration consultants from outside the Company were appointed.

One RC meeting was convened in 2018. The Company Secretary maintains records of all RC meetings including records of discussions on key deliberations and decisions taken.

For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("RC Self-Assessment Checklist"). The RC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the RC under its terms of reference and considered also the contribution of RC members to the deliberation and decision-making process at RC meetings.

Based on the self-assessment, the RC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and KMP

The Company currently does not have any Executive Director.

When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Board Committees and the changes in the business, corporate governance practices and regulatory rules, as well as corporate performance for the financial year under review and the corporate and economic outlook in the new financial year. No Director is involved in deciding his own remuneration.

Each of the Directors receives a base Director's fee, with the Chairman of the Board receiving an additional fee for serving as Board Chairman. Directors who serve on the ARC, NC and RC also receive additional fees in respect of each of these Board Committees that they serve on, with the chairmen of these Board Committees receiving a higher fee in respect of their service as chairman of these Board Committees. The structure of fees payable to Directors of the Company for the financial year ended 31 December 2018 ("FY 2018") is set out on the next page:

Appointment	Fees per annum ($)
Director	15,000 (Basic fee)
	Additional Fees:
Board Chairman	15,000
Audit and Risk Committee (ARC) – ARC Chairman – ARC Member	 40,000 20,000
Nominating Committee (NC) – NC Chairman – NC Member	 5,000 3,000
Remuneration Committee (RC) – RC Chairman – RC Member	 5,000 3,000
Lead Independent Director	Nil

The compensation packages of the KMP comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (comprising short-term incentives in the form of year-end bonus). In reviewing the remuneration packages of the KMP, the RC considers the level of remuneration based on the Company's remuneration policy which gives due regard to the economic climate, market conditions and financial position of the Company.

The Company has established the SOS in 2006 but no options had been granted since the commencement of the said scheme which details can be found on pages 42 and 43 of this AR. In view of pending opportunities to grow the Group's earning base which remains a priority of the Board, the RC does not think it is appropriate at this juncture to consider the grant of options under the SOS.

For the same reason, the RC also does not think that it is currently appropriate to adopt the use of a claw-back mechanism in the variable components of the remuneration of the KMP for exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss or other losses to the Company.

Principle 9: Disclosure of Remuneration

Disclosure of Remuneration

When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Board Committees and the changes in the business, corporate governance practices and regulatory rules, as well as corporate performance for the financial year under review and the corporate and economic outlook in the new financial year.

The compensation packages for the KMP comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (comprising short-term incentives in the form of a year-end bonus). In reviewing the remuneration packages of the KMP, the RC considers the level of remuneration based on the Company's remuneration policy which gives due regard to the economic climate, market conditions and financial position of the Company. There were no changes in the KMP in 2018.

There were no termination, retirement or post-employment benefits granted to any Director or KMP in 2018.

Directors' Remuneration for FY 2018

All the Directors of the Company are NEDs. Details of the Board and Board Committee fees for FY 2018 (rounded off to the nearest thousand dollars) are set out below:

Directors	Board/Board Committee Fees [(a)] $
1. Dato' Gan Khai Choon	30,000
2. Hoh Weng Ming	15,000
3. Loo Hwee Fang [(b)]	43,000
4. Andrew Goh Kia Teck [(c)]	60,000
5. Goh Kian Chee [(d)]	34,000
6. Michael Yeo Chee Wee [(e)]	13,000
7. Philip Ting Sii Tien [(f)]	14,000

Notes:

(a) These fees comprise Board and Board Committee fees for FY 2018, which are subject to approval by shareholders as a lump sum at the 2019 AGM.

(b) Ms Loo Hwee Fang took over the chairmanship for the NC from Mr Andrew Goh Kia Teck with effect from 1 March 2018.

(c) Mr Andrew Goh Kia Teck was appointed as the Lead ID in place of Mr Michael Yeo Chee Wee with effect from 1 March 2018. He also took over the chairmanship for the ARC, RC and SOSC with effect from 1 March 2018. Mr Andrew Goh stepped down as the chairman of the NC on 1 March 2018 but remains as a member of the NC.

(d) Mr Goh Kian Chee was appointed ID and as a member of the ARC, NC, RC and SOSC with effect from 1 March 2018.

(e) Mr Michael Yeo Chee Wee stepped down from his roles as the Lead ID, the Chairman of the ARC, RC and SOSC, and a member of the NC on 1 March 2018. He retired from the Board following the conclusion of the AGM held on 26 April 2018.

(f) Mr Philip Ting Sii Tien resigned as a NED and as a member of the Exco on 12 December 2018.

None of the Directors receive any other remuneration in FY 2018 other than the Board and Board Committee fees.

Remuneration of KMP (not being a Director or Chief Executive Officer) for FY 2018

The Company does not have a Chief Executive Officer. The Company currently identifies its CFO and the General Manager – Asset Management (China) as its KMP. The KMP's remuneration for FY 2018 in bands of $250,000 is set out below.

	Base Salary [1] %	Bonuses/ Allowances [1] %	Other Benefits %	Total %
$250,000 and below				
KMP				
1. Foo Yang Hym	77	20	3	100
2. Yam Kit Sung	80	20	–	100

Note:

1. The salary and bonuses/allowances are inclusive of employer's contribution to defined contribution plans.

Due to the highly competitive human resource environment, the Board does not believe it is in the interest of the Company to disclose the aggregate remuneration paid to its KMP.

Remuneration of Director's Immediate Family Member for FY 2018

During FY 2018, none of the Directors had immediate family members who were or are employees of the Company.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Accountability of Board and Management

The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics (see paragraph on page 32 for more details), and in compliance with all applicable laws and regulatory requirements.

The Board provides shareholders with quarterly and annual financial results. Results for the first three quarters are released to shareholders within 45 days of the end of each quarter whilst the annual results are released within 60 days from the financial year end. In presenting the Group's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

For the financial year under review, the Board was provided with a representation letter by the CFO and the General Manager – Asset Management (China) in connection with the issue of the quarterly and full year unaudited financial statements of the Group confirming that to the best of their knowledge and belief, nothing has come to their attention which may render the financial statements to be false or misleading in any material aspect. The Board, in turn, provided a negative assurance confirmation to shareholders in respect of the Company's unaudited financial statements for the first, second and third quarters of 2018 in accordance with the regulatory requirements.

Management provides all Directors with monthly financial reports of the Group's performance including analysis of the same. Any material variances between the month and YTD under review as compared to the corresponding month and the YTD of the preceding year, are disclosed and explained.

Principle 11: Risk Management and Internal Controls

Risk Management

An organisational risk management framework has been established by Management to formalise and document the internal processes, many of which are already currently in place, to enable significant business risks within the Group to be identified, assessed, monitored, managed and evaluated. The Company recognises that risk management process is an on-going process and will thus continuously ensure that the Company's current risk management system and processes are in line with industry practices.

To assist the Board in its risk management oversight, the ARC reviews the Group's risk management processes and practices. Regular updates on the Group's risk management are provided to the ARC by the Risk Management Committee ("RMC") comprising members of the key management team, which was established to spearhead and be responsible for the implementation and management of the Group's risk management framework.

Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls including financial, operational, compliance and IT controls, and risk management policies and systems.

Having regard to the risks to which the business is exposed, the likelihood of such risks occurring and the risk tolerance accepted by the Group, the Company's internal controls structure has been designed and put in place by Management to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, on the reliability, relevance and integrity of the information (including financial information) used within the business and for publication, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

The internal controls structure which is established includes:

– a risk management framework for the identification, assessment and monitoring of the Group's key risks;

– policies and procedures and approved authorisation matrix in place, which are reviewed from time to time, that govern and allow from time to time the monitoring of financial and operational controls;

– a programme of external and internal audits; and

– a whistle-blowing programme, whereby staff of the Company and any other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters without fear of reprisals in any form, and the provision of internal arrangements for the investigation of matters raised thereunder.

Taking into account Provision 9.2 of the 2018 Code, written assurance was received from the CFO and the General Manager – Asset Management (China):

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

(b) that the system of internal controls and risk management systems in place were adequate and effective to address in all material aspects the financial, operational, compliance and IT risks in the context of the current scope of the Group's business operations.

The ARC reviewed the adequacy and effectiveness of the Group's material internal controls that address its financial, operational, compliance and IT controls, and risk management systems, with the assistance of the internal audit provider ("IA") and external auditors ("EA") and Management, including the RMC, who provide regular updates to the ARC.

Based on the work performed by IA and the RMC during the financial year, as well as the statutory audit by the EA, Ernst & Young LLP ("EY"), and the written assurance from Management, the Board, with the concurrence of the ARC, is of the opinion that the system of internal controls and risk management system in place as at 31 December 2018 are adequate and effective to address in all material aspects, the financial, operational, compliance and IT risks within the current scope of the Group's business operations.

Principle 12: Audit Committee

Composition of ARC

The ARC comprises three NEDs, all of whom including the chairman of the ARC, are independent. Two members including the ARC Chairman possess the relevant accounting or related financial management expertise and experience.

Based on the terms of reference of the ARC, a former partner or director of the Company's existing auditing firm or auditing corporation should not act as a member of the ARC: (a) within a period of two years commencing on the date of his or her ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he or she has any financial interest in the auditing firm or auditing corporation *(note: aligned with Provision 10.3 of the 2018 Code)*. None of the members of the ARC were former partners or directors of or have any financial interest in the Company's existing audit firm. The role of the ARC also includes the oversight of the Company's risk management framework and processes.

With the current composition, the ARC believes that it has the relevant accounting or related financial management and risk management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board.

Powers and Duties of the ARC

The ARC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the EA, the internal auditors and Management. It may invite any Director, Management, any officer or employee of the Group, the EA and internal auditors to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate, at the Company's expense.

The principal responsibility of the ARC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Group's financial reporting process and material internal controls, including financial, operational, compliance, IT and risk management controls. Other duties within its written terms of reference include:

– to review significant financial reporting issues and judgments so as to ensure the integrity of the Group's financial statements, and of announcements relating to the Group's financial performance and recommend changes, if any, to the Board;

– to review the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and IT controls and report to the Board;

– to review the effectiveness of the IA function;

– to review annually the scope and results of the EA's audit and the independence and objectivity of the EA, and make recommendations to the Board on the proposal to the Company's shareholders on the appointment, re-appointment and removal of the EA, and to approve the remuneration of the EA;

– to review interested person transactions to ensure that they are entered on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders; and

– to oversee the establishment and operation of the whistle-blowing process in the Company.

The ARC held five meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretary maintains records of all ARC meetings including records of discussions on key deliberations and decisions taken. The ARC meets with the IA and EA, each separately without the presence of Management, annually.

The ARC members continually keep themselves abreast of changes to accounting standards and issues which have a direct impact on financial statements.

For the financial year under review, the ARC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities. The assessment was facilitated through the use of a self-assessment checklist (“ARC Self-Assessment Checklist”).

The ARC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the ARC under its terms of reference, and also considered the contribution of ARC members to the ARC’s deliberation and decision-making process.

Based on the self-assessment, the ARC is of the view that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

ARC’s Commentary on Significant Financial Reporting Matter

In the review of the financial statements for FY 2018, the ARC had discussed with both the Management and the EA the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with Management and the EA:

Significant matter	**How the ARC reviewed the matter and what decisions were made**
Carrying Value of Development Property	In evaluating the net realisable value of the development property at Melaka, Malaysia, the ARC assessed the reasonableness of the expected development cost, budgeted selling price and current market prices of comparable properties. The ARC also considered the valuation report and compared it with the net realisable value recorded in the accounts. The ARC also received the report from the EA on their assessment of the estimation of net realisable value to form a view on the appropriateness of the carrying value of the development property. The ARC was satisfied with the approach on the estimation of net realisable value for the said property as adopted and disclosed in the financial statements.

External Auditors

Taking cognizance that the EA should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the ARC undertook a review of the independence of EY and gave careful consideration to the Group’s relationships with them during 2018.

In determining the independence of EY, the ARC reviewed the Group's relationship with EY and considered the nature of the provision of the non-audit services provided by the firm during the year. As there were no non-audit services rendered by EY for FY 2018, the ARC is satisfied that EY is, and is perceived to be, independent for the purpose of the Group's statutory financial audit. Please refer to note 24 of the Notes to the Financial Statements for details of the fees paid and/or payable by the Group to EY in respect of the audit services for FY 2018.

In reviewing the nomination of EY for re-appointment as the Company's auditor for the financial year ending 31 December 2019, the ARC had considered the adequacy of the resources and experience of EY. Consideration was also given to the audit engagement partner assigned to the audit, EY's other audit engagements, the size and complexity of the audit exercise for the Group, and the number and experience of the supervisory and professional staff assigned to the Group's audit.

EY has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company is thus in compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Rules in relation to the appointment of the Group's auditors.

On the basis of the above, the ARC has recommended to the Board the nomination of EY for re-appointment as EA at the 2019 AGM.

Disclosure of Interested Person Transactions

The Company ensures that interested person transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, and are not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the interested persons, as defined in Chapter 9 of the Listing Rules, than those extended to or received from unrelated third parties.

Particulars of interested person transactions required to be disclosed under Rule 907 of the Listing Rules are as follows:

Name of Interested Person	**Aggregate value of all interested person transactions in FY 2018 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ($'000)**	**Aggregate value of all interested person transactions conducted in FY 2018 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) ($'000)**
City Developments Limited group of companies – Receipt of corporate secretarial services	145	Not applicable [1]
Millennium & Copthorne Hotels plc group of companies – Renewal of licence (including sales and marketing) and reservation arrangements for the operation of Copthorne Hotel Cameron Highlands ("CHCH")	610 [2]	

Notes:

1. The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920.
2. Estimated amount of fees based on the renewal of licence (including sales and marketing) and reservation arrangements for the period from 1 January 2019 to 31 December 2023 which fees are to be determined and payable in arrears.

The above interested person transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

Whistle-blowing Policy

HLGE has in place a whistle-blowing policy where staff of the Company can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy. Under these procedures, arrangements are in place for independent investigation of such matters raised (where appropriate) and for appropriate follow up action to be taken.

Principle 13: Internal Audit

Reporting Line and Qualifications

The primary role of the IA is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group's hospitality operations, ensuring that the internal controls of such operations result in prompt and proper recording of transactions and safeguarding of assets. The IA function for FY 2018 in respect of the Group's hospitality operations in Malaysia, namely CHCH was outsourced to Crowe Governance Sdn Bhd ("Crowe Governance").

The ARC reviews the IA plans to ensure that it incorporates the high priority risk areas identified in the risk management framework of the Company in relation to the Group's hospitality operations. IA reports are extended to the ARC and the CFO. Processes are in place such that material control weaknesses raised in the IA reports are dealt with in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the ARC on a periodic basis.

The ARC reviews the effectiveness and adequacy of the IA function through a review of the IA activities on a periodic basis. In reviewing the services of Crowe Governance, the ARC had reviewed the adequacy of the resources and the qualifications and experience of the professional staff assigned to the IA work for CHCH. Crowe Governance has also confirmed that the provision of IA services was performed in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The ARC also reviews the internal auditors' fees and their ability to deliver the IA services objectively and according to the IA plans approved by the ARC. The internal auditors have unfettered access to the ARC, the Board and Management. The ARC meets the internal auditors at least once annually without the presence of Management and the Company Secretary.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Being committed to good corporate practices, the Company treats all shareholders fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner *via* SGXNET.

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules, including the voting procedures, are set out in the notice of general meetings. Shareholders who are not relevant intermediaries may appoint one or two proxies each to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings. Proxy forms must be deposited at such place or places specified in the notice or document accompanying the notice convening the general meetings at least forty-eight (48) hours before the time set for the general meetings.

Principle 15: Communication with Shareholders

The Company ensures that shareholders are notified of all material information in an accurate and timely manner. Should there be an inadvertent disclosure made to a select group, the Company will release the same information promptly *via* SGXNET. The Company's quarterly and full year results are announced within the mandatory period. All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released *via* SGXNET.

Given the current scope and size of the Group's operations, the Company does not think it is feasible to maintain a corporate website or to adopt an investor relations policy. Shareholders and investors who wish to contact the Company, may do so *via* the contact details provided in the Corporate Directory on page 1 of this AR.

Notwithstanding that the Company does not have an investor relations policy, shareholders are also encouraged to attend the Company's general meetings where the Board Chairman and the chairmen of the respective Board Committees will be present to engage shareholders in dialogues and to address their queries.

Dividend Policy

The Group remains committed in its focus to strengthen its core capabilities and to explore growth opportunities with prudent management and a long-term view towards sustainability. Before proposing any dividends, the Board will consider a range of factors, including the Group's results of operations, long-term and short-term capital requirements, current balance sheet, future investment plans and general business conditions and other macro environment factors. The operations of CHCH are expected to remain challenging amidst a highly competitive hospitality market in Cameron Highlands, Malaysia. As the Group intends to conserve cash for future investment opportunities to grow its earnings base, the Board had not recommended the declaration or payment of any dividend to shareholders in respect of FY 2018.

Principle 16: Conduct of Shareholder Meetings

At general meetings of the Company, shareholders are given the opportunity to communicate their views and encouraged to ask the Directors and Management questions regarding matters affecting the Group. The chairmen of all the Board Committees and the external auditors were present at the last AGM, and will endeavour to be present at the 2019 AGM to assist the Directors in addressing queries raised by the shareholders.

Shareholders are given the opportunity to vote in person or by proxy at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means. Pursuant to Rule 730A(2) of the Listing Rules, all resolutions proposed at the 2019 AGM and at any adjournment thereof shall be put to the vote by way of poll. The Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages *via* SGXNET after the 2019 AGM. The rules including voting procedures that govern general meetings of shareholders are set out within the notice of the 2019 AGM.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election/election of each Director as a separate subject matter. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in the AR. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board, Management and/or the EA. The Company will furnish the minutes of the AGM upon request of any member. Such request shall be made after one month from the date of the AGM.

Corporate Values and Conduct of Business

The Company has in place an Internal Code of Business and Ethical Conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflicts of interests.

Internal Code on Dealing in Securities

The Company has in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit dealing in the Company's securities (a) on short-term considerations; (b) while in possession of unpublished material price-sensitive information in relation to such securities; and (c) during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified prior to the commencement of the "closed periods" relating to dealing in the Company's securities.

21 March 2019

Board Statement

The Group has been practising sustainability throughout the organisation over the years, and this is our second year of consolidating our actions into a report prepared in compliance with the Singapore Exchange's ("SGX") requirements on sustainability reporting. The Board provides strategic direction for the Group, including considering sustainability issues as part of its strategic formulation. Through the Audit and Risk Committee ("ARC"), the Board oversees the Sustainability Committee which was established to manage the Group's material environmental, social and governance ("ESG") issues.

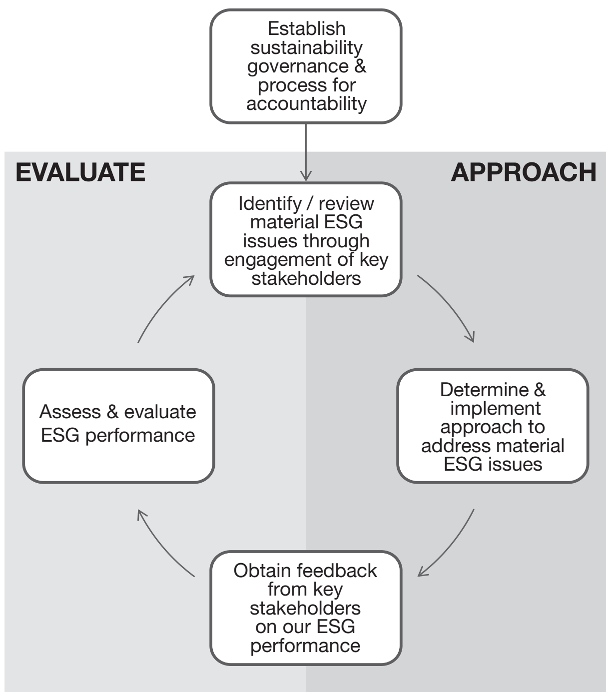
The Sustainability Committee developed an internal system to determine the approach to manage and evaluate the Group's various material ESG issues. In this report, stakeholders will see the efforts made by the Group towards a sustainable future. The Board endeavours to continue growing the business amidst challenging economic times, and hope to have the enduring support of key stakeholders on this journey.

About This Report

This sustainability report has been prepared in accordance to the internationally recognised Global Reporting Initiative ("GRI") Standards – Core option, and its reporting principles for defining report content and quality. This report also complies with the SGX's requirements on sustainability reporting ("SR"). The report focuses on the sustainability performance of the Group's main business operations, Copthorne Hotel in Cameron Highlands, Malaysia ("the Hotel"), from 1 January 2018 to 31 December 2018, unless otherwise stated. In this report, the Group (or "HLGE") refers to HLGE's Corporate Office and the Hotel. A historical comparison to the previous year has been presented where information is available. The Group will continually assess and improve the data collection systems over time to enable us to publish an accurate and reliable sustainability report. All sustainability related queries can be sent to sustainability@hlge.com.sg.

Our Sustainability Framework

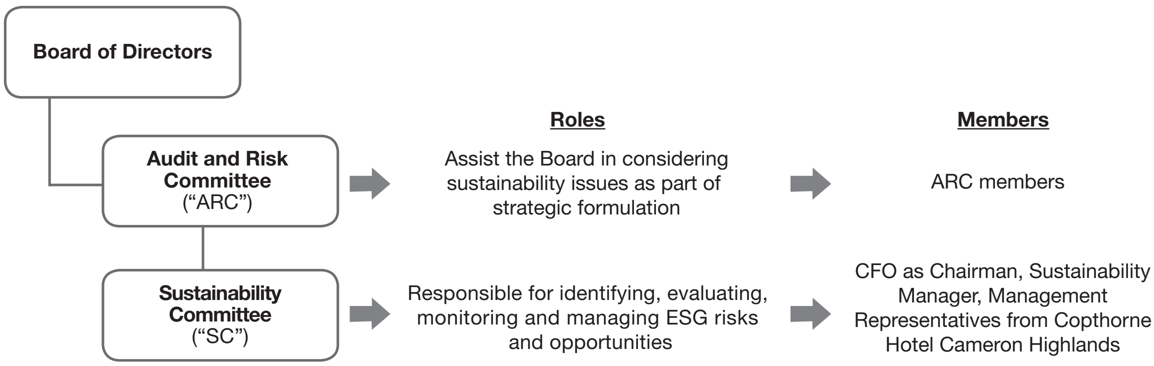
Figure 1: HLGE's Sustainability Framework



The Group developed a framework to formalise the procedures and implemented the structures to manage our sustainability practices and reporting aspects during the year (Figure 1). We established the Sustainability Committee to identify and manage the material ESG issues, including target-setting and reporting aspects.

On a quarterly basis, the Sustainability Committee provides a progress update on performance to the ARC, and makes recommendations to improve the sustainability of the business. This process and performance is evaluated and reviewed by the ARC annually. The ARC in turn, reports to the Board to ensure that all requirements for sustainability compliance are met and assists the Board in considering sustainability issues as part of strategic formulation for the Group. Refer to Figure 2 for the sustainability governance structure of the Group's sustainability framework.

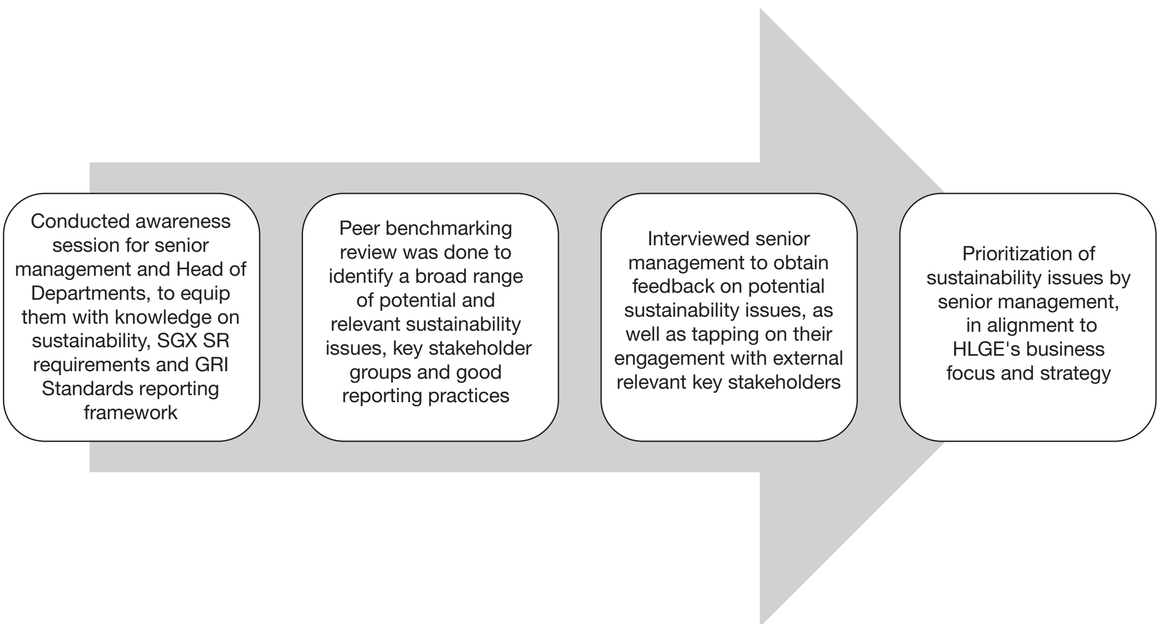
Figure 2: HLGE's Sustainability Governance – Structure, Roles and Members



The Group's Stakeholders & Materiality Assessment Process

The purpose of the business is to create value for its shareholders. Therefore, the Group takes a serious approach in identifying our key stakeholders who contribute value to the business, and addressing their main concerns. Through applying the GRI's stakeholder inclusiveness and materiality principles, the Group established a formal process to identify key stakeholders and their respective material issues (Figure 3).

Figure 3: HLGE's Materiality Assessment Process



A universe of 28 issues was shortlisted as relevant to our industry and Group upon a peer benchmarking exercise and after corroboration with the senior management. This list was presented to the senior management for our first materiality assessment conducted in April 2017 to determine the Group's material ESG issues, and they also acted as proxies for the relevant key stakeholders. The result of the materiality assessment is presented in Table 1.

Throughout this sustainability report, the approach, targets, and evaluation of performance for all material items have been described in accordance with the GRI Standards requirements, unless otherwise stated.

Table 1: Key stakeholders, their respective boundaries, impacts and sustainability concerns

Key Stakeholders	Boundary, Impact & Significance	Material Sustainability Issues
Guests	The satisfaction of hotel guests is the reason for the business' existence. Their feedback and concerns are important inputs for the Group's business decisions.	• Service Quality and Guest Experience • Guest Health & Safety
Suppliers	The Group recognises its responsibility in influencing the business practices of our suppliers. Right collaborations with the Group's partners help to create a more sustainable value chain for HLGE.	• Ethical Conduct and Anti-corruption
Shareholders[1]	Shareholders are owners of the Company, and their views are crucial in determining the future directions of HLGE.	• Enterprise Risk Management[2]
Government Agencies	Beyond meeting regulatory requirements, the Group recognizes the importance of building working relationships with government agencies and strive to engage them both positively and regularly.	• Regulatory & Environmental Compliance
Employees	Employees are the backbone of HLGE's success. The sustainability of the business is reliant upon their running of the Group's day-to-day business.	• Creating a Positive Working Environment • Occupational Health & Safety

1 Refer to the Corporate Directory for shareholders' contact point for the Group.
2 Refer to Principle 11 of the Corporate Governance Report for details.

Our Business Environment

Ethical Conduct and Anti-Corruption

Approach

The Group is committed to upholding a high standard of ethical requirements to remain accountable and fair to key internal and external stakeholders. Our Group employees are required to acknowledge the Employees' Code of Business Conduct upon joining, a process that is managed by the Human Resource ("HR") Department during employee orientation. The Hotel has a similar Code of Business Conduct for Suppliers which is managed by the Procurement Department for all existing and potential suppliers.

HLGE has in place a whistle-blowing policy[3], overseen by the ARC, where employees, suppliers or any other persons can raise concerns on possible breach of ethical business conduct.

Performance

In 2018, the Group conducted a periodic review of the Employee's Code of Business Conduct to ensure its relevance and to incorporate feedback obtained from our stakeholders. The updated version will be used from 2019 onwards. A Code of Business Conduct for Suppliers was also developed during the year for the suppliers of the Hotel to formally acknowledge our ethical requirements. The Hotel is in the midst of informing our suppliers with this policy and this is expected to be completed by the end of 2019.

There has been no confirmed incident of corruption during the reporting year. The Group's employees and business partners were not involved in any such cases, and no legal cases have been brought against HLGE, the Hotel or any employees for such incidents.

With the increased awareness of our Code of Business Conduct requirements on our employees and suppliers, the Group targets to maintain the good governance at HLGE.

Regulatory & Environmental Compliance

Approach

Adhering to regulatory and environmental compliance provides the Group with the license to operate, hence we take a proactive approach in observing regulations. The Heads of Departments ("HODs") have the responsibility of being aware of and addressing the rules and regulations pertaining to their functions. They liaise with the relevant government agencies, establish and execute procedures for compliance, coordinate periodic and ad hoc regulator inspections, and update the Group and Hotel's Management on any significant regulatory changes.

Performance

The Group did not incur any significant fines or sanctions during the reporting year regarding environmental, social or economic non-compliance. We will maintain the effort to ensure full compliance with rules and regulations.

---

[3] Refer to Principle 12 of the Corporate Governance Report for more on the Group's Whistle-blowing Policy.

Understanding Our Guests' Needs

Service Quality and Guest Experience

Approach

The core of the Hotel's business revolves around providing our guests with quality services and amenities for an enjoyable experience. This requires a concerted effort from various departments such as the Front Office, Housekeeping and Food & Beverage ("F&B") Teams. The heads of these departments are in-charge of ensuring that our guests are well taken care of from before they arrive until the end of their stay.

Feedback from our guests is critical for the Hotel to know the areas where we have done well, and which areas to improve. They are obtained at the point of check-in, during their stay as well as when our guests check-out, and forwarded to the respective departments for further action. Incentives are given to department employees who have received compliments, and employee trainings are amended or procedures reinforced to adjust to our guests' needs accordingly.

Performance

Helpful and friendly staff has consistently been complimented by our guests as a significant reason for their good experience at our Hotel. Therefore, we hope to keep engaging and motivating employees who have a heart for service as they are the pride of the Hotel. Based on feedback from previous years, the Hotel has been performing major renovations on the infrastructure of the Hotel during the year. The Group Management is pleased to report that there has been more positive feedback on the Hotel facilities and we will seek to improve on the maintenance of these renovated facilities to ensure guest satisfaction.

Guest Wellness and Safety

Approach

The Hotel takes the wellness and safety of our guests very seriously and this aspect is overseen by the Safety & Security ("SS") Department, the main driver of the Safety Committee, which is headed by the Hotel General Manager. The SS Department inspects the Hotel compound periodically as well as conducts ad hoc patrols throughout the day to ensure the safety of our guests. The Safety Committee comprises of representatives from Engineering and F&B Departments amongst other departments. The former is responsible for the proper functioning of the Hotel's facilities, while the latter maintains the strictest quality requirements on food and drinks served to guests at the Hotel.

Any relevant issues discovered or guest feedback is raised to the Head of the Safety Committee to determine whether it requires immediate attention or can be flagged up to the Management Team at the next daily morning briefing.

Performance

There were no non-compliance with regulations or voluntary codes concerning health and safety impacts of products and services provided during the reporting period. Our Team at the Hotel will strive to be diligent in ensuring that we are compliant with all requirements.

Looking After Our People[4]

Creating a Positive Work Environment

Approach

As a responsible enterprise, the Group endeavours to create an open, fair and safe work environment where employees are inspired to achieve their potential and find equal opportunities in terms of their career advancement within the business.

There is an annual appraisal for all permanent employees to determine salary increment, promotion or identify their career development path. On a monthly basis, each department nominates an employee of the month, and on a quarterly basis, well-performing staff is given a staff incentive. Feedback from employees is welcomed and they can be provided to the HODs or Head of HR at any time, or anonymously through the "Staff Suggestion Box".

Temporary employees, mainly school trainees from hospitality education institutions around Malaysia, form an integral part of the Hotel's workforce especially during peak holiday seasons. Their performance is evaluated at the end of their traineeship which typically lasts between 4 to 6 months.

Training is provided to employees and trainees based on observation by supervisors and HODs, as well as feedback from guests on aspects of the Hotel that can be improved. Employees can also propose trainings they want to attend to their supervisors which may benefit their scope of work. Trainings are largely conducted onsite by in-house experts or external consultants engaged to come on-site, and there are also occasions where our employees visit external training sites.

Performance

As at 31 December 2018, the Hotel had 203 employees, all of whom were working full-time with approximately 74% on a permanent contract (85 males, 65 females), while the rest were temporary staff (34 males, 19 females). Most of the temporary trainees hired were under the age of 30 which is typical of the hotel industry, explaining the high turnover rates in that category (Table 2).

Table 2: New Employees and Employee Turnover at Copthorne Hotel Cameron Highlands

	New Hires				Departures			
Age Group	**Male**	**Rate[5]**	**Female**	**Rate[5]**	**Male**	**Rate[5]**	**Female**	**Rate[5]**
<30	105	52%	77	38%	104	51%	86	42%
30-50	6	3%	1	0%	8	4%	1	0%
>50	2	1%	–	0%	1	0%	2	1%

4 Information provided in this section specifically refer to the Hotel operations.

5 According to GRI Standards 401-1 requirement, the reporting organization shall use the total employee numbers as at the end of the reporting period to calculate the rates of new employee hires and employee turnover.

While orientation for new joiners and on-the-job training hours are not formally recorded, there were still more than 300 sessions of training conducted for our employees in 2018, amounting to more than 1,400 hours of training hours. Training brings about benefits to not just the Hotel but also to the career growth and motivation of our employees. Therefore, we endeavour to keep up the amount of relevant training we provide to employees and remain open to training topics which our staff propose to their supervisors.

Through employee feedback and Management discussions, the Hotel reviewed the reward and recognition system of employees and replaced the STAR Recognition Program with an incentive program which was implemented during the year. Under the new programme, where the Hotel has achieved its key performance targets, the staff who had contributed during the period will be distributed an incentive. Commendation letters will also be written to employees who have been given special mention by guests in their feedback, and a STAR employee for the year will be selected. The annual performance appraisal criteria also underwent a revision to align itself to the Management's current goals, and will be implemented from this year. The Hotel Management will monitor the effectiveness of the new revisions and make adjustments accordingly in the coming year.

Employee Health & Safety

Approach

The common risks of working in a hotel lie in the safety hazards in kitchen areas and occupational health hazards in performing housekeeping work. Preventive and mitigation measures are crucial in safeguarding the health and safety of our employees. The Safety & Security Department oversees the identification of risks, implementation of mitigation procedures and training of employees on correct processes. New employees are provided orientation introduction on the first week of joining, which includes highlighting safety aspects of their work stations. Non-routine training is provided to employees as and when necessary. High-consequence work-related injuries are rare for our Hotel employees as most of the work is performed indoors, and the work environment is typically safe not just for the employees but also for our guests of all ages.

The Group has a zero-tolerance policy on accidents and every incident is to be reported to the Safety & Security Manager for investigation even if there were no human injuries. The report is then submitted to the Hotel General Manager. Where corrective actions are required, recommendations will be put forth to the Safety Committee.

Performance

As of 31 December 2018, the number and rate of recordable work-related injuries was 2 and 2.84 (for every 200,000 hours worked) respectively for employees, while there were no accidents for contractors. The injuries sustained by our employees were mainly cuts and one case of burn and bruise from a fall accident in the kitchen. There were no fatalities or occupational diseases reported during the reporting year. The Hotel will remain conscientious in providing our employees a safe place to work in by keeping a low injury and lost day rate.

Engaging Our Suppliers & Vendors

Approach

Most of our suppliers are from areas near the Hotel such as Cameron Highlands, Ipoh and Kuala Lumpur. The Hotel's purchases mainly comprises of daily purchases of replenishment for our F&B outlets, and maintenance and electrical upgrades or energy supply. In order to ensure that our Hotel operates smoothly, coordination with our suppliers is critical. As such, the Hotel evaluates major suppliers on a quarter basis where the end-user department, the Receiving Department, and the Procurement Department will each provide a rating for the supplier based on the quality, timeliness of delivery and cost of the product. Suppliers given a poor rating will be issued with either a verbal warning on the improvement areas, or a written termination letter should the supplier not make the necessary corrections.

The Group also expects all our suppliers to behave in an ethical manner and comply with our Code of Business Code for Suppliers.

Performance

There were 3 suppliers who required close monitoring during the year and subsequently, all issues were resolved successfully through discussions and negotiations between the Hotel and the suppliers. Though there were significant works carried out, the Management and the contractors were able to minimise inconveniences to our guests. Managing our supply chain is an important part of providing our guests with a good experience at our Hotel and we will continue to sustain good relationships with our suppliers and business partners.

Going Forward

We are open to any feedback or queries regarding our sustainability aspects, and they can be directed to sustainability@hlge.com.sg.

GRI Standards Content Index

Disclosure No.	Disclosure Title	Page No.
GRI Standards – General Disclosures		
102-1	Name of the organization	Cover Page
102-2	Activities, brands, products, and services	2-3
102-3	Location of headquarters	1
102-4	Location of operations	2-3
102-5	Ownership and legal form	Note 1 of Financial Statements
102-6	Markets served	2-3
102-7	Scale of the organization	38
102-8	Information on employees and other workers	38-39
102-9	Supply chain	40
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	Corporate Governance Report Principle 11
102-12	External initiatives	None
102-13	Membership of associations	Malaysian Association of Hotels
102-14	Statement from senior decision-maker	33
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report
102-18	Governance structure	34
102-40	List of stakeholder groups	35
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	34-35
102-43	Approach to stakeholder engagement	33-40
102-44	Key topics and concerns raised	35
102-45	Entities included in the consolidated financial statements	Notes 5, 6 and 7 of the Financial Statements
102-46	Defining report content and topic Boundaries	35
102-47	List of material topics	35
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	33
102-51	Date of most recent report	2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	33
102-54	Claims of reporting in accordance with the GRI Standards	33
102-55	GRI content index	41
102-56	External assurance	None
GRI Standards – Topic Specific Standards		
Ethical Conduct & Anti-Corruption		
103-1	Explanation of the material topic and its Boundary	36
103-2	The management approach and its components	36
103-3	Evaluation of the management approach	36
205-3	Confirmed incidents of corruption and actions taken	36
Regulatory & Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	36
103-2	The management approach and its components	36
103-3	Evaluation of the management approach	36
307-1	Non-compliance with environmental laws and regulations	36
419-1	Non-compliance with laws and regulations in the social and economic area	36
Service Quality & Guest Experience / Guest Wellness & Safety		
103-1	Explanation of the material topic and its Boundary	37
103-2	The management approach and its components	37
103-3	Evaluation of the management approach	37
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	37
Creating a Positive Working Environment / Occupational Health & Safety		
103-1	Explanation of the material topic and its Boundary	38-39
103-2	The management approach and its components	38-39
103-3	Evaluation of the management approach	38-39
401-1	New employee hires and employee turnover	38-39
403-9	Work-related injuries	38-39

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members of HL Global Enterprises Limited (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In our opinion:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Dato' Gan Khai Choon
Hoh Weng Ming
Loo Hwee Fang
Andrew Goh Kia Teck
Goh Kian Chee
Tan Eng Kwee (appointed on 8 January 2019)

Directors' interests

No director who held office at the end of the financial year had interests in shares, share options, warrants and/or debentures of the Company, or of its related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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

Share options

(a) HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme")

The Share Option Scheme was approved by the shareholders at the extraordinary general meeting of the Company held on 29 September 2006 for an initial duration of 10 years (from 29 September 2006 to 28 September 2016). At the annual general meeting of the Company held on 29 April 2016, the shareholders approved the extension of the duration of the Share Option Scheme for a further period of 10 years from 29 September 2016 to 28 September 2026. Other than the extension of the duration of the Share Option Scheme, all other rules of the Share Option Scheme remain unchanged.

Share options (continued)

(a) *HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme") (continued)*

The Share Option Scheme is administered by a committee (the "Share Option Scheme Committee") comprising the following members:

Andrew Goh Kia Teck (Chairman)
Loo Hwee Fang
Goh Kian Chee

Under the terms of the Share Option Scheme, the Share Option Scheme Committee may make offers of the grant of options to:

(i) Group Employees and Parent Group Employees (both as defined in the Share Option Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the tenth anniversary of its date of grant; and

(ii) Group Non-executive Directors, Parent Group Non-executive Directors, Associated Company Employees and Associated Company Non-executive Directors (all as defined in the Share Option Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the fifth anniversary of its date of grant.

The Share Option Scheme provides the Company with the flexibility of granting options to participants at Market Price (as defined in the Share Option Scheme) and/or with a discount (either up-front or a deferred discount) to the Market Price.

The aggregate number of ordinary shares in the capital of the Company ("Shares") over which options may be granted under the Share Option Scheme on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme shall not exceed 15% of the total number of issued Shares excluding treasury shares, if any, on the day preceding the relevant date of grant. The aggregate number of Shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-executive Directors collectively under the Share Option Scheme shall not exceed 20% of the total number of Shares available under the Share Option Scheme.

No option has been granted by the Company since the commencement of the Share Option Scheme.

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Share options (continued)

(b) HL Global Enterprises Share Option Scheme 2006 Trust

HL Global Enterprises Share Option Scheme 2006 Trust (the "Trust") was established pursuant to a trust deed dated 13 January 2012 entered into between the Company and Amicorp Trustees (Singapore) Limited as the trustee of the Trust (the "Trustee") (the "Trust Deed").

The Trustee had acquired 24,189,170 Series B redeemable convertible preference shares from Grace Star Services Ltd., a controlling shareholder of the Company and a wholly-owned subsidiary of China Yuchai International Limited, which is in turn a subsidiary of Hong Leong Asia Ltd. The said shares were converted into 24,189,170 new Shares in January 2012 and consolidated into 2,418,917 Shares ("Trust Shares") following a share consolidation of every ten (10) issued Shares into one (1) consolidated Share, which became effective on 14 May 2015. Pursuant to the terms of the Trust Deed, the Trust Shares are held by the Trustee for the benefit of participants who are employees of the Company and/or its subsidiaries and who have been granted share options under the Share Option Scheme (excluding directors of the Company and directors and employees of the Company's parent company and its subsidiaries) (the "Beneficiaries") and transfer such Trust Shares to the Beneficiaries upon the exercise of their share options under the Share Option Scheme.

The Trustee has the power to vote or abstain from voting at any general meeting of the Company in its absolute discretion in respect of the Trust Shares.

The Trust will terminate upon the full satisfaction of the outstanding options granted under the Share Option Scheme following the expiry or termination of the Share Option Scheme or if there are no Beneficiaries, upon the Company issuing a notice to the Trustee to terminate the Trust. Upon the termination of the Trust, the Trustee will sell all remaining Trust Shares then held by the Trustee (unless the Trustee is requested by the Company to transfer the remaining Trust Shares to a trustee for the purposes of the Company's future or other employee share schemes), and deal with all funds and investments then held by the Trustee, in accordance with the instructions of the Company.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") comprises three independent non-executive members of the Board of Directors. The members of the ARC at the date of this statement are as follows:

Andrew Goh Kia Teck (Chairman)
Loo Hwee Fang
Goh Kian Chee

The ARC performs the functions of an audit and risk committee under its terms of reference including those specified in the Act, the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") and the Code of Corporate Governance 2012.

Audit and Risk Committee (continued)

The ARC held five meetings during the financial year. In the performance of its functions, the ARC met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's system of internal controls.

The ARC also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for approval; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual).

The ARC has full access to management and is given the resources required by it to discharge its functions. It has full authority and the discretion to invite any director or executive officer or third party advisor to attend its meetings. The ARC also reviews the nature and level of audit and non-audit fees and recommends the appointment/re-appointment of the external auditor.

The ARC is satisfied with the independence and objectivity of the external auditor and has recommended to the directors that the auditor, Ernst & Young LLP, be nominated for re-appointment as auditor at the forthcoming annual general meeting of the Company.

In appointing the auditor for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 (read with Rule 716) of the Listing Manual.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor of the Company.

On behalf of the Board of Directors

Dato' Gan Khai Choon
Chairman

Tan Eng Kwee
Director

Singapore
21 March 2019

Independent Auditor's Report to the Members of HL Global Enterprises Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HL Global Enterprises Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet 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 Singapore Financial Reporting Standards (International) ("SFRS (I)") 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 31 December 2018 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* (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 Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report to the Members of HL Global Enterprises Limited (continued)

Key Audit Matter (continued)

Carrying value of development property

As at 31 December 2018, the Group has development properties amounting to $4,025,000 which comprised mainly a freehold land in Malaysia and certain development costs incurred to-date. These development properties are carried at lower of cost and net realisable values. We have identified the valuation of the uncompleted development property in Malaysia amounting to $4,021,000 to be a key audit matter as the development is at its initial phase and thus, required management to exercise judgement in estimating the net realisable value at its completion. In ascertaining the net realisable value, management took into consideration the development plan of the property, carrying value on this uncompleted development property as well as the valuation of the estimated market value performed by an external independent professional valuer.

Our audit procedures included, amongst others, discussion with management to understand their considerations and basis in assessing the carrying value of the uncompleted development property. In addition, we have considered the objectivity, competence and capabilities of the external valuer engaged by management. We inquired the external valuer to obtain an understanding of their valuation methodology. Our internal valuation specialist assisted us in evaluating the appropriateness of the property related data by comparing against available market data, taking into consideration comparability and market factors.

We further assessed the adequacy of the Group's disclosures concerning this in note 12 and 28 to the financial statements.

Other Information

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.

Independent Auditor's Report to the Members of HL Global Enterprises Limited (continued)

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 SFRS (I)s, 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.

Independent Auditor's Report to the Members of HL Global Enterprises Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 period and are therefore the key audit matter. 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 those 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 Tan Swee Ho.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
21 March 2019

BALANCE SHEETS
As at 31 December 2018

		Group			Company		
	Note	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Non-current assets							
Property, plant and equipment	3	**17,314**	17,679	37,140	**5**	–	–
Investment property	4	**2,011**	2,086	2,109	**–**	–	–
Subsidiaries	5	**–**	–	–	**39,397**	34,602	68,945
Associate	6	**58**	59	59	**–**	–	–
Joint ventures	7	**524**	538	533	**–**	–	–
Non-trade receivables	8	**–**	127	330	**–**	5	5
Other asset	9	**–**	62	54	**–**	–	–
		19,907	20,551	40,225	**39,402**	34,607	68,950
Current assets							
Inventories	11	**105**	113	91	**–**	–	–
Development properties	12	**4,025**	4,881	4,858	**–**	–	–
Trade and other receivables	8	**1,233**	6,494	6,723	**312**	6,083	187
Prepayment		**59**	62	69	**22**	23	23
Deferred tax asset	10	**199**	–	–	**–**	–	–
Cash and bank balances	13	**62,730**	60,486	19,806	**48,120**	46,525	4,005
		68,351	72,036	31,547	**48,454**	52,631	4,215
Asset of disposal group classified as held for sale	16	**–**	–	30	**–**	–	–
Total assets		**88,258**	92,587	71,802	**87,856**	87,238	73,165

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

BALANCE SHEETS
As at 31 December 2018

		Group			Company		
	Note	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Equity							
Share capital	14	**129,793**	129,793	129,793	**129,793**	129,793	129,793
Equity capital contributed by parent	14	**3,980**	3,980	3,980	**3,980**	3,980	3,980
Reserves	15	**(56,518)**	(55,245)	(141,838)	**(57,806)**	(58,254)	(133,031)
Reserve of disposal group classified as held for sale	16	**–**	–	3,132	**–**	–	–
Total equity attributable to owners of the Company		**77,255**	78,528	(4,933)	**75,967**	75,519	742
Non-current liabilities							
Other payables	17	**–**	1,650	590	**3,022**	3,689	2,851
Loans and borrowings	18	**–**	2,393	71,384	**–**	–	68,000
Deferred tax liabilities	10	**28**	28	147	**–**	–	–
		28	4,071	72,121	**3,022**	3,689	70,851
Current liabilities							
Trade and other payables	17	**10,915**	9,981	3,804	**8,806**	8,021	1,563
Loans and borrowings	18	**–**	4	569	**–**	–	–
Current tax payable		**60**	3	241	**61**	9	9
		10,975	9,988	4,614	**8,867**	8,030	1,572
Total liabilities		**11,003**	14,059	76,735	**11,889**	11,719	72,423
Total equity and liabilities		**88,258**	92,587	71,802	**87,856**	87,238	73,165

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

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Revenue	20	**10,744**	11,675
Cost of sales		**(5,377)**	(5,302)
Gross profit		**5,367**	6,373
Other income	21	**1,635**	87,532
Selling and marketing expenses		**(211)**	(248)
Administrative expenses		**(541)**	(561)
Finance costs	22	**(82)**	(1,224)
Other expenses		**(4,752)**	(5,529)
Share of results of associate (net of tax)	6	**#**	(1)
Share of results of joint ventures (net of tax)	7	**168**	164
Profit before tax		**1,584**	86,506
Income tax credit/(expense)	23	**81**	(340)
Profit for the year attributable to owners of the Company	24	**1,665**	86,166
Earnings per share (cents per share)			
– Basic	25	**1.77**	91.76
– Diluted	25	**1.77**	NA

\# Less than $1,000

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit for the year	**1,665**	86,166
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	**(45)**	178
Realisation of foreign currency translation reserves upon disposal of a subsidiary and investment in a joint venture	**–**	(2,883)
Other comprehensive loss for the year, net of tax	**(45)**	(2,705)
Total comprehensive income for the year attributable to owners of the Company	**1,620**	83,461

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Share capital $'000	Equity capital contributed by parent $'000	Preference shares $'000	Special reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Currency translation reserve $'000	Accumulated losses $'000	Reserve held for sale $'000	Total equity attributable to owners of the Company $'000
At 1 January 2018 (as previously stated)	**129,790**	**3,980**	**3**	**8,529**	**(192)**	**(2,024)**	**(61,482)**	**–**	**78,604**
Cumulative effects of adopting SFRS (I)									
Transfer from translation reserve to accumulated losses	–	–	–	–	–	2,454	(2,454)	–	–
Depreciation of investment property	–	–	–	–	–	(3)	(73)	–	(76)
At 1 January 2018	**129,790**	**3,980**	**3**	**8,529**	**(192)**	**427**	**(64,009)**	**–**	**78,528**
Profit for the year	–	–	–	–	–	–	1,665	–	1,665
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	–	–	–	–	–	(45)	–	–	(45)
Total comprehensive (loss)/income for the year, net of tax	–	–	–	–	–	(45)	1,665	–	1,620
<u>Others</u>									
Dividend paid to ordinary shareholders and holders of non-redeemable convertible cumulative preference shares ("NCCPS")	–	–	–	–	–	–	(2,893)	–	(2,893)
<u>Contribution by owners</u>									
Conversion of NCCPS	3	–	(3)	–	–	–	–	–	–
At 31 December 2018	**129,793**	**3,980**	**–**	**8,529**	**(192)**	**382**	**(65,237)**	**–**	**77,255**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Share capital $'000	Equity capital contributed by parent $'000	Preference shares $'000	Special reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Currency translation reserve $'000	Accumulated losses $'000	Reserve held for sale $'000	Total equity attributable to owners of the Company $'000
At 1 January 2017 (as previously stated)	129,790	3,980	3	8,529	(192)	(2,454)	(147,721)	3,132	(4,933)
Cumulative effects of adopting SFRS (I)	–	–	–	–	–	2,454	(2,454)	–	–
At 1 January 2017	129,790	3,980	3	8,529	(192)	–	(150,175)	3,132	(4,933)
Profit for the year	–	–	–	–	–	–	86,166	–	86,166
Other comprehensive income/(loss), net of tax									
Foreign currency translation differences for foreign operations	–	–	–	–	–	178	–	–	178
Realisation of foreign currency translation reserve upon disposal	–	–	–	–	–	249	–	(3,132)	(2,883)
Other comprehensive income/(loss) for the year, net of tax	–	–	–	–	–	427	–	(3,132)	(2,705)
Total comprehensive income/(loss) for the year	–	–	–	–	–	427	86,166	(3,132)	83,461
At 31 December 2017	129,790	3,980	3	8,529	(192)	427	(64,009)	–	78,528

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Company	Share capital $'000	Equity capital contributed by parent $'000	Preference shares $'000	Special reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000
At 1 January 2018	**129,790**	**3,980**	**3**	**12,471**	**(70,725)**	**75,519**
Profit for the year, representing total comprehensive income for the year	**–**	**–**	**–**	**–**	**3,341**	**3,341**
Others						
Dividend paid to ordinary shareholders and holders of NCCPS	**–**	**–**	**–**	**–**	**(2,893)**	**(2,893)**
Contribution by owners						
Conversion of NCCPS	**3**	**–**	**(3)**	**–**	**–**	**–**
At 31 December 2018	**129,793**	**3,980**	**–**	**12,471**	**(70,277)**	**75,967**
At 1 January 2017	129,790	3,980	3	12,471	(145,502)	742
Profit for the year, representing total comprehensive income for the year	–	–	–	–	74,777	74,777
At 31 December 2017	129,790	3,980	3	12,471	(70,725)	75,519

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

	Group	
	2018	2017
	$'000	$'000
Operating activities		
Profit before tax	**1,584**	86,506
Adjustments for:		
Bad debts written off	**1**	2
Depreciation of property, plant and equipment	**910**	1,921
Depreciation of investment property	**76**	73
Gain on disposal of investment in a joint venture	**–**	(38,542)
Gain on disposal of a subsidiary	**–**	(48,270)
Impairment loss on trade and other receivables	**6**	199
Interest expense	**82**	813
Interest income	**(864)**	(368)
Gain on disposal of property, plant and equipment	**(3)**	–
Property, plant and equipment written off	**–**	1
Share of results of associate (net of tax)	**#**	1
Share of results of joint ventures (net of tax)	**(168)**	(164)
Unrealised foreign exchange (gains)/losses – net	**(184)**	247
Write-back of impairment on other receivables	**(22)**	–
Write-back of trade and other payables	**–**	(6)
Operating cash flows before changes in working capital	**1,418**	2,413
Development properties	**856**	77
Inventories	**8**	(22)
Trade and other payables	**(716)**	1,059
Trade and other receivables	**(386)**	900
Cash from operating activities	**1,180**	4,427
Income tax paid	**(64)**	(552)
Interest paid	**(82)**	(1,133)
Interest received	**816**	431
Net cash from operating activities	**1,850**	3,173
Investing activities		
Net cash inflow on disposal of a subsidiary and investment in a joint venture (note 19)	**5,902**	104,533
Dividend received from a joint venture	**163**	154
Proceeds from disposal of property, plant and equipment	**5**	4
Purchase of property, plant and equipment (note 3)	**(538)**	(341)
Placement of fixed deposits with tenure more than 3 months and restricted cash at bank	**(45,046)**	(12,189)
Repayment of loans due from a joint venture	**–**	2,858
Net cash (used in)/from investing activities	**(39,514)**	95,019

\# Less than $1,000

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

	Group 2018 $'000	Group 2017 $'000
Financing activities		
Repayment of finance lease liabilities	**(4)**	(5)
Repayment of borrowings	**(2,393)**	(69,634)
Dividend paid	**(2,893)**	–
Net cash used in financing activities	**(5,290)**	(69,639)
Net (decrease)/increase in cash and cash equivalents	**(42,954)**	28,553
Cash and cash equivalents at beginning of the year	**48,297**	19,806
Effect of exchange rate changes on balances held in foreign currencies	**152**	(62)
Cash and cash equivalents at end of the year (note 13)	**5,495**	48,297

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

1. CORPORATE INFORMATION

HL Global Enterprises Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office of the Company is located at 10 Anson Road, #19-08, International Plaza, Singapore 079903.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

The Company's immediate holding company is Grace Star Services Ltd., a company incorporated in the British Virgin Islands and the ultimate holding company is Hong Leong Investment Holdings Pte. Ltd., a company incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (collectively, the "Group") and the Group's share of results in its associate and jointly controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS (I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to note 2.2 for information on how the Group adopted SFRS(I).

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

The financial statements are presented in Singapore Dollar ("SGD" or "$") and all values are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies.

On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group's and the Company's date of transition to SFRS(I).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (continued)

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below:

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

– Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of $2,454,000 was adjusted against the opening retained earnings as at 1 January 2017.

– The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

On transition to SFRS (I), the Group had elected the option to treat the carrying amount of investment property amounting to $2,109,000, revalued under the previous accounting policy as its deemed cost as at 1 January 2017 and depreciated it based on its expected useful life. Accordingly, the Group's balance sheet as at 31 December 2017 and income statement for the year ended 31 December 2017 have been restated to reflect the said adoptions.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) on 1 January 2018 to the balance sheets of the Group:

	31 December 2017 (FRS) $'000	**SFRS(I) 1 Adjustments $'000**	**1 January 2018 (SFRS(I)) $'000**
Investment property	2,162	(76)	**2,086**
Reserves	(55,169)	(76)	**(55,245)**

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. These new accounting standards did not have any material effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
SFRS (I) 16 *Leases*	1 January 2019
INT SFRS (I) 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS (I) 110 & SFRS (I) 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS (I) 16 retrospectively, with the lease liability measured based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

In addition, the Group plans to elect the following practical expedients:

– not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

– to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

– to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of $338,590 and lease liabilities of $338,590 for its leases previously classified as operating leases as of 1 January 2019.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

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

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss; and

– reclassifies the Group’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability will be recognised either in profit or loss.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency

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

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

		Useful lives
Buildings and improvements on freehold land	–	50 years
Leasehold land, buildings and improvements	–	50 years or period of lease, whichever is shorter
Plant and machinery	–	3 to 20 years
Furniture, fittings and office equipment	–	3 to 20 years
Motor vehicles	–	5 to 6 years
Linen, china, glassware and silverware, etc.	–	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investment property

Investment property is property owned by the Group that is held to earn rentals, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using straight-line method to allocate the depreciable amounts over the estimated useful lives of 29 years with effect from 1 January 2017. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

Investment property is de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.8 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

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

2.9 Subsidiaries

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group accounts for its interest in a joint venture using the equity method. The accounting policy for investment in joint ventures is set out in note 2.11.

2.11 Joint ventures and associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associate and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint ventures. The profit or loss reflects the share of results of the operations of the associate or joint ventures. Distributions received from associate or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint ventures are eliminated to the extent of the interest in the associate or joint ventures.

When the Group's share of losses in an associate or joint ventures equals or exceeds its interest in the associate or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Joint ventures and associate (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint ventures and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

(a) Financial assets (continued)

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

There is no financial liability designated upon initial recognition as financial liabilities at fair value through profit or loss.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days from the invoice date. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

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

2.15 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.

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

Costs to complete development include cost of land and other direct and related development expenditure, including borrowing costs incurred in developing the properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Development properties (continued)

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.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average cost formula and comprises the costs of purchase.

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

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

2.17 Provisions

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

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

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits

(a) Defined contribution plans

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

The employees of the entities within the Group which operate in China and Malaysia are required to participate in a central pension scheme operated by the local government. These entities are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.21 Leases

As lessee

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases (continued)

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in note 2.23(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Rendering of services

Revenue from rendering services relates to project management contracts, and hotel room and restaurant operations. Revenue is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue (continued)

(b) Sale of completed development properties

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

(c) Dividend income

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

(d) Rental income

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

(e) Licence fee

Licence fee charged for the use of trademark granted by the agreement is recognised as revenue.

(f) Interest income

Interest income is recognised using the effective interest method.

2.24 Finance and borrowing costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Taxes (continued)

(b) Deferred tax (continued)

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

(c) Sales tax

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Consolidation of special purpose entity and treasury shares

To facilitate the implementation of the Share Option Scheme, the Company had, on 13 January 2012, established a trust known as the HL Global Enterprises Share Option Scheme 2006 Trust (the "Trust") with Amicorp Trustees (Singapore) Limited as the trustee of the Trust (the "Trustee") pursuant to a trust deed dated 13 January 2012 entered into between the Company and the Trustee (the "Trust Deed").

In connection with the establishment of the Trust, Grace Star Services Ltd. ("Grace Star"), a controlling shareholder of the Company and a wholly-owned subsidiary of China Yuchai International Limited, which is in turn a subsidiary of Hong Leong Asia Ltd., had, on 13 January 2012, transferred 24,189,170 Series B redeemable convertible preference shares ("Series B RCPS"), representing 100% of the remaining unconverted Series B RCPS, to the Trustee for a nominal consideration of $1.00 for the purpose of the Trust. The difference between the carrying amount of the Series B RCPS and the consideration paid is recognised as "Equity capital contributed by parent" within the equity.

Pursuant to the terms of the Trust Deed, the Trustee will, *inter alia*, acquire and hold existing shares in the capital of the Company (collectively, the "Trust Shares") for the benefit of participants who are employees of the Company and/or its subsidiaries and who have been granted share options under the Share Option Scheme (excluding directors of the Company and directors and employees of the Company's parent company and its subsidiaries) (the "Beneficiaries") and transfer such Trust Shares to the Beneficiaries upon the exercise of their share options under the Share Option Scheme.

The Company will be entitled, from time to time, during the period commencing from the date of the Trust Deed and ending upon the termination of the Trust, to appoint a new trustee in substitution of the existing Trustee. The Company is entitled to the benefit of any remaining funds, investments or assets which are placed under the control of the Trustee upon termination of the Trust. Based on the foregoing provisions, the Company therefore consolidates the Trust as part of the Company in its separate and consolidated financial statements. The Trust Shares are accounted for as treasury shares as they are issued by the Company and held by the Trust, which is considered as part of the Company. However, the Trust Shares are not regarded as treasury shares pursuant to the Singapore Companies Act, Chapter 50 and the Trustee has the power, *inter alia*, to vote or abstain from voting in respect of the Trust Shares at any general meeting of the Company in its absolute discretion and to waive its right to receive dividends in respect of the Trust Shares as it deems fit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Consolidation of special purpose entity and treasury shares (continued)

The Group's own equity instruments, which are reacquired ("treasury shares") are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity.

2.28 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Buildings and improvements on freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Linen, china, glassware and silverware, etc. $'000	Capital work-in-progress $'000	Total $'000
Cost									
At 1 January 2017	2,853	14,502	20,569	8,414	4,783	121	59	–	51,301
Additions	–	–	–	81	118	–	–	142	341
Disposals	–	–	–	(4)	–	–	–	–	(4)
Disposal of a subsidiary (note 19)	–	–	(20,144)	(7,244)	(2,488)	(52)	(58)	–	(29,986)
Write-off	–	–	–	–	(1)	–	–	–	(1)
Translation adjustments	13	251	(425)	(128)	390	1	(1)	–	101
At 31 December 2017 and 1 January 2018	2,866	14,753	–	1,119	2,802	70	–	142	21,752
Additions	**–**	**–**	**–**	**65**	**125**	**–**	**–**	**348**	**538**
Disposals	**–**	**–**	**–**	**–**	**(2)**	**–**	**–**	**–**	**(2)**
Write-off	**–**	**–**	**–**	**–**	**(22)**	**–**	**–**	**–**	**(22)**
Translation adjustments	**–**	**–**	**–**	**(8)**	**(1)**	**–**	**–**	**7**	**(2)**
Transfer	**–**	**–**	**–**	**497**	**–**	**–**	**–**	**(497)**	**–**
At 31 December 2018	**2,866**	**14,753**	**–**	**1,673**	**2,902**	**70**	**–**	**–**	**22,264**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land $'000	Buildings and improvements on freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Linen, china, glassware and silverware, etc. $'000	Capital work-in-progress $'000	Total $'000
Accumulated depreciation and impairment loss									
At 1 January 2017	97	1,130	6,861	3,475	2,442	97	59	–	14,161
Depreciation for the year	–	442	417	413	639	10	–	–	1,921
Disposal of a subsidiary (note 19)	–	–	(7,136)	(3,070)	(1,920)	(49)	(58)	–	(12,233)
Translation adjustments	2	27	(142)	(42)	380	–	(1)	–	224
At 31 December 2017 and 1 January 2018	99	1,599	–	776	1,541	58	–	–	4,073
Depreciation for the year	**–**	**455**	**–**	**93**	**356**	**6**	**–**	**–**	**910**
Write-off	**–**	**–**	**–**	**–**	**(22)**	**–**	**–**	**–**	**(22)**
Translation adjustments	**–**	**(5)**	**–**	**(1)**	**(6)**	**1**	**–**	**–**	**(11)**
At 31 December 2018	**99**	**2,049**	**–**	**868**	**1,869**	**65**	**–**	**–**	**4,950**
Net carrying amount									
At 1 January 2017	2,756	13,372	13,708	4,939	2,341	24	–	–	37,140
At 31 December 2017	2,767	13,154	–	343	1,261	12	–	142	17,679
At 31 December 2018	**2,767**	**12,704**	**–**	**805**	**1,033**	**5**	**–**	**–**	**17,314**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 January 2017, 31 December 2017 and 1 January 2018	69	5	74
Additions	**6**	**–**	**6**
Write-off	**(22)**	**–**	**(22)**
At 31 December 2018	**53**	**5**	**58**
Accumulated depreciation			
At 1 January 2017, 31 December 2017 and 1 January 2018	69	5	74
Depreciation charge for the year	**1**	**–**	**1**
Write-off	**(22)**	**–**	**(22)**
At 31 December 2018	**48**	**5**	**53**
Net carrying amount			
At 1 January 2017 and 31 December 2017	–	–	–
At 31 December 2018	**5**	**–**	**5**

As of 31 December 2018, the assets of a subsidiary with a carrying amount of $16.7 million (31 December 2017: $17.1 million, 1 January 2017: $17.5 million) were mortgaged to secure bank facilities extended to that subsidiary (note 18). The loan has been fully repaid in 2018 and the mortgage will be released subsequent to year-end.

The carrying amount of motor vehicles held under finance lease at the end of the financial year was $nil (31 December 2017: $9,000, 1 January 2017: $14,000). Leased assets were pledged as security for the related finance lease liabilities.

4. INVESTMENT PROPERTY

Group	Total $'000
Cost	
At 1 January 2017	2,109
Translation adjustments	53
At 31 December 2017	2,162
Translation adjustments	**–**
At 31 December 2018	**2,162**
Accumulated depreciation	
At 1 January 2017	–
Depreciation charge for the year	73
Translation adjustments	3
At 31 December 2017	76
Depreciation charge for the year	**76**
Translation adjustments	**(1)**
At 31 December 2018	**151**
Net carrying amount	
At 1 January 2017	2,109
At 31 December 2017	2,086
At 31 December 2018	**2,011**

	Group 2018 $'000	Group 2017 $'000
Income Statement:		
Rental income from an investment property		
– Minimum lease payments	**89**	76
Direct operating expenses (including repairs and maintenance) arising from rental generating property	**(64)**	(53)

Details of the investment property as at 31 December 2018 are as follows:

Location	Description	Existing use	Tenure	Land area (m^2)	Floor area (m^2)	Owned by
Kea Farm, Brinchang, Cameron Highlands, Pahang Malaysia	Entertainment complex	Shops	Freehold	5,643	6,375	Augustland Sdn. Bhd.

4. INVESTMENT PROPERTY (continued)

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property.

Revaluation of investment property

As at 31 December 2018, the fair value of the investment property has been determined to be $2,162,000 (31 December 2017: $2,162,000, 1 January 2017: $2,109,000).

The Group engaged an independent professional qualified valuer to determine the fair value of investment property at the end of each financial year.

The fair value of investment property is determined by the market comparison and cost methods. In valuing the investment property, due consideration is given to factors such as location and size of building, building infrastructure, market knowledge and historical comparable transactions to arrive at their opinion of value.

5. SUBSIDIARIES

	Company		
			1 January
	2018	2017	2017
	$'000	$'000	$'000
Unquoted shares, at cost	**211,093**	211,093	226,586
Preference shares, at cost	**–**	–	18,850
Impairment loss	**(171,696)**	(176,491)	(176,491)
	39,397	34,602	68,945

	Company	
	2018	2017
	$'000	$'000
Impairment loss		
At 1 January	**176,491**	176,491
Written back	**(4,795)**	–
At 31 December	**171,696**	176,491

In 2018, the Company recognised a write-back of impairment loss of $4,795,000 (2017: $nil). The Company assessed that there is an indication that impairment loss previously recognised for the subsidiary, LKN Development Pte. Ltd. ("LKND") has decreased as Augustland Hotel Sdn. Bhd. has been profitable.

In 2017, a wholly-owned subsidiary of the Company, LKN Investment International Pte. Ltd. ("LKNII") redeemed 11 million convertible redeemable preference shares ("CRPS") out of the total of 13 million existing CRPS at a redemption price of $1.45 each.

The Company disposed of its entire equity interest, including the remaining CRPS in LKNII in November 2017 (note 19).

5. SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Group's effective equity interest 2018 %	2017 %	1 January 2017 %
Held by the Company:					
LKN Development Pte. Ltd. (i)	Property development and investment, project and property management	Singapore	**100**	100	100
LKN Investment International Pte. Ltd. (ii)	Foreign investment holding	Singapore	**_****	_**	100
Equatorial Hotel Management Pte. Ltd. (i)	Hotel management and consultancy	Singapore	**100**	100	100
Equality Hotel Management Sdn. Bhd. (iii)	Hotel management and consultancy	Malaysia	**100**	100	100
Whitebox Computer Pte Ltd (vi)	Dormant	Singapore	**100**	100	100
Held by LKN Development Pte. Ltd.:					
Mallink Realty Pte Ltd (vi)	Dormant	Singapore	**100**	100	100
Sims Development Pte Ltd (vi)	Dormant	Singapore	**100**	100	100
Augustland Sdn. Bhd. (iii)	Property investment and development	Malaysia	**100**	100	100
Nirwana Properties Sdn. Bhd. (iii)	Investment holding	Malaysia	**100**	100	100

5. SUBSIDIARIES (continued)

Name of company	Principal activities	Place of incorporation	Group's effective equity interest 2018 %	2017 %	1 January 2017 %
Shanghai Yu Rong Hotel Equipment and Supplies Co., Ltd (iv)	Dormant	The People's Republic of China (the "PRC")	**100**	100	100
Victory Heights Sdn. Bhd. (iii)	Property investment and development	Malaysia	**97***	97*	97*
Held by LKN Investment International Pte. Ltd.:					
Shanghai Hutai Real Estate Development Co., Ltd (v)	Owns and operates a serviced apartment building in Shanghai, the PRC	The PRC	**–****	–**	100
Held by Equatorial Hotel Management Pte. Ltd.:					
Shanghai Fengzhe Hotel Management Co., Ltd (vi)	Hotel and property management	The PRC	**–*****	80	–
Held by Augustland Sdn. Bhd.:					
Augustland Hotel Sdn. Bhd. (iii)	Hotel development and operation	Malaysia	**100**	100	100
Held by Nirwana Properties Sdn. Bhd.:					
Victory Heights Sdn. Bhd. (iii)	Property investment and development	Malaysia	**3***	3*	3*

5. SUBSIDIARIES (continued)

* The total effective equity interest held by the Group is 100% (31 December 2017: 100%, 1 January 2017: 100%) as 97% (31 December 2017: 97%, 1 January 2017: 97%) is held by LKN Development Pte. Ltd. and 3% (31 December 2017: 3%, 1 January 2017: 3%) is held by Nirwana Properties Sdn. Bhd., a wholly-owned subsidiary.

** Disposed in 2017.

*** Cessation of interests in Shanghai Fengzhe Hotel Management Co., Ltd. in 2018.

(i) Audited by Ernst & Young LLP, Singapore.

(ii) Audited by Ernst & Young LLP, Singapore (for Group reporting purpose).

(iii) Audited by member firm of EY Global.

(iv) Audited by Shanghai Zhong Hui Certified Public Accountants Co., Ltd., the PRC.

(v) Audited by member firm of EY Global (for Group reporting purpose).

(vi) Not required to be audited.

6. ASSOCIATE

	Group		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Unquoted equity shares, at cost	**490**	490	490
Share of post-acquisition accumulated losses	**(297)**	(297)	(296)
Translation adjustments	**(135)**	(134)	(135)
	58	59	59

Movements in the Group's share of the associate's post-acquisition accumulated losses are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
At 1 January	**(297)**	(296)
Share of results after tax	**#**	(1)
At 31 December	**(297)**	(297)

Less than $1,000

Details of the associate are as follows:

Name of company	**Principal activities**	**Place of incorporation**	**Group's effective equity interest**		
			2018	**2017**	**1 January 2017**
			%	**%**	**%**
Held through subsidiaries:					
Sinjori Sdn. Bhd. (i)	Property investment and development	Malaysia	**28**	28	28

(i) Audited by member firm of EY Global.

6. ASSOCIATE (continued)

The summarised financial information in respect of Sinjori Sdn. Bhd., not adjusted by the percentage ownership held by the Group based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group		
			1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**7**	11	10
Non-current assets excluding goodwill	**335**	336	327
Total assets	**342**	347	337
Current liabilities	**108**	110	128
Non-current liabilities	**26**	26	–
Total liabilities	**134**	136	128
Net assets	**208**	211	209
Proportion of the Group's ownership	**28%**	28%	28%
Group's share of net assets, representing carrying amount of the investment	**58**	59	59

Summarised statement of comprehensive income

	Group	
	2018	2017
	$'000	$'000
Loss after tax	**(2)**	(3)

No impairment loss was recognised in 2018 and 2017.

7. JOINT VENTURES

The Group has interests in the following joint ventures:

Name of company	Percentage of interest held			Place of Incorporation	Principal activities
	2018 %	2017 %	1 January 2017 %		
Held through subsidiaries:					
Copthorne Hotel Qingdao Co., Ltd ("CHQ")	**–***	–*	60	The PRC	Owns and operates a hotel in Qingdao, the PRC
Shanghai Hengshan Equatorial Hotel Management Co., Ltd. ("SHEHM")(i)	**49**	49	49	The PRC	Hotel and property management
HL Heritage Sdn. Bhd. ("HL Heritage")(ii)	**60**	60	60	Malaysia	Property development and property investment holdings

* Disposed in 2017.

(i) Audited by Baker Tilly China Certified Public Accountants, Shanghai, the PRC.

(ii) Audited by member firm of EY Global.

The Group's investment in CHQ was presented as part of the disposal group classified as held for sale as at 31 December 2016 (note 16) and the disposal was completed on 19 October 2017 (note 19).

The Group has nil% (31 December 2017: nil%, 1 January 2017: 60%), 49% (31 December 2017: 49%, 1 January 2017: 49%) and 60% (31 December 2017: 60%, 1 January 2017: 60%) interests in the ownership and voting rights in joint ventures, CHQ, SHEHM and HL Heritage respectively that are held through subsidiaries. The Group jointly controls these ventures with the other partners under the contractual agreements and requires unanimous consent for all major decisions over the relevant activities.

7. JOINT VENTURES (continued)

Summarised financial information in respect of CHQ, SHEHM and HL Heritage based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	CHQ			SHEHM & HL Heritage			Total		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Summarised balance sheet									
Cash and cash equivalents	**–**	–	–	**1,005**	961	1,034	**1,005**	961	1,034
Trade receivables	**–**	–	–	**152**	172	165	**152**	172	165
Other current assets	**–**	–	–	**187**	184	33	**187**	184	33
Total assets	**–**	–	–	**1,344**	1,317	1,232	**1,344**	1,317	1,232
Current financial liabilities	**–**	–	–	**246**	188	116	**246**	188	116
Other current liabilities	**–**	–	–	**34**	39	36	**34**	39	36
Total liabilities	**–**	–	–	**280**	227	152	**280**	227	152
Net assets excluding goodwill	**–**	–	–	**1,064**	1,090	1,080	**1,064**	1,090	1,080
Group's share of net assets, representing carrying amount of the investment	**–**	–	–	**524**	538	533	**524**	538	533

7. JOINT VENTURES (continued)

	CHQ		SHEHM & HL Heritage		Total	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Summarised statement of comprehensive income						
Revenue	**–**	–	**565**	570	**565**	570
Cost of sales	**–**	–	**(2)**	(2)	**(2)**	(2)
Gross profit	**–**	–	**563**	568	**563**	568
Interest income	**–**	–	**8**	8	**8**	8
Operating expenses	**–**	–	**(113)**	(127)	**(113)**	(127)
Profit before tax	**–**	–	**458**	449	**458**	449
Income tax expense	**–**	–	**(115)**	(113)	**(115)**	(113)
Profit for the year, representing total comprehensive income for the year	**–**	–	**343**	336	**343**	336
Group's share of results of joint ventures, net of tax	**–**	–	**168**	164	**168**	164

Dividend of $163,000 was paid by SHEHM in 2018 (2017: $154,000).

The Company's wholly-owned subsidiary, LKNII, together with the joint venture partner of CHQ, had on 23 February 2016, listed the entire equity interest in CHQ on the Shanghai United Assets and Equity Exchange for sale. As a result, the investment in CHQ was reclassified to asset held for sale and the Group discontinued the use of equity method to recognize the interest in CHQ. Consequently, the Group only shared the loss incurred by CHQ up to 23 February 2016 instead of 31 December 2016. As at 31 December 2016, the interest in CHQ is carried at $30,000 as asset held for sale.

On 19 October 2017, the Group completed the disposal of its interest in CHQ and asset held for sale was transferred to income statement.

8. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2018	**2017**	**1 January 2017**	**2018**	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current						
Non-trade receivables						
– joint ventures	**–**	101	366	**–**	–	–
– associate	**–**	26	23	**–**	–	–
– subsidiaries	**–**	–	–	**–**	5	5
Allowance for impairment	**–**	–	(59)	**–**	–	–
	–	127	330	**–**	5	5
Current						
Trade receivables						
– joint venture	**–**	–	1,666	**–**	–	–
– third parties	**267**	280	440	**–**	–	–
Allowance for impairment	**(5)**	(8)	(1)	**–**	–	–
Non-trade receivables						
– joint venture	**161**	–	–	**–**	–	–
– associate	**26**	–	–	**–**	–	–
– subsidiaries	**–**	–	–	**–**	–	18
– third parties	**793**	6,275	262	**229**	6,021	110
Loans to a joint venture	**–**	–	4,149	**–**	–	–
Tax recoverable	**4**	9	6	**2**	9	6
Allowance for impairment	**(175)**	(196)	–	**–**	–	–
	1,071	6,360	6,522	**231**	6,030	134
Deposits	**162**	134	201	**81**	53	53
	1,233	6,494	6,723	**312**	6,083	187

8. TRADE AND OTHER RECEIVABLES (continued)

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Total trade and other receivables (current and non-current)	**1,233**	6,621	7,053	**312**	6,088	192
Less: Tax recoverable	**(4)**	(9)	(6)	**(2)**	(9)	(6)
Total trade and other receivables, excluding tax recoverable (note 27)	**1,229**	6,612	7,047	**310**	6,079	186
Add: Cash and bank balances (note 13)	**62,730**	60,486	19,806	**48,120**	46,525	4,005
Total financial assets at amortised cost	**63,959**	67,098	26,853	**48,430**	52,604	4,191

The non-current non-trade amounts due from joint ventures, associate and subsidiaries are unsecured, non-interest bearing and are to be settled in cash. In 2017, these amounts are not expected to be repaid within the next 12 months. In 2018, these amounts are repayable on demand.

The current trade amounts due from joint venture are unsecured, non-interest bearing and repayable upon demand and are to be settled in cash.

The current non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable upon demand. In 2017, the amounts were fully settled in cash.

The current trade and non-trade amounts due from third parties are unsecured, non-interest bearing and repayable upon demand. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Loans to a joint venture were fully settled in 2017.

8. TRADE AND OTHER RECEIVABLES (continued)

Credit risk

Concentration of credit risk relating to trade receivables is limited. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, the Group believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The maximum exposure to credit risk for trade and other receivables by type of customer (excluding tax recoverable and deposits) at the end of the reporting period is as follows:

	Group			Company		
	2018 $'000	**2017 $'000**	**1 January 2017 $'000**	**2018 $'000**	**2017 $'000**	**1 January 2017 $'000**
Corporate	**541**	6,061	384	**134**	5,982	109
Travel agents	**49**	81	70	**–**	–	–
Credit cards	**89**	67	111	**–**	–	–
Joint ventures	**161**	101	6,122	**–**	–	–
Subsidiaries	**–**	–	–	**–**	5	23
Associate	**26**	26	23	**–**	–	–
Others	**201**	142	136	**95**	39	1
	1,067	6,478	6,846	**229**	6,026	133

8. TRADE AND OTHER RECEIVABLES (continued)

Credit risk (continued)

The ageing of trade and other receivables (excluding deposits and tax recoverable), amounts due from joint ventures, associate and subsidiaries and loans to a joint venture at the reporting date is as follows:

	2018		2017		1 January 2017	
	Gross receivables $'000	Allowance for impairment $'000	Gross receivables $'000	Allowance for impairment $'000	Gross receivables $'000	Allowance for impairment $'000
Group						
Not past due	**515**	**–**	5,972	–	3,070	–
Past due 0 to 30 days	**268**	**(5)**	310	(6)	478	(1)
Past due 31 to 120 days	**145**	**–**	76	(3)	317	–
Past due 121 days to one year	**17**	**–**	75	(30)	1,307	–
More than one year	**302**	**(175)**	249	(165)	1,734	(59)
	1,247	**(180)**	6,682	(204)	6,906	(60)
Company						
Not past due	**95**	**–**	5,924	–	17	–
Past due 0 to 30 days	**84**	**–**	97	–	93	–
Past due 31 to 120 days	**50**	**–**	–	–	–	–
Past due 121 days to one year	**–**	**–**	–	–	–	–
More than one year	**–**	**–**	5	–	23	–
	229	**–**	6,026	–	133	–

8. TRADE AND OTHER RECEIVABLES (continued)

Allowance for impairment

Trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance for impairment are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Current		
At 1 January	**204**	1
Charge for the year	**6**	199
Written back	**(22)**	–
Written off	**(9)**	(1)
Translation adjustment	**1**	5
At 31 December	**180**	204
Non-current		
At 1 January	**–**	59
Disposal of investment in a joint venture	**–**	(59)
At 31 December	**–**	–

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group maintains allowance for impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the receivables. These factors include, but are not limited to, the length of the Group's relationship with the debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies receivables which require allowance to be made on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates.

9. OTHER ASSET

	Group		
			1 January
	2018	2017	2017
	$'000	$'000	$'000
Non-current asset			
Deferred expenditure	–	62	54

The Company's wholly-owned subsidiary, LKND had on 15 March 2016 signed an option to purchase with a buyer for the sale of lands at Punggol 17th Avenue ("Punggol Lands"). The deferred expenditure relates to the legal fees for the said sale and was transferred to the profit or loss upon recognition of the sale in 2018.

10. DEFERRED TAX

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 the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting and their movements during the financial year are as follows:

Group	At 1 January $'000	Recognised in profit or loss (note 23) $'000	Disposal of a subsidiary $'000	Translation adjustments $'000	At 31 December $'000
2018					
Deferred tax liabilities					
Fair value adjustments on an investment property*	**28**	**–**	**–**	**–**	**28**
Deferred tax asset					
Provisions for tax losses	**–**	**202**	**–**	**(3)**	**199**
2017					
Deferred tax liabilities					
Unremitted earnings from overseas sourced income	120	–	(120)	–	–
Fair value adjustments on an investment property*	27	–	–	1	28
	147	–	(120)	1	28

* Relates to fair value adjustments on an investment property before 1 January 2017. Refer to note 2.2 for information on the first-time adoption of SFRS (I).

10. DEFERRED TAX (continued)

Unrecognised deferred tax assets

At the end of the reporting period, deferred tax assets relating to the following temporary differences have not been recognised:

	Group		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Unutilised capital and investment tax allowances	**21,499**	21,995	22,189
Unutilised tax losses	**63,018**	66,499	67,003
	84,517	88,494	89,192

The use of the unutilised tax losses and unutilised capital and investment tax allowances is subject to agreement by the tax authorities and compliance with certain provisions of the tax regulations in the respective countries in which the tax losses and capital and investment tax allowances arose. The above temporary differences are available for offset against future taxable profits of the companies in which the temporary differences arose and expire under current tax legislation. The carry forward period in Malaysia has been revised to 7 years with effect from financial year 2019. Deferred tax assets are not recognised in respect of the above items in accordance with the Group's accounting policy as set out in note 2.25 due to uncertainty of its recoverability.

Source of estimation uncertainty

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by $16,814,000 (2017: $17,601,000).

11. INVENTORIES

	Group		
			1 January
	2018	2017	2017
	$'000	$'000	$'000
Hotel supplies, at cost	**105**	113	91

Inventories recognised as an expense in cost of sales is disclosed in note 24.

12. DEVELOPMENT PROPERTIES

	Group		
			1 January
	2018	2017	2017
	$'000	$'000	$'000
Freehold land	**2,931**	3,791	3,720
Development costs	**11,086**	11,082	10,887
Allowance for anticipated losses	**(9,992)**	(9,992)	(9,749)
	4,025	4,881	4,858

Movements in the carrying amounts of development properties are as follows:

	Group	
	2018	2017
	$'000	$'000
At 1 January	**4,881**	4,858
Sale of development property	**(860)**	(77)
Translation adjustment	**–**	100
Work-in-progress	**4**	–
At 31 December	**4,025**	4,881

No borrowing cost has been capitalised in 2018 and 2017.

Movements in the allowance for anticipated losses are as follows:

	Group	
	2018	2017
	$'000	$'000
At 1 January	**9,992**	9,749
Translation adjustment	**–**	243
At 31 December	**9,992**	9,992

12. DEVELOPMENT PROPERTIES (continued)

Details of the development properties are as follows:

Type of development	Location	Status of completion at 31 December 2018	Tenure/ Group's effective interest in property	Land area (m^2)	Gross floor area (m^2)
Land	Lot 1046 Mukim Ulu Telom Cameron Highlands, Pahang Malaysia	–	Freehold (100%)	598	–
Land	Lot 1049 Mukim Ulu Telom Cameron Highlands, Pahang Malaysia	–	Freehold (100%)	7,803	–
Shops and offices	Lot 981 Kawasan Bandar VII, Daerah Melaka Tengah, Malaysia	Work on the project has been suspended at the end of 1998	Freehold (100%)	4,229	55,688 plus 545 parking lots
2 plots of land[(i)]	Plot MK21-U242W and Plot MK21-U243V, Punggol, Singapore	–	Freehold (100%)	675	–

(i) In 2018, the Group has recognised the sale of 2 plots of land at Punggol 17th Avenue.

Source of estimation uncertainty

The Group estimates the net realisable values of the development properties by taking into consideration the development plans, recoverable amounts of these development properties as well as valuation of the estimated market value of the uncompleted development property in Malaysia. This was performed by an external independent professional valuer. Based on management's assessment at the end of the reporting period, no additional allowance for anticipated losses (2017: $nil) is recognised for its development properties.

13. CASH AND BANK BALANCES

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Cash at bank and on hand	**3,118**	11,238	6,752	**2,047**	8,708	1,998
Bank deposits	**59,612**	49,248	13,054	**46,073**	37,817	2,007
Cash and bank balances	**62,730**	60,486	19,806	**48,120**	46,525	4,005
Less: Fixed deposits with tenure more than 3 months and restricted cash at bank	**(57,235)**	(12,189)	–	**(46,073)**	(12,189)	–
Cash and cash equivalents	**5,495**	48,297	19,806	**2,047**	34,336	4,005

As at 31 December 2018, restricted cash at bank amounting to $7,971,000 (31 December 2017: $1,950,000, 1 January 2017: $nil) relates to retention money deposited in a joint signatory account with the buyer of LKNII pending payment of tax payable for the disposal of LKNII.

Fixed deposits are made for varying periods, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective deposit rates. The weighted average effective interest rates at the end of the reporting period for the Group and the Company are as follows:

	Group			Company		
	2018 %	2017 %	1 January 2017 %	2018 %	2017 %	1 January 2017 %
Singapore Dollar	**1.700**	1.215	1.499	**1.724**	1.224	1.514
Chinese Renminbi	**1.200**	–	1.350	**1.200**	–	–
Malaysian Ringgit	**3.324**	3.261	3.258	**–**	–	–
United States Dollar	**1.700**	–	–	**1.700**	–	–

14. SHARE CAPITAL

	Group and Company				
	Ordinary Shares		Preference Shares		
	No. of ordinary shares issued	Paid-up capital $'000	No. of NCCPS issued	Paid-up capital $'000	Total paid-up capital $'000
At 1 January 2017, 31 December 2017 and 1 January 2018					
Total shares	**96,321,318***	**133,770**	**129,396**	**3**	**133,773**
Less: Trust Shares	**(2,418,917)**	**(3,980)**	**–**	**–**	**(3,980)**
Total shares, excluding trust shares	**93,902,401**	**129,790**	**129,396**	**3**	**129,793**
Conversion of NCCPS	**12,936**	**3**	**(129,396)**	**(3)**	**–**
At 31 December 2018	**93,915,337**	**129,793**	**–**	**–**	**129,793**

* In 2015, the Company undertook a share consolidation of every ten (10) existing issued ordinary shares in the share capital of the Company into one (1) consolidated ordinary share ("Share Consolidation"). The ordinary shares issued includes 2,418,917 ordinary shares after Share Consolidation held as Trust Shares by Amicorp Trustees (Singapore) Limited as trustee of the Trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

Non-redeemable convertible cumulative preference shares ("NCCPS")

The Company issued 197,141,190 NCCPS at an issue price of $0.02 each on 4 July 2006, expiring on the tenth anniversary of the NCCPS issue date, and 197,011,794 NCCPS have been converted into ordinary shares in the capital of the Company.

The NCCPS shall, subject to the terms and conditions thereof, carry the right to receive, out of the profits of the Company available for payment of dividends, a fixed cumulative preferential dividend of 10% per annum of the issue price for each NCCPS (the "Preference Dividend").

Other than the Preference Dividend, the NCCPS holders shall have no further right to participate in the profits or assets of the Company.

NCCPS holders shall have no voting rights except under certain circumstances referred to in the Singapore Companies Act, Chapter 50 set out in the terms of the NCCPS.

14. SHARE CAPITAL (continued)

Non-redeemable convertible cumulative preference shares ("NCCPS") (continued)

The NCCPS are not listed nor quoted on the Official List of SGX-ST. However, the holders of the NCCPS are able to exercise their rights to convert the NCCPS into new ordinary shares at the adjusted NCCPS conversion ratio of one (1) new ordinary share for every ten (10) NCCPS following the completion of the Share Consolidation, subject to the terms and conditions of the NCCPS. Such new ordinary shares will be listed and quoted on the Official List of the SGX-ST when issued.

In accordance with the terms and conditions of the NCCPS, the rights of NCCPS holders to convert all or any of their NCCPS into fully paid ordinary shares in the capital of the Company had lapsed on 4 July 2016 (being the date of expiry of the NCCPS Conversion Period). NCCPS are perpetual securities and there is no mandatory conversion of the NCCPS upon the expiry of the NCCPS Conversion Period.

In 2016, the Company issued a total of 2,899 new ordinary shares, pursuant to the conversion of 28,998 NCCPS, at an issue price of $0.02 for each NCCPS, thus bringing the total issued and paid-up ordinary share capital as at 31 December 2016 to $133,770,764.03 comprising 96,321,318 ordinary shares. The NCCPS conversion ratio is one (1) new ordinary share for every ten (10) NCCPS converted.

In 2018, the Company has converted all of the existing issued and outstanding NCCPS into new ordinary shares in the capital of the Company at a conversion ratio of one (1) new ordinary share for every ten (10) NCCPS.

Equity capital contributed by parent

In connection with the establishment of the Trust, Grace Star, a controlling shareholder of the Company and a wholly-owned subsidiary of China Yuchai International Limited, which is in turn a subsidiary of Hong Leong Asia Ltd., had, on 13 January 2012, transferred 24,189,170 Series B RCPS, representing 100% of the remaining unconverted Series B RCPS, to the Trustee for a nominal consideration of $1.00 for the purpose of the Trust.

Pursuant to the Articles of Association of the Company, the 24,189,170 Series B RCPS held by the Trustee were mandatorily converted into 24,189,170 new ordinary shares in the capital of the Company on 16 January 2012, and the new ordinary shares which rank *pari passu* in all respects with the existing ordinary shares, were held by the Trustee as Trust Shares under the Trust. After the Share Consolidation on 14 May 2015, the number of trust shares was reduced to 2,418,917 trust shares.

As disclosed in note 2.27, the Trust Shares are accounted for as treasury shares as they are issued by the Company and held by the Trust, which is considered as part of the Company. The difference between the carrying amount of the Series B RCPS and the consideration paid is recognised as "Equity capital contributed by parent" within the equity.

14. SHARE CAPITAL (continued)

Capital management

The Group defines "capital" to include funds raised through the issue of ordinary shares and NCCPS, as well as proceeds raised from debt facilities.

	Group	
	2018	2017
	$'000	$'000
Ordinary shares	**129,793**	129,790
NCCPS	**–**	3
Loans and borrowings (note 18)	**–**	2,397
	129,793	132,190

The Group's primary objective in capital management is to maintain an appropriate capital base so as to maintain investor, creditor and market confidence, and to continue to maintain the future development and growth of the business. To maintain or adjust the capital structure, the Group may issue new shares.

There were no changes in the Group's approach to capital management during the financial year.

Share option

The Company has adopted a share option for granting of options to eligible directors and employees of the Group, holding companies and associated companies.

The Share Option Scheme was approved by the shareholders at the extraordinary general meeting of the Company held on 29 September 2006 for an initial duration of 10 years (from 29 September 2006 to 28 September 2016). At the annual general meeting of the Company held on 29 April 2016, the shareholders approved the extension of the duration of the Share Option Scheme for a further period of 10 years from 29 September 2016 to 28 September 2026. Other than the extension of the duration of the Share Option Scheme, all other rules of the Share Option Scheme remain unchanged.

The Share Option Scheme is administered by a committee (the "Share Option Scheme Committee") comprising the following members:

Andrew Goh Kia Teck (Chairman)
Loo Hwee Fang
Goh Kian Chee

14. SHARE CAPITAL (continued)

Share option (continued)

Under the terms of the Share Option Scheme, the Share Option Scheme Committee may make offers of the grant of options to:

(i) Group Employees and Parent Group Employees (both as defined in the Share Option Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the tenth anniversary of its date of grant; and

(ii) Group Non-executive Directors, Parent Group Non-executive Directors, Associated Company Employees and Associated Company Non-executive Directors (all as defined in the Share Option Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the fifth anniversary of its date of grant.

The Share Option Scheme provides the Company with the flexibility of granting options to participants at Market Price (as defined in the Share Option Scheme) and/or with a discount (either up-front or a deferred discount) to the Market Price.

The aggregate number of ordinary shares in the capital of the Company ("Shares") over which options may be granted under the Share Option Scheme on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme shall not exceed 15% of the total number of issued Shares, excluding treasury shares, if any, on the day preceding the relevant date of grant. The aggregate number of Shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-executive Directors collectively under the Share Option Scheme shall not exceed 20% of the total number of Shares available under the Share Option Scheme.

No option has been granted by the Company since the commencement of the Share Option Scheme.

15. RESERVES

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Special reserve	**8,529**	8,529	8,529	**12,471**	12,471	12,471
Premium paid on acquisition of non-controlling interests	**(192)**	(192)	(192)	**–**	–	–
Currency translation reserve	**382**	427	–	**–**	–	–
Accumulated losses	**(65,237)**	(64,009)	(150,175)	**(70,277)**	(70,725)	(145,502)
	(56,518)	(55,245)	(141,838)	**(57,806)**	(58,254)	(133,031)

Special reserve

At an Extraordinary General Meeting of the Company on 10 September 1990, the shareholders approved a special resolution to cancel $12,471,000 of the sum standing to the credit of the Company's share premium account. This was approved by the Court on 12 October 1990. The amount of share premium cancelled was transferred to a special reserve account.

Premium paid on acquisition of non-controlling interests

The premium paid on acquisition of non-controlling interests represents difference between the consideration and the carrying value of the additional equity interest in a subsidiary acquired from its non-controlling interests.

Currency translation reserve

The currency translation reserve represents foreign 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.

16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Sale of 60% of the equity interest in the capital of CHQ

The Company's wholly-owned subsidiary, LKNII, together with the joint venture partner of CHQ, had on 23 February 2016, listed the entire equity interest in CHQ on the Shanghai United Assets and Equity Exchange for sale. As a result, the investment in CHQ was reclassified as asset held for sale and the Group discontinued the use of equity method to recognize the interest in CHQ. Consequently, in 2016, the Group only shared the loss incurred by CHQ up to 23 February 2016 instead of 31 December 2016.

The investment in CHQ was previously reported in the PRC segment under geographical information. As at 31 December 2016, the investment in CHQ had been presented in the balance sheet as "Asset of disposal group classified as held for sale".

Balance sheet disclosures

The investment in CHQ classified as held for sale and the related currency translation reserve as at 1 January 2017 were as follows:

	Group 1 January 2017 $'000
Assets	
Asset of disposal group classified as held for sale	30
Reserve	
Reserve of disposal group classified as held for sale	3,132

17. TRADE AND OTHER PAYABLES

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Non-current						
Amounts due to subsidiaries (non-trade)	**–**	–	–	**3,022**	3,689	2,851
Deferred income	**–**	1,650	590	**–**	–	–
	–	1,650	590	**3,022**	3,689	2,851
Current						
Amounts due to						
– subsidiaries (non-trade)	**–**	–	–	**–**	–	687
– related companies (non-trade)	**7**	13	7	**7**	13	7
Trade payables	**439**	895	793	**–**	1	1
Other payables	**1,202**	545	624	**13**	24	6
Deposits from tenants	**72**	79	874	**–**	–	–
Deferred income	**–**	–	61	**–**	–	–
Accrued expenses	**8,731**	7,708	474	**8,486**	7,504	215
Accrued employee benefits expense	**463**	741	651	**300**	479	327
Accrued interest payable	**–**	–	320	**–**	–	320
Advances	**1**	–	–	**–**	–	–
	10,915	9,981	3,804	**8,806**	8,021	1,563

17. TRADE AND OTHER PAYABLES (continued)

	Group			Company		
	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Total trade and other payables (non-current and current)	**10,915**	11,631	4,394	**11,828**	11,710	4,414
Less: Other tax payable and deferred income	**(101)**	(1,734)	(935)	**(5)**	(6)	(6)
Total trade and other payables, excluding other tax payable and deferred income (note 27)	**10,814**	9,897	3,459	**11,823**	11,704	4,408
Add: Loans and borrowings (note 18)	**–**	2,397	71,953	**–**	–	68,000
Total financial liabilities carried at amortised cost	**10,814**	12,294	75,412	**11,823**	11,704	72,408

The Company's wholly-owned subsidiary, LKND had on 15 March 2016 signed an option to purchase with a buyer for the sale of Punggol Lands.

The non-current deferred income as at 1 January 2017 and 31 December 2017 relates to progress payments received for the said sale and was transferred to the profit or loss upon recognition of the sale in 2018.

The non-current amounts due to subsidiaries are non-trade in nature, unsecured and non-interest bearing. The current amounts due to subsidiaries and related companies are non-trade in nature, unsecured, non-interest bearing, repayable upon demand. In 2017, all current amounts due to subsidiaries have been fully settled in cash.

Trade payables and other payables are unsecured and non-interest bearing.

18. LOANS AND BORROWINGS

	Group			Company		
	2018	2017	1 January 2017	2018	2017	1 January 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Secured loans at bank's cost of funds + 2% p.a.	–	2,393	3,381	–	–	–
Finance lease liabilities	–	–	3	–	–	–
Unsecured fixed rate SGD loan (fully settled in December 2017) (1 January 2017: 1.938% p.a.)	–	–	68,000	–	–	68,000
	–	2,393	71,384	–	–	68,000
Current						
Secured loans at bank's cost of funds + 2% p.a.	–	–	564	–	–	–
Finance lease liabilities	–	4	5	–	–	–
	–	4	569	–	–	–
Total loans and borrowings	–	2,397	71,953	–	–	68,000

Secured bank borrowings

The Group's secured bank borrowings relate to a subsidiary's secured bank borrowings in Malaysian Ringgit. The secured bank borrowings outstanding as at 1 January 2017 were interest bearing with different repayment periods, the earliest of which is March 2019 and the latest falling due in December 2020. These facilities were secured on the subsidiary's freehold land and building (note 3). These borrowings have been fully settled in 2018 and the mortgage will be released subsequent to year-end.

Finance lease liabilities

The Group has finance leases for motor vehicles. These leases do not have terms of renewal, purchase options and escalation clauses. The ownership of the leased items has been transferred to the Group at the end of the lease term.

18. LOANS AND BORROWINGS (continued)

Finance lease liabilities (continued)

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

Group	2018 $'000	2017 $'000	1 January 2017 $'000
Within 1 year	–	4	3
After 1 year but within 5 years	–	–	5
Present value of minimum lease payments	–	4	8
Interest	–	–	1
Total minimum lease payments	–	4	9

A reconciliation of liabilities arising from financing activities is as follows:

Group	2017 $'000	Cash outflows $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Others $'000	2018 $'000
Secured loans					
– non-current	2,393	**(2,393)**	–	–	–
Finance lease liabilities					
– current	4	**(4)**	–	–	–
Total	2,397	**(2,397)**	–	–	–

Group	1 January 2017 $'000	Cash outflows $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Others $'000	2017 $'000
Secured loans					
– current	564	(1,552)	(2)	990	–
– non-current	3,381	(82)	84	(990)	2,393
Finance lease liabilities					
– current	5	(5)	1	3	4
– non-current	3	–	–	(3)	–
Unsecured fixed rate SGD loan	68,000	(68,000)	–	–	–
Total	71,953	(69,639)	83	–	2,397

The "others" column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

19. DISPOSAL OF A SUBSIDIARY AND INVESTMENT IN A JOINT VENTURE

In 2017, the Group completed the disposal of investment in a joint venture, CHQ and a subsidiary, LKNII on 19 October 2017 and 22 November 2017 respectively. The disposal considerations were settled in cash.

The carrying value of assets and liabilities of CHQ, LKNII and LKNII's subsidiary, Shanghai Hutai Real Estate Development Co., Ltd ("Hutai") as at 19 October 2017 and 22 November 2017 respectively, and the cash flow effect of the disposal were as follows:

	Group 2017 $'000
Property, plant and equipment	17,753
Trade and other receivables	2,295
Prepayments	20
Cash and bank balances	1,869
Trade and other payables	(763)
Current tax payable	(9)
Deferred tax liabilities	(120)
Joint venture	30
	21,075
Gain on disposal of a subsidiary	48,270
Gain on disposal of investment in a joint venture	38,542
Gain on disposal of a subsidiary and investment in a joint venture	86,812
Realisation of foreign currency translation reserves upon disposal of foreign operations	(2,883)
Total consideration less cost of disposal	105,004
Less: Cash and bank balances of LKNII and Hutai disposed of	(1,869)
Net cash inflow on disposal of a subsidiary and investment in a joint venture upon full collection of sales proceeds and settlement of all expenses on the disposal	103,135
Less: Receivable of sales proceeds from buyer	(5,849)
Add: Accrued expenses on disposal of a subsidiary	7,247
Net cash inflow on disposal of a subsidiary and investment in a joint venture	104,533

20. REVENUE

	Group 2018 $'000	Group 2017 $'000
Revenue from hospitality and restaurant	**7,355**	11,455
Rental income from investment property	**89**	76
Revenue from sale of development property	**3,300**	144
	10,744	11,675

21. OTHER INCOME

	Group 2018 $'000	Group 2017 $'000
Interest income	**864**	368
Sundry income	**22**	41
Write-back of trade and other payables	**–**	6
Licence fee	**402**	305
Gain on disposal of investment in a joint venture (note 19)	**–**	38,542
Gain on disposal of a subsidiary (note 19)	**–**	48,270
Gain on disposal of property, plant and equipment	**3**	–
Write-back of impairment on other receivables	**22**	–
Currency exchange gains – net	**322**	–
	1,635	87,532

22. FINANCE COSTS

	Group 2018 $'000	Group 2017 $'000
Interest expense:		
– bank borrowings	**82**	196
– unsecured loan from a related party	**–**	616
– finance lease liabilities	**–**	1
	82	813
Currency exchange losses – net	**–**	411
	82	1,224

23. INCOME TAX (CREDIT)/EXPENSE

	Group 2018 $'000	Group 2017 $'000
Consolidated income statement		
Current income tax		
– current income taxation	**117**	341
– under/(over) provision in respect of previous years	**4**	(1)
	121	340
Deferred income tax		
– movements in temporary differences	**(202)**	–
Income tax (credit)/expense recognised in profit	**(81)**	340

23. INCOME TAX (CREDIT)/EXPENSE (continued)

Relationship between tax (credit)/expense and accounting profit

A reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Profit before tax	**1,584**	86,506
Income tax using the Singapore tax rate of 17% (2017: 17%)	**269**	14,706
Non-deductible expenses	**479**	653
Income not subject to tax	**(62)**	(14,935)
Effect of different tax rates in foreign jurisdictions	**93**	142
Utilisation of tax losses and capital allowances	**(866)**	(500)
Deferred tax assets not recognised	**166**	189
Under/(over) provision in respect of previous years – current	**4**	(1)
Withholding tax expense	**38**	86
Recognition of previously unrecognised deferred tax asset	**(202)**	–
Income tax (credit)/expense recognised in profit	**(81)**	340

24. PROFIT FOR THE YEAR, NET OF TAX

The following items have been included in arriving at profit for the year, net of tax:

	Group	
	2018	**2017**
	$'000	**$'000**
Depreciation of property, plant and equipment	**910**	1,921
Depreciation of investment property	**76**	73
Bad debts written off	**1**	2
Employee benefits expense:		
– directors' fees	**209**	310
– salaries and bonuses	**2,253**	2,782
– employer's contribution to defined contribution plans	**265**	417
– other short-term benefits	**359**	588
Inventories recognised in cost of sales	**1,152**	1,137
Operating lease expense	**228**	228
Property, plant and equipment written off	**–**	1
Impairment loss on trade and other receivables	**6**	199
Gain on disposal of property, plant and equipment	**3**	–
Audit fees:		
– auditor of the Company	**78**	91
– other auditors	**20**	40
Non-audit fees to other auditors	**42**	39

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	**1,665**	86,166
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	**96,321**	96,321
Effect of conversion of NCCPS	**9**	–
Less: Trust Shares	**(2,419)**	(2,419)
Weighted average number of ordinary shares for basic earnings per share computation*	**93,911**	93,902
Effects of dilution:		
NCCPS	**4**	–
Weighted average number of ordinary shares for diluted earnings per share computation	**93,915**	93,902
Earnings per share attributable to owners of the Company (cents per share)		
Basic	**1.77**	91.76
Diluted	**1.77**[(i)]	NA[(ii)]

* Trust Shares (ordinary shares) held by the Trust, which is considered as part of the Company, were excluded for the earnings per share computation as disclosed in note 2.27.

(i) The Company had on 26 April 2018 passed a special resolution to approve the amendment of the constitution of the Company to effect the conversion of all the existing and issued NCCPS into ordinary shares.

(ii) In accordance with the terms and conditions of the NCCPS, the rights of NCCPS holders to convert all NCCPS into fully paid ordinary shares in the capital of the Company has lapsed on the expiry date of 4 July 2016 and there is no mandatory conversion of the NCCPS upon the expiry of the NCCPS Conversion Period.

26. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies, and are subject to different risks and rewards. For each of the strategic business units, the Board of Directors review internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Investments and others	:	Investment holding and others
Hospitality and restaurant	:	Operating and management of hotels and restaurants
Property development	:	Development of properties for sale and rental and property and development project management

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results before interest income and expenses, exchange differences, share of results of associate and joint ventures and income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment.

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

2018	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Revenue				
– external revenue	89	7,355	3,300	10,744
– inter-segment revenue	–	–	42	42
	89	7,355	3,342	10,786
Elimination				(42)
				10,744
Reportable segment results	(1,488)	1,240	1,459	1,211
Other income (excluding interest income)	742	7	22	771
Interest income	643	87	134	864
Interest expense	–	(82)	–	(82)
Non-operating expenses	(1,348)	–	–	(1,348)
Share of results of associate and joint ventures	–	169	(1)	168
(Loss)/profit before tax	(1,451)	1,421	1,614	1,584
Income tax credit				81
Profit for the year				**1,665**

26. SEGMENT INFORMATION (continued)

2018	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Other segment items				
Capital expenditure				
– property, plant and equipment	**6**	**532**	**–**	**538**
Depreciation for the year	**77**	**909**	**–**	**986**
Reportable segment assets	**50,470**	**20,470**	**16,736**	**87,676**
Investment in associate	**–**	**–**	**58**	**58**
Investment in joint ventures	**–**	**511**	**13**	**524**
Consolidated total assets	**50,470**	**20,981**	**16,807**	**88,258**
Consolidated total liabilities	**8,895**	**781**	**1,327**	**11,003**

2017	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Revenue				
– external revenue	76	11,455	144	11,675
– inter-segment revenue	–	–	41	41
	76	11,455	185	11,716
Elimination				(41)
				11,675
Reportable segment results	(1,545)	2,274	(694)	35
Other income (excluding interest income)	87,132	13	19	87,164
Interest income	87	168	113	368
Interest expense	(616)	(197)	–	(813)
Exchange (loss)/gain – net	(30)	(400)	19	(411)
Share of results of associate and joint ventures	–	165	(2)	163
Profit/(loss) before tax	85,028	2,023	(545)	86,506
Income tax expense				(340)
Profit for the year				86,166

26. SEGMENT INFORMATION (continued)

2017	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Other segment items				
Capital expenditure				
– property, plant and equipment	–	341	–	341
Depreciation for the year	73	1,894	27	1,994
Reportable segment assets	54,717	21,720	15,553	91,990
Investment in associate	–	–	59	59
Investment in joint ventures	–	523	15	538
Consolidated total assets	54,717	22,243	15,627	92,587
Consolidated total liabilities	8,058	3,617	2,384	14,059

1 January 2017	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Reportable segment assets	6,306	50,111	14,793	71,210
Investment in associate	–	–	59	59
Investment in joint ventures	–	517	16	533
Consolidated total assets	6,306	50,628	14,868	71,802
Consolidated total liabilities	68,912	6,790	1,033	76,735

26. SEGMENT INFORMATION (continued)

Geographical information

The Group operates principally in Singapore, Malaysia and the PRC. In presenting information on the basis of geographical information, segment revenue is based on the geographical location of operations. Segment non-current assets (excluding non-trade receivables and other asset) are based on the geographical location of the assets.

	Revenue	
	2018	2017
	$'000	$'000
Malaysia	**7,444**	8,151
The PRC	**–**	3,524
Singapore	**3,300**	–
	10,744	11,675

	Non-current assets		
			1 January
	2018	2017	2017
	$'000	$'000	$'000
Malaysia	**19,391**	19,839	20,333
The PRC	**511**	523	19,508
Singapore	**5**	–	–
	19,907	20,362	39,841

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company.

Risk management is carried out by the directors under policies approved by the Board of Directors. The Board of Directors provides guidance for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk and liquidity risk. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group is exposed to foreign currency risk arising from various currencies other than the respective functional currencies of the entities within the Group, primarily with respect to United States Dollar, Chinese Renminbi and Malaysian Ringgit.

The Group has a number of investments in foreign subsidiaries and joint ventures, whose net assets are exposed to currency translation risk. Currency exposure on the net assets of the Group's subsidiaries and joint ventures is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group's and Company's exposures to the various currencies are as follows:

Group	Singapore Dollar $'000	US Dollar $'000	Chinese Renminbi $'000	Malaysian Ringgit $'000	Hong Kong Dollar $'000
2018					
Trade and other receivables	**–**	**–**	**134**	**–**	**–**
Cash and bank balances	**–**	**1,697**	**6,288**	**5**	**–**
Trade and other payables	**(1,720)**	**–**	**(8,307)**	**–**	**–**
	(1,720)	**1,697**	**(1,885)**	**5**	**–**
2017					
Trade and other receivables	–	5,870	96	–	–
Cash and bank balances	–	2,210	–	102	–
Trade and other payables	(1,725)	(271)	(7,266)	–	(5)
	(1,725)	7,809	(7,170)	102	(5)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Company	US Dollar $'000	Chinese Renminbi $'000	Hong Kong Dollar $'000
2018			
Trade and other receivables	**–**	**134**	**–**
Cash and bank balances	**1,689**	**6,288**	**–**
Trade and other payables	**–**	**(8,301)**	**–**
	1,689	**(1,879)**	**–**
2017			
Trade and other receivables	5,870	96	–
Cash and bank balances	1,957	–	–
Trade and other payables	–	(7,266)	(5)
	7,827	(7,170)	(5)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group and Company's profit before tax to a reasonably possible change in the respective functional currencies of the Group entities against the Singapore Dollar, US Dollar, Chinese Renminbi, Malaysian Ringgit and Hong Kong Dollar exchange rates, with all other variables held constant.

A 10% (2017: 10%) strengthening of the functional currencies – Singapore Dollar and Malaysian Ringgit against the following currencies at the reporting date would increase/(decrease) the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk **(continued)**

	Impact against the following currencies							
	Group					Company		
Functional currencies	Singapore Dollar $'000	US Dollar $'000	Chinese Renminbi $'000	Malaysian Ringgit $'000	Hong Kong Dollar $'000	US Dollar $'000	Chinese Renminbi $'000	Hong Kong Dollar $'000
2018								
Singapore Dollar	**–**	**(170)**	**189**	**(1)**	**–**	**(169)**	**188**	**–**
Malaysian Ringgit	**172**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2017								
Singapore Dollar	–	(781)	717	(10)	1	(783)	717	1
Malaysian Ringgit	173	–	–	–	–	–	–	–

Judgements made in determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group and the Company is not subject to any interest rate risk for the year under review.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposures to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 360 days from the invoice date, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward looking information which includes the following indicators:

– Internal credit rating;

– External credit rating;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;

– Actual or expected significant changes in the operating results of the debtor;

– Significant increases in credit risk on other financial instruments of the same debtor;

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

– Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 360 days from the invoice date in making contractual payment.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulties of the issuer or the debtor;

– A breach of contract, such as a default or past due event;

– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 360 days from the invoice date. Financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amount arising from expected credit losses for each class of financial assets.

<u>Trade receivables</u>

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on customer types. The expected credit losses also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding the allowance for impairment of trade receivables as at 31 December 2018 are disclosed in note 8.

As at 31 December 2018, 31 December 2017 and 1 January 2017, there was no significant concentration of credit risk. Information regarding concentration of credit risk are disclosed in note 8.

<u>Financial assets that are neither past due or impaired</u>

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default. Information regarding financial assets that are either past due or impaired is disclosed in note 8.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

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

		Cash flows			
Group	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
2018					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	1,229	1,229	1,229	–	–
Cash and bank balances (note 13)	62,730	62,730	62,730	–	–
Total undiscounted financial assets	63,959	63,959	63,959	–	–
Financial liabilities					
Trade and other payables, excluding other tax payable and deferred income (note 17)	10,814	10,814	10,814	–	–
Total undiscounted financial liabilities	10,814	10,814	10,814	–	–
Total net undiscounted financial assets	53,145	53,145	53,145	–	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Group	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Within 2 to 5 years $'000	Cash flows More than 5 years $'000
2017					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	6,612	6,612	6,485	127	–
Cash and bank balances (note 13)	60,486	60,486	60,486	–	–
Total undiscounted financial assets	67,098	67,098	66,971	127	–
Financial liabilities					
Variable interest rate loans	2,393	2,783	142	2,641	–
Finance lease liabilities	4	4	4	–	–
Trade and other payables, excluding other tax payable and deferred income (note 17)	9,897	9,897	9,897	–	–
Total undiscounted financial liabilities	12,294	12,684	10,043	2,641	–
Total net undiscounted financial assets/(liabilities)	54,804	54,414	56,928	(2,514)	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Group	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Within 2 to 5 years $'000	Cash flows More than 5 years $'000
1 January 2017					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	7,047	7,160	6,830	330	–
Cash and bank balances (note 13)	19,806	19,806	19,806	–	–
Total undiscounted financial assets	26,853	26,966	26,636	330	–
Financial liabilities					
Variable interest rate loans	3,945	4,633	808	3,825	–
Fixed interest rate loans	68,000	69,909	1,283	68,626	–
Finance lease liabilities	8	9	6	3	–
Trade and other payables, excluding other tax payable and deferred income (note 17)	3,459	3,459	3,459	–	–
Total undiscounted financial liabilities	75,412	78,010	5,556	72,454	–
Total net undiscounted financial (liabilities)/assets	(48,559)	(51,044)	21,080	(72,124)	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Company	Carrying amount $'000	Cash flows Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
2018					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	310	310	310	–	–
Cash and bank balances (note 13)	48,120	48,120	48,120	–	–
Total undiscounted financial assets	48,430	48,430	48,430	–	–
Financial liabilities					
Trade and other payables, excluding other tax payable and deferred income (note 17)	11,823	11,823	8,801	3,022	–
Total undiscounted financial liabilities	11,823	11,823	8,801	3,022	–
Total net undiscounted financial assets/(liabilities)	36,607	36,607	39,629	(3,022)	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Company	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
2017					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	6,079	6,079	6,074	5	–
Cash and bank balances (note 13)	46,525	46,525	46,525	–	–
Total undiscounted financial assets	52,604	52,604	52,599	5	–
Financial liabilities					
Trade and other payables, excluding other tax payable and deferred income (note 17)	11,704	11,704	8,015	3,689	–
Total undiscounted financial liabilities	11,704	11,704	8,015	3,689	–
Total net undiscounted financial assets/(liabilities)	40,900	40,900	44,584	(3,684)	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

		Cash flows			
Company	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
1 January 2017					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	186	186	181	–	5
Cash and bank balances (note 13)	4,005	4,005	4,005	–	–
Total undiscounted financial assets	4,191	4,191	4,186	–	5
Financial liabilities					
Fixed interest rate loans	68,000	69,909	1,283	68,626	–
Trade and other payables, excluding other tax payable and deferred income (note 17)	4,408	4,408	1,557	–	2,851
Total undiscounted financial liabilities	72,408	74,317	2,840	68,626	2,851
Total net undiscounted financial (liabilities)/assets	(68,217)	(70,126)	1,346	(68,626)	(2,846)

28. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

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

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

Level 2 – Inputs other than 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.

There have been no transfers between Level 1 to Level 3 fair value measurements during the financial years ended 31 December 2018 and 2017.

The following table shows the information about fair value measurement using significant unobservable inputs (Level 3):

	Fair value $'000	Valuation techniques	Unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Investment property (note 4):				
2018	2,162	Market comparison and cost method	Comparable price: $31 to $85 per square foot	The estimated fair value increases with higher comparable price
2017	2,162	Market comparison and cost method	Comparable price: $31 to $85 per square foot	The estimated fair value increases with higher comparable price

28. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Assets and liabilities measured at fair value

The Group does not have any assets and liabilities that are measured in accordance with the fair value hierarchy listed above.

Assets and liabilities not measured at fair value, for which fair value is disclosed

Details of valuation techniques and key assumptions used to estimate the fair value of the investment property are set out in the table above.

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

Non-current non-trade receivables from joint ventures, associate and subsidiaries (note 8) and non-current non-trade amounts due to subsidiaries (note 17).

In the previous year, non-current non-trade receivables from joint ventures, associate and subsidiaries and non-current non-trade amounts due to subsidiaries have no repayment terms and are not expected to be repaid within the next 12 months. As the timing of the future cash flows arising from these amounts cannot be estimated reliably, the fair values of these amounts cannot be reliably measured.

In the previous year, the non-current loans and borrowings (note 18) are reasonable approximation of fair values as they are floating instruments that are re-priced to market interest rates on or near the reporting period or their interest rates approximate the market lending rate.

29. COMMITMENTS

As at 31 December 2018, the Group's commitment in respect of capital expenditure are as follows:

	Group		
			1 January
	2018	**2017**	**2017**
	$'000	**$'000**	**$'000**
Property, plant and equipment			
– approved and contracted for	–	348	39

Operating lease commitment – as lessee

The Group leases office buildings and premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

29. COMMITMENTS (continued)

Operating lease commitment – as lessee (continued)

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	2018	2017	1 January 2017
	$'000	$'000	$'000
Not later than one year			
– with a related company	**34**	36	33
– with third parties	**127**	186	207
Later than one year but not later than five years			
– with a related company	**4**	37	37
– with third parties	**205**	–	13
	370	259	290

Operating lease commitment – as lessor

The Group leases out some of its assets. These non-cancellable leases have remaining lease terms of up to three years.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	2018	2017	1 January 2017
	$'000	$'000	$'000
Not later than one year			
– with third parties	**58**	103	54
Later than one year but not later than five years			
– with third parties	**–**	38	10
	58	141	64

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entities within the Group, directly or indirectly, including any director (whether executive or otherwise) of that entities within the Group.

Key management personnel compensation comprises remuneration of directors and other key management personnel as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term employee benefits	**447**	972
Employer's contribution to defined contribution plans	**15**	27
	462	999

Sale and purchase of goods and services

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

	Group	
	2018	**2017**
	$'000	**$'000**
Hotel management fees from joint ventures	**–**	127
Interest income from unsecured loans to a joint venture	**–**	67
Expenses paid/payable to related companies:		
– Rental	**(41)**	(38)
– Secretarial fees/consultancy fees	**(141)**	(207)
– General and administrative expenses	**(43)**	(45)
– Franchise and sales and marketing fees	**(76)**	(115)
– Interest expense on unsecured loan	**–**	(616)

Related companies exclude entities within the Group. Hong Leong Investment Holdings Pte. Ltd. is a controlling shareholder of these related companies.

30. RELATED PARTY TRANSACTIONS (continued)

Significant outstanding balance with related parties

Details of the outstanding balance with related party is follows:

	Group		
	2018	**2017**	**1 January 2017**
	$'000	**$'000**	**$'000**
Interest bearing loans and borrowings provided to a joint venture	**–**	–	4,149
Interest bearing loan and borrowing from a related party	**–**	–	68,000
Bank balance held with a related party	**29**	35	68
Secretarial fees/consultancy fees	**142**	195	142
Loan interest payable to Venture Lewis	**–**	616	1,295

31. DIVIDENDS

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
– Final exempt (one-tier) dividend for 2018: nil cents (2017: 3 cents) per share	**–**	2,890
Dividends on NCCPS		
– Final exempt (one-tier) dividend for 2018: nil cents (2017: 2.3 cents) per share	**–**	3
	–	2,893

32. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 21 March 2019.

Class of Shares	:	Ordinary Shares ("Shares")
Number of Ordinary Shares in issue	:	96,334,254
Number of Ordinary Shareholders	:	4,641
Voting Rights	:	One vote for one Share

As at 8 March 2019, there were no Shares held as treasury shares or as subsidiary holdings in the Company. 'Subsidiary holdings' is defined in the Listing Manual issued by Singapore Exchange Securities Trading Limited ("Listing Manual") to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

Range of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	168	3.62	6,404	0.01
100 – 1,000	2,546	54.86	1,230,610	1.28
1,001 – 10,000	1,611	34.71	5,976,221	6.20
10,001 – 1,000,000	309	6.66	16,018,792	16.63
1,000,001 and above	7	0.15	73,102,227	75.88
	4,641	100.00	96,334,254	100.00

Based on information available to the Company as at 8 March 2019, approximately 39.05% of the total number of issued Shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

Major Shareholders List – Top 20 as at 8 March 2019

No.	Name	No. of Shares Held	% *
1.	Grace Star Services Ltd.	47,107,707	48.90
2.	DBS Nominees (Private) Limited	12,621,473	13.10
3.	Ang Siew Joo	4,336,400	4.50
4.	Teo Teo Lee	3,402,600	3.53
5.	Amicorp Trustees (Singapore) Limited	2,418,917	2.51
6.	Raffles Nominees (Pte.) Limited	2,212,010	2.30
7.	Teoh Cheng Chuan	1,003,120	1.04
8.	United Overseas Bank Nominees (Private) Limited	749,488	0.78
9.	Huang Baojia	706,200	0.73
10.	Maybank Kim Eng Securities Pte. Ltd.	641,184	0.67
11.	Lim Sim Beng	516,400	0.54
12.	Tan Kong Giap	466,900	0.48
13.	OCBC Nominees Singapore Private Limited	381,170	0.40
14.	Lim Bak	379,600	0.39
15.	Leung Kai Fook Medical Co Pte Ltd	377,900	0.39
16.	Tay Yuan Xin	300,000	0.31
17.	Leong Sin Kuen	221,129	0.23
18.	CGS-CIMB Securities (Singapore) Pte. Ltd.	201,231	0.21
19.	Helene Kang	200,000	0.21
20.	Ng Chong Kee	200,000	0.21
		78,443,429	81.43

* The percentage of Shares held is based on the total number of issued Shares of the Company as at 8 March 2019.

Substantial Shareholders
(As shown in the Register of Substantial Shareholders as at 8 March 2019)

Name	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest No. of Shares	% [(1)]
Grace Star Services Ltd. ("Grace Star")	47,107,707	–	47,107,707	48.90
Constellation Star Holdings Limited	–	47,107,707 [(2)]	47,107,707	48.90
China Yuchai International Limited	–	47,107,707 [(2)]	47,107,707	48.90
HL Technology Systems Pte Ltd	–	47,107,707 [(2)]	47,107,707	48.90
Hong Leong (China) Limited	–	47,107,707 [(2)]	47,107,707	48.90
Hong Leong Asia Ltd.	–	47,107,707 [(2)]	47,107,707	48.90
Hong Leong Corporation Holdings Pte Ltd	–	47,107,707 [(2)]	47,107,707	48.90
Hong Leong Enterprises Pte. Ltd.	–	47,107,707 [(2)]	47,107,707	48.90
Hong Leong Investment Holdings Pte. Ltd.	–	47,107,707 [(2)]	47,107,707	48.90
Davos Investment Holdings Private Limited	–	47,107,707 [(2)]	47,107,707	48.90
Kwek Holdings Pte Ltd	–	47,107,707 [(2)]	47,107,707	48.90
DBS Bank Ltd. ("DBSB")	11,545,425	–	11,545,425	11.99
DBS Group Holdings Ltd ("DBSGH")	–	11,545,425 [(3)]	11,545,425	11.99
Temasek Holdings (Private) Limited ("Temasek")	–	11,545,425 [(4)]	11,545,425	11.99

Notes:

(1) The percentage of Shares held is based on the total number of issued Shares of the Company as at 8 March 2019.

(2) Each of these companies is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") to have an interest in the 47,107,707 Shares held directly by Grace Star, by reason of each of these companies being entitled, directly or indirectly, to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in Grace Star.

(3) DBSGH is deemed under Section 4 of the SFA to have an interest in the 11,545,425 Shares held directly by DBSB.

(4) Temasek is deemed under Section 4 of the SFA to have an interest in the 11,545,425 Shares in which DBSGH has a deemed interest.

NOTICE IS HEREBY GIVEN that the Fifty-Sixth Annual General Meeting (the "Meeting") of HL GLOBAL ENTERPRISES LIMITED (the "Company") will be held at Grand Copthorne Waterfront Hotel, Paradiso Room, Level 3, 392 Havelock Road, Singapore 169663, on Wednesday, 24 April 2019 at 10.00 a.m. for the following purposes:

A. Ordinary Business:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December ("FY") 2018 and the Auditor's Report thereon.

2. To approve Directors' Fees of $208,520 for FY 2018 (FY 2017: $205,000).

3. To re-elect/elect the following Directors retiring in accordance with the Company's Constitution and who, being eligible, offer themselves for re-election/election:

   (a) Dato' Gan Khai Choon
   (b) Mr Hoh Weng Ming
   (c) Mr Tan Eng Kwee (appointed on 8 January 2019)

   Detailed information on the Directors who are proposed to be re-elected/elected can be found under the sections on "Board of Directors" and "Additional Information on Directors Seeking Re-election/Election" of the Annual Report.

4. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.

B. Special Business:

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

5. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") 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,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), does not exceed 50% of the total number of issued shares, excluding treasury shares, of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued shares, excluding treasury shares, of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares, excluding treasury shares, of the Company shall be based on the total number of issued shares, excluding treasury shares, of the Company at the time this Ordinary Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

6. That approval be and is hereby given to the Directors to offer and grant options ("Options") over shares of the Company in accordance with the provisions of the HL Global Enterprises Share Option Scheme 2006 (the "SOS") and to allot and issue from time to time such number of shares of the Company as may be required to be issued pursuant to the exercise of the Options granted under the SOS, provided that the aggregate number of new shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares of the Company from time to time, and provided further that the aggregate number of shares to be issued to certain categories of participants of the SOS collectively and individually during the entire operation of the SOS (subject to adjustments, if any, made under the SOS) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the SOS.

C. To Transact Any Other Ordinary Business

BY ORDER OF THE BOARD

Nor Aishah Binte Nasit
Yeo Swee Gim, Joanne
Company Secretaries

Singapore
4 April 2019

Explanatory Notes:

1. With reference to item 2 of the Ordinary Business above, the structure of fees payable to Directors for FY 2018 can be found on page 23 of the Annual Report.

2. With reference to item 3(a) of the Ordinary Business above, Dato' Gan Khai Choon will, upon re-election as a Director of the Company, remain as the Chairman of the Board and the Executive Committee ("Exco"). Detailed information on Dato' Gan Khai Choon is found on pages 6 and 142 to 147 of the Annual Report.

3. Detailed information on Mr Hoh Weng Ming, who is seeking re-election as a Director of the Company under item 3(b) of the Ordinary Business above, is found on pages 6 and 142 to 147 of the Annual Report.

4. With reference to item 3(c) of the Ordinary Business above, Mr Tan Eng Kwee will, upon election as a Director of the Company, remain as a member of the Exco. Detailed information on Mr Tan Eng Kwee is found on pages 7 and 142 to 147 of the Annual Report.

5. The Ordinary Resolution set out in item 5 of the Special Business above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is previously revoked or varied at a general meeting), to issue shares and/or make or grant Instruments that might require new shares to be issued up to a number not exceeding 50% of the Company's total number of issued shares, excluding treasury shares, of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued shares, excluding treasury shares, of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

6. The Ordinary Resolution set out in item 6 of the Special Business above, if passed, will empower the Directors to offer and grant Options under the SOS and to issue from time to time such number of shares of the Company pursuant to the exercise of such Options under the SOS subject to such limits or sub-limits as prescribed in the SOS. *(see note below on voting restrictions)*

   Voting restrictions pursuant to Rules 859 and 860 of the Listing Manual of SGX-ST:

   Please note that if a shareholder is eligible to participate in the SOS (including a director and/or employee of the Company and its subsidiaries and its designated parent company, Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries), he should abstain from voting at the Meeting in respect of the Ordinary Resolution set out in item 6 in relation to the SOS, and should not accept nominations as proxies or otherwise for voting at the Meeting, in respect of the aforesaid Ordinary Resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.

Meeting Notes:

1. (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

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

3. The form of proxy must be deposited at the office of the Company's Registrars, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, not less than 48 hours before the time appointed for holding the Meeting.

4. Completion and return of the form of proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the Meeting.

5. Pursuant to Rule 730(A)(2) of the Listing Manual of SGX-ST, all resolutions at the Meeting shall be voted on by way of a poll.

6. With poll voting, members present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the poll voting will be explained at the Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable legislation, the Listing Manual of SGX-ST and/or other regulatory guidelines (collectively, the "Purposes");

(b) 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 or service providers), the member has obtained the prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(c) 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.

Name of Director	Dato' Gan Khai Choon	Hoh Weng Ming	Tan Eng Kwee
Age	72	57	65
Date of appointment	21 September 2007	16 February 2011	8 January 2019
Job Title	Non-Executive and Non-Independent Director Chairman of the Board of Directors (the "Board") and Executive Committee ("Exco")	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director Member of the Exco
Date of last re-election as Director (if applicable)	29 April 2016	29 April 2016	Not applicable
Country of principal residence	Singapore	Singapore	Singapore
Board's comments on the re-election/ election (including rationale)	The Board of Directors (the "Board") of HL Global Enterprises Limited ("HLGE" or the "Company") reviewed the recommendation of the Nominating Committee ("NC") on the re-election/election of these Directors and took into account, *inter alia*, • In the case of Dato' Gan Khai Choon and Mr Hoh Weng Ming: their skills sets, experience and contribution to the effectiveness of the Board, which included their participation at Board meetings. The Board valued their contributions in providing guidance on the strategic direction and objectives of the Company, having noted the time commitments of these Directors who have other listed company board representations and principal commitments. • In the case of Mr Tan Eng Kwee: his qualifications and in-depth working experience garnered from the senior management positions he had held throughout his career. The Board is of the view that with Mr Tan's extensive corporate and financial experience, he would be able to make positive contributions to the Company. The Board recommends the re-election and election of Dato' Gan Khai Choon, Mr Hoh Weng Ming and Mr Tan Eng Kwee as Directors of the Company. For more details on the NC's evaluation process, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 17 to 20 of the Corporate Governance Report.		
Whether appointment is executive, and if so, the area of responsibility	No	No	No

Name of Director	Dato' Gan Khai Choon	Hoh Weng Ming	Tan Eng Kwee
Professional qualification, working experience and occupation(s) during the past 10 years	Extensive experience in banking, real estate investment and development sectors with involvement in a number of international projects for the Hong Leong Group of companies, which include the management and development of the Grand Hyatt Taipei and the Beijing Riviera. April 1985 to Present Managing Director of Hong Leong International (Hong Kong) Limited April 1987 to Present Executive Director of Hong Leong Hotel Development Ltd November 1989 to September 2016 Executive Director of City e-Solutions Limited Holds a Bachelor of Arts Degree (Honours) in Economics from the University of Malaya.	More than 35 years of working experience in Malaysia, New Zealand, Hong Kong, China and Singapore. July 2013 to Present President of China Yuchai International Limited ("CYI") November 2011 to July 2013 Chief Financial Officer ("CFO") of HLA May 2008 to November 2011 CFO of CYI Holds a Bachelor of Commerce Degree majoring in Accountancy from the University of Canterbury and a Master of Business Administration from the Massey University (both in New Zealand). A Chartered Accountant in New Zealand and Malaysia and a Fellow Member of the Hong Kong Institute of Certified Public Accountants.	Extensive experience in operations, corporate, accounting and financial experience in China, Malaysia, Indonesia and Singapore. December 2018 to Present Chief Executive Officer ("CEO") of Hong Leong Asia Ltd. ("HLA") August 2016 to December 2018 Independent financial consultant to various companies. July 2015 to July 2016 Executive Director and CFO of Epsilon Global Communications Pte. Ltd. April 2013 to September 2014 CFO of Dynapack Asia Pte. Ltd. December 2011 to April 2013 Chief Operating Officer of Perennial China Retail Trust Management Pte. Ltd. and Executive Vice President of Perennial Real Estate Pte. Ltd. October 2008 to November 2011 CFO of HLA

Name of Director	Dato' Gan Khai Choon	Hoh Weng Ming	Tan Eng Kwee
Professional qualification, working experience and occupation(s) during the past 10 years (cont'd)			Holds a Bachelor of Accountancy (Honours) from The University of Singapore and a Master of Business Administration from Cranfield School of Management, United Kingdom. Successfully completed all examinations of the Chartered Association of Certified Accountants, the Institute of Chartered Secretaries & Administrators (now known as Chartered Secretaries Institute of Singapore) and the Chartered Association of Management Accountants and was a Fellow Member of the former and an Associate Member of the latter two.
Shareholding interest in the Company and its subsidiaries	Nil	Nil	Nil
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	1. Spouse of a cousin of Mr Kwek Leng Peck, the Executive Chairman of HLA. 2. Non-executive Director of CYI, and a Director of Grace Star Services Ltd. ("Grace Star") and Constellation Star Holdings Limited ("Constellation"). Grace Star, Constellation, CYI and HLA are substantial shareholders of the Company.	President and Director of CYI, a substantial shareholder of the Company.	Non-executive Director of CYI, and a Director of Grace Star, Constellation, HL Technology Systems Pte Ltd ("HL Tech") and Hong Leong (China) Limited ("HL China"). Also Director and CEO of HLA. Grace Star, Constellation, CYI, HL Tech, HL China and HLA are substantial shareholders of the Company.
Conflict of interest (including any competing business)	Nil	Nil	Nil

Name of Director	Dato' Gan Khai Choon	Hoh Weng Ming	Tan Eng Kwee
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to HL Global Enterprises Limited	Yes	Yes	Yes
Other Principal Commitments including directorships	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years".	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years".	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years".
• **Past (for the last 5 years):**	Directorships: • CDL Nominees Limited • Chancery Limited • City e-Solutions Limited* • Copthorne Hotel Qingdao Co., Ltd. • Golden Wise Development Limited • Millennium & Copthorne Middle East Holdings Limited • New Unity Holdings Ltd. • Shanghai Equatorial Hotel Management Co., Ltd. • Shanghai Fengzhe Hotel Management Co., Ltd • Thrive City Limited	Directorships: • Airwell Air-conditioning (Asia) Company Limited • Airwell Air-conditioning (Hong Kong) Company Limited • Airwell Air-conditioning Technology (China) Co., Ltd. • Fedders Hong Kong Company Limited • Fedders International Pte. Ltd. • Fedders Investment Holdings Pte. Ltd. • Hayford Holdings Sdn. Bhd. • Henan Xinfei Electric Co., Ltd. • Henan Xinfei Household Appliance Co., Ltd. • Henan Xinfei Refrigeration Appliances Co., Ltd. • HL Cement (HK) Limited • HL Cement (Labuan) Limited • HL Cement (Malaysia) Sdn. Bhd.	Directorships: • Epsilon Global Communications Pte. Ltd. • Gen1sys Pte. Ltd.

Name of Director	Dato' Gan Khai Choon	Hoh Weng Ming	Tan Eng Kwee
• **Past (for the last 5 years): (cont'd)**		Directorships: • HL Technology Systems Pte Ltd • HL-Manufacturing Industries Sdn. Bhd. • Hong Leong (China) Limited • Hong Leong Asia Investments Pte. Ltd. • Hong Leong Electric Pte Ltd • HS-HL Company Pte Ltd • LKN Investment International Pte. Ltd. • Rex Holdings Pte Ltd • Rex Plastics (Malaysia) Sdn. Bhd. • Rexpak Sdn. Bhd. • Salvador Pte. Ltd. • Shanghai Rex Packaging Co., Ltd • Tasek Holdings Pte. Ltd. • Tianjin Rex Packaging Co., Ltd. • Transport Climate Control Systems Pte. Ltd.	
• **Present:**	Number of directorships in the following companies and their affiliates: • CDLHT (BVI) One Ltd • CYI* and 5 CYI group subsidiaries • 16 City Developments Limited* group subsidiaries and associated companies • Fong Loong (HK) Pte Limited • HLGE* and a HLGE group associated company	Number of directorships in the following companies and their affiliates: • CYI* and 6 CYI group subsidiaries • HLGE* and a HLGE group subsidiary • 6 HLA* group subsidiaries and associated companies	Number of directorships in the following companies and their affiliates: • CYI* and 9 CYI group subsidiaries • HLGE* and 11 HLGE group subsidiaries and associated companies • HLA* and 24 HLA group subsidiaries and associated companies • Tasek Corporation Berhad* ("TCB") and 5 TCB group subsidiaries

Name of Director	Dato' Gan Khai Choon	Hoh Weng Ming	Tan Eng Kwee
• **Present: (cont'd)**	Number of directorships in the following companies and their affiliates: • 7 Hong Leong Holdings Limited group subsidiaries and associated companies • 39 Hong Leong Investment Holdings Pte. Ltd. group subsidiaries and associated companies • 26 Millennium & Copthorne Hotels plc* group subsidiaries and associated companies • Rex Packaging (Hong Kong) Limited • Safety Godown Company Limited*		
Date of announcement of first appointment	21 September 2007	16 February 2011	8 January 2019
Responses to questions (a) to (k) under Appendix 7.4.1 of the Listing Manual of Singapore Exchange Securities Trading Limited	No change to responses since announcement of first appointment, negative confirmation on the additional question (k).	No change to responses since announcement of first appointment.	No change to responses since announcement of first appointment.

* Listed company

Information as at 21 March 2019

This page has been intentionally left blank

HL Global Enterprises Limited

Company Registration No. 196100131N
(Incorporated in the Republic of Singapore)

Proxy Form

for 56th Annual General Meeting

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the AGM.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2019.

*I/We, (name) ______________________ with NRIC/Passport No. ______________

of (address) ____

being *a member/members of HL GLOBAL ENTERPRISES LIMITED (the "Company"), hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

* and/or

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as *my/our *proxy/proxies to attend, speak and vote on *my/our behalf at the 56th Annual General Meeting of the Company (the "AGM") to be held at Grand Copthorne Waterfront Hotel, Paradiso Room, Level 3, 392 Havelock Road, Singapore 169663 on Wednesday, 24 April 2019 at 10.00 a.m. and at any adjournment thereof in the following manner as specified below. *My/our *proxy/proxies may vote or abstain from voting at *his/their discretion on any of the resolutions where *I/we have not specified any voting instruction, and on any other matter arising at the AGM.

NOTE: Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "✓" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution.

No.	Resolutions		For	Against
A.	**ORDINARY BUSINESS:**			
1.	Adoption of the Directors' Statement and Audited Financial Statements together with the Auditor's Report thereon			
2.	Approval of Directors' Fees			
3.	Re-election/election of Directors:	(a) Dato' Gan Khai Choon		
		(b) Mr Hoh Weng Ming		
		(c) Mr Tan Eng Kwee		
4.	Re-appointment of Ernst & Young LLP as Auditor			
B.	**SPECIAL BUSINESS:**			
5.	Authority for Directors to issue shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual of Singapore Exchange Securities Trading Limited			
6.	Authority for Directors to offer and grant options and to issue shares in accordance with the provisions of the HL Global Enterprises Share Option Scheme 2006			

Dated this ________ day of ______________ 2019

Total No. of Shares Held

____
Signature(s) of Member(s)/Common Seal

* Delete accordingly

NOTES: SEE OVERLEAF

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

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

3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

4. This form of proxy must be signed by the appointor or his attorney duly authorised in writing. Where the form of proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a form of proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the form of proxy, failing which, the form of proxy may be treated as invalid.

5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

6. Completion and return of this form of proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the AGM.

7. This form of proxy must be deposited at the office of the Company's Registrars, KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, not less than 48 hours before the time appointed for holding the AGM.

8. The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Fold Here

PROXY FORM

Affix
Postage
Stamp
Here

HL GLOBAL ENTERPRISES LIMITED
c/o KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

Fold Here

This page has been intentionally left blank

This page has been intentionally left blank

HL GLOBAL ENTERPRISES LIMITED
Company Registration No. 196100131N

10 Anson Road #19-08
International Plaza Singapore 079903