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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 2019 as well as the Important Notice to Shareholders.

Additional Details

Period Ended
31/12/2019

Attachments

HLGE_Annual_Report_2019.pdf

HLGE_Notice_to_Shareholders.pdf

Total size =1306K MB

HL GLOBAL ENTERPRISES LIMITED

ANNUAL
REPORT
2019


Proposed conversion of old commercial complex in Cameron Highlands, Malaysia into hotel and function rooms

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

Lead Independent Director
Andrew Goh Kia Teck

Non-Executive Directors
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

INVESTOR RELATIONS

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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

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

HOSPITALITY OPERATIONS

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 guest rooms 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.

CHAIRMAN'S STATEMENT

REVIEW OF THE GROUP'S PERFORMANCE

In 2019, the Group's Copthorne Hotel Cameron Highlands ("CHCH") experienced challenging operating conditions amidst the oversupply of apartments and hotel rooms in Cameron Highlands, coupled with weaker consumer spending in Malaysia which had resulted in the reduced number of local travellers to Cameron Highlands.

In the absence of revenue contribution from the property development segment, the Group's revenue declined from $10.7 million for 2018 to $7.1 million for 2019. To maintain market share in the highly competitive hospitality market in Cameron Highlands, CHCH lowered its room rate and registered an average occupancy rate of 64% in 2019, approximately 2 percentage points higher than 2018. It contributed a revenue of $7.0 million against $7.4 million in 2018.

The property development segment did not generate revenue for the year under review and reported an operating loss of $433,000 for 2019 against an operating profit of $1.5 million in the preceding year. The loss comprised a provision of $600,000 relating to an impairment of the development property in Melaka, Malaysia and overhead costs of $245,000 after offsetting the write-back of a provision for maintenance fee of $412,000 for the apartment units in Cameron Highlands. The hospitality segment also saw a decrease in operating profit by $31,000 to $1.2 million in 2019. After taking into account the loss incurred by the investments and others segment (comprising investment property operations and corporate overhead costs) of $1.4 million, the Group incurred an operating loss of $585,000 before the share of results of associate and joint ventures, other income and finance costs in 2019 versus an operating profit of $1.2 million in 2018.

The Group's share of results of associate and joint ventures increased from $168,000 in 2018 to $177,000 in 2019. Other income for 2019 comprised mainly the interest income and licence fee. Arising from higher interest rate, interest income increased by $156,000 to $1 million for 2019.

The net profit attributable to shareholders of the Company for 2019 was $0.9 million compared to $1.7 million for 2018.

CORPORATE SOCIAL RESPONSIBILITY

As part of the Group's corporate social responsibility ("CSR") initiatives, CHCH had embarked on a donation drive called 'Copthorne Magical Bears' in support of the National Autism Society of Malaysia ("NASOM"), Kuantan, Malaysia, during the 2019 Christmas season. All proceeds from the sale of the 'Copthorne Magical Bears' plush toys were donated to NASOM, and this initiative allowed CHCH to engage with its guests and encourage them to be a part of this meaningful fund-raising activity to support NASOM.

Seeing the positive response to the 'Copthorne Magical Bears' donation drive, CHCH intends to organise more of such activities to enhance the experience of its guests, and at the same time to also engage with non-governmental and charitable organisations and its surrounding communities. Such outreach programs would also help to increase brand awareness and recognition for CHCH.

OUTLOOK

The slowdown in the hospitality business and the oversupply of hotel rooms and apartments in Cameron Highlands will continue to adversely impact the operations in CHCH. Although the majority of CHCH's guests are local residents, there may be some impact on its operations amid the ongoing COVID–19 situation as people reduce or avoid travelling due to the concerns over the spread of the virus. CHCH has implemented precautionary measures to minimise the risk of transmission of COVID-19 including staff briefings to reinforce the rules and practices of good personal hygiene.

To maintain its competitiveness with the newly built hotel and apartments, plans are underway to renovate the superior rooms and upgrade the lifts and other facilities to make the hotel stay more comfortable for its guests. Barring unforeseen circumstances, the Group intends to proceed with the development of a 40-unit high-rise apartment building for sale and the major refurbishment of the old commercial complex in Cameron Highlands into additional hotel and function rooms. Commencement of both projects will be subject to approvals from the relevant authorities. The Group is currently reviewing the proposed development of its property in Melaka, Malaysia and will continue to monitor the property market in Melaka closely.

The Group continues to face currency fluctuation risks as the majority of its assets and operations are located in Malaysia. In the meantime, the Company is still continuing its efforts to source for sustainable and viable business opportunities despite the current challenging economic environment.

ACKNOWLEDGEMENT

On behalf of the Board of Directors (the "Board"), I would like to convey our gratitude to all stakeholders, including our investors, suppliers, customers, bankers and business partners for their continuing support. I would like to express my sincere appreciation to Mr Hoh Weng Ming, who stepped down from the Board in December 2019, for his invaluable contributions to the Company over the past nine years. 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
18 March 2020

BOARD OF DIRECTORS

DATO' GAN KHAI CHOON / Age 73
CHAIRMAN
NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

First appointment as Director
21 September 2007

Appointment as Non-Executive Chairman
21 September 2007

Last re-election as Director
24 April 2019

Board committees
- Executive Committee (Chairman)

Present directorships in other listed companies* and principal commitments
- China Yuchai International Limited* (Non-Executive Director) [1]
- Safety Godown Company Limited* (Non-Executive Director)
- Hong Leong Hotel Development Limited (Executive Director) [1]
- Hong Leong International (Hong Kong) Limited (Managing Director) [1]

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- City e-Solutions Limited* (Executive Director)

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.

Notes:

1 China Yuchai International Limited, Hong Leong Hotel Development Limited and Hong Leong International (Hong Kong) Limited are related companies under the Hong Leong Group of companies, Singapore.

LOO HWEE FANG / Age 45
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

First appointment as Director
1 March 2012

Last re-election as Director
28 April 2017
Will be seeking re-election at the 2020 Annual General Meeting

Board committees
- Nominating Committee (Chairman)
- Audit and Risk Committee (Member)
- Remuneration Committee (Member)
- HL Global Enterprises Share Option Scheme 2006 Committee (Member)

Present directorships in other listed companies* and principal commitments
- Memories Group Limited* (Company Secretary)
- Yoma Strategic Holdings Ltd.* (Group General Counsel and Company Secretary)

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- Terracom Limited* (Non-Executive and Independent Director)

Ms Loo was previously with Messrs Lee & Lee where she served as a Partner in the Corporate Department of the firm until March 2013. She 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.

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 70
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

First appointment as Director
1 September 2014[1]

Last re-election as Director
26 April 2018
Will be seeking re-election at the 2020 Annual General Meeting

Board committees
- Audit and Risk Committee (Chairman)
- Remuneration Committee (Chairman)
- HL Global Enterprises Share Option Scheme 2006 Committee (Chairman)
- Executive Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies* and principal commitments
Nil

Other appointments
- PI ETA Consulting Company (Consultant)
- St. Andrew's Mission Hospital (Vice President of the Board of Management)

Past directorships in other listed companies* and principal commitments held in the preceding five years
Nil

Mr Goh 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. He 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.

Notes:

1 Mr Goh was appointed the Lead Independent Director of the Company on 1 March 2018.

BOARD OF DIRECTORS

GOH KIAN CHEE / Age 66
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

First appointment as Director
1 March 2018

Last re-election as Director
26 April 2018

Board committees
- Audit and Risk Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)
- HL Global Enterprises Share Option Scheme 2006 Committee (Member)

Present directorships in other listed companies* and principal commitments
- AsiaMedic Limited* (Non-Executive and Independent Director)
- Indofood Agri Resources Ltd.* (Non-Executive and Independent Director)

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- China Minzhong Food Corp Ltd* (Non-Executive and Independent Director) [1]

Mr Goh 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, he worked for a few multi-national corporations, including Mobil Oil Singapore Pte Ltd and Mobil Petrochemicals International Ltd, mainly in regional 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.

Notes:

1 China Minzhong Food Corp Ltd had been delisted from the mainboard of Singapore Exchange Securities Trading Limited in March 2017.

TAN ENG KWEE / Age 66
NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

First appointment as Director
8 January 2019

Last re-election as Director
24 April 2019

Board committees
- Executive Committee (Member)

Present directorships in other listed companies* and principal commitments
- China Yuchai International Limited* (Non-Executive Director) [1]
- Hong Leong Asia Ltd.* (Executive Director and Chief Executive Officer) [1]
- Tasek Corporation Berhad* (Non-Executive Director) [1]

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- Epsilon Global Communications Pte. Ltd. (Executive Director and Chief Financial Officer)

Mr Tan was formerly the Chief Financial Officer of Hong Leong Asia Ltd. from 2008 to 2011. He has more than 30 years of operations, corporate, accounting and financial experience in China, Malaysia, Indonesia and Singapore 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.

Notes:

1 China Yuchai International Limited, Hong Leong Asia Ltd. and Tasek Corporation Berhad are related companies under the Hong Leong Group of companies, 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 Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") by describing in this report its corporate governance practices with specific reference to the updated principles and provisions in the revised Code of Corporate Governance ("2018 Code"). Where the Company's practices differ from the principles under the 2018 Code, these differences and the Company's position in respect of the same are explained in 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, operational and human resources are in place for the Company to meet its objectives, review the performance of the Company and its subsidiaries (the "Group") and Management's performance, and 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 Group'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 34 to 47 of this Annual Report 2019 ("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 (Provision 1.1)
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 in the case of any conflict of interests, 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.

Accountability of the Board and Management (Provision 1.1)
The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has established a corporate policy which provides a communicable and understandable framework for staff to observe the Company's principles on honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with the Company's stakeholders, including customers, suppliers and employees. Further details of these policies are described in the segment entitled 'Corporate Values and Conduct of Business' at the end of this report.

Board Orientation and Training (Provision 1.2)
Every newly appointed Director receives a formal letter, setting out his or her 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 an 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. For the financial year ended 31 December ("FY") 2019, Management comprised Ms Foo Yang Hym, the CFO and Mr Yam Kit Sung, the General Manager – Asset Management (China). Mr Yam had since resigned on 20 January 2020.

Ms Foo joined 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 CFO 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.

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, this being a mandatory requirement under the Listing Manual. 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 Manual and the 2018 Code.

Mr Tan Eng Kwee who was appointed to the Board on 8 January 2019 was given briefings and induction on the Group's business and operations. He was also briefed by the Company Secretaries on the Company's corporate governance practices, and key duties and responsibilities of a director under the relevant legislation. Mr Tan was appointed a member of the Executive Committee ("Exco") and was briefed on the scope and responsibilities of the Exco by the chairman of the Exco. Although Mr Tan is not a first time director of a company listed on Singapore Exchange Securities Trading Limited, he had attended one of the relevant modules of the LED Programme since his appointment to the Board.

The Directors are also provided with updates and/or briefings from time to time by professional advisors, auditors, Management and the Company Secretaries 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 Secretaries 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 trainings 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.

An in-house seminar was conducted by invited speakers in 2019, on the following topics:

1. Climate Change and Sustainable Development Goals (SDGs): Challenges and Opportunities for Businesses
2. Are Businesses Well Prepared for Rising Heat & Sea Levels: Climate Change Scenario Planning
3. Sustainability Reporting Best Practices: Materiality Study and External Assurance
4. Sustainable Financing – Disclosure Strategy and Assurance Processes

During the year under review, some of the external courses and seminars attended by the Directors included the following:

1. ACRA-SGX-SID Audit Committee Seminar 2019: The Audit Committee in the New Normal
2. SID Singapore Governance and Transparency Index Forum: Corporate Governance and the Evolving Business Landscape: Purpose or Pragmatism
3. SID Directors Conference 2019 - Transformation: From Ordinary to Extraordinary
4. SID Singapore Board of Directors Survey 2019
5. SID Annual Corporate Governance Roundup 2019

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.

Board Approval (Provision 1.3)
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.

Delegation by the Board (Provision 1.4)
The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the 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. 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) Mr Andrew Goh Kia Teck Mr Tan Eng Kwee
Audit and Risk Committee	Mr Andrew Goh Kia Teck (Chairman) Ms Loo Hwee Fang Mr Goh Kian Chee
Nominating Committee	Ms Loo Hwee Fang (Chairman) Mr Andrew Goh Kia Teck Mr Goh Kian Chee
Remuneration Committee	Mr Andrew Goh Kia Teck (Chairman) Ms Loo Hwee Fang Mr Goh Kian Chee
HL Global Enterprises Share Option Scheme 2006 Committee	Mr Andrew Goh Kia Teck (Chairman) Ms Loo Hwee Fang Mr Goh Kian Chee

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

The Exco comprises three Directors, one of whom is an Independent Non-Executive Director ("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 Group's 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.

Please refer to sections on Principles 4, 5, 6, 7, 8, 9 and 10 in this report for further information on the activities of the NC, RC and ARC. Information on the activities of the SOSC can be found in the Directors' Statement on pages 48 and 49 and in the Financial Statements on pages 104 and 105 of the AR.

Board and Board Committee Meetings (Provision 1.5)
Board and Board Committee meetings are held regularly, with the Board meeting no less than four times a year. Four Board meetings were held in 2019.

Meetings of the IDs are convened as often as may be warranted by circumstances. A meeting of the IDs, chaired by the Lead Independent Director ("Lead ID") was held in 2019.

The proposed meetings for the Board and all Board Committees, except for the meetings of the IDs, 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 Secretaries. 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") and at meetings of the Board, the Board Committees and the IDs, as well as the frequency of such meetings in 2019, 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 and at meetings of the Board, Board Committees and/or IDs. 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. The Directors also, whether individually or collectively, engage with Management to better understand the challenges faced by the Company and the inputs of the Directors, through such engagement, provide valuable perspective to the Management.

Directors' Attendance at the AGM and Meetings of the Board, Board Committees and IDs in 2019

A.

	Board	ARC	NC	RC	IDs
Number of Meetings held in 2019:	**4**	**4**	**1**	**1**	**1**
Name of Directors	**Number of Meetings Attended in 2019**				
Dato' Gan Khai Choon	4	N.A.	N.A.	N.A.	N.A.
Ms Loo Hwee Fang	4	4	1	1	1
Mr Andrew Goh Kia Teck	4	4	1	1	1
Mr Goh Kian Chee	4	4	1	1	1
Mr Tan Eng Kwee [(i)]	4	N.A.	N.A.	N.A.	N.A.
Mr Hoh Weng Ming [(ii)]	3	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable

Notes:

(i) Mr Tan Eng Kwee was appointed as a Non-Executive Director ("NED") and as a member of the Exco on 8 January 2019.

(ii) Mr Hoh Weng Ming resigned as a NED on 6 December 2019.

B. All the Directors were present at the Company's AGM held in April 2019.

The SOSC did not convene any meeting in 2019. Although no formal meetings of the Exco were held in 2019, regular informal discussions were held by its members to discuss, amongst other matters, the Group's operations and potential investment opportunities.

Directors' Multiple Board Representations and Time Commitments (Provision 1.5)
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.

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 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.

Complete, Adequate and Timely Information (Provision 1.6)
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 external auditors ("EA") and professional advisors 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 financial 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. Where the Board's or a Board Committee's approval is sought, relevant background and explanatory information on the specific matter is provided to enable Directors to understand the issues and to request for further disclosures, as necessary.

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.

Access to Management, Company Secretaries and Independent Professional Advisors (Provision 1.7)
All Directors have direct and independent access to Management. To facilitate this access, all Directors are provided the contact details of the key management personnel ("KMP") and other management team members.

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.

The Company Secretaries, whose appointment and removal are subject to the Board's approval, attend all meetings of the Board and Board Committees and ensure that all Board procedures are followed. The Company Secretaries, together with Management, also ensure that the Company complies with all applicable statutory and regulatory rules. Together with Management, the Company Secretaries also advise the Board Chairman, the Board and the Board Committees on corporate governance matters and assist to implement the corporate governance practices and processes as directed by the Board and the Board Committees, facilitate the induction for newly appointed Directors and newly appointed Board Committee members, and assist in the continuing training and development programme for the Directors. On an on-going basis, the Directors have separate and independent access to the Company Secretaries.

Principle 2: Board Composition and Guidance

Board Independence (Provisions 2.1, 2.2 and 2.3)
The Board currently comprises five members, all of whom are NEDs. The NC has recommended and the Board has determined three of the NEDs, being more than half of 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. No alternate Directors have been appointed in respect of any of the Directors.

When determining the independence of the Three IDs, the NC has considered the applicable Rule 210(5)(d) of the Listing Manual and the guidelines for independence set out in Provision 2.1 of the 2018 Code. As part of the consideration, the NC also took into account 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 Rule 210(5)(d) of the Listing Manual, 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. Each of the Three IDs abstained from deliberation of their own independence. 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.

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

Board Composition, Size and Diversity (Provision 2.4)
The NC reviews the size and composition mix of the Board and Board Committees annually. At the recommendation of the NC, the Board had in 2018 adopted a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board. 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.

When considering gender diversity, the NC shall consider:

(a) including a requirement to also present female candidates if external search consultants are used to search for candidates for Board appointments;

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

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

(d) appointing at least one female Director 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 also has Directors with ages ranging from mid-40s to more than 70 years old, who have served on the Board for different tenures.

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.

Having considered 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 allow for informed and constructive and effective decision-making at meetings of the Board and Board Committees. The Board will continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

NEDs' Participation (Provision 2.5)
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.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman (Provisions 3.1 and 3.2)
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 boardroom 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 Chief Executive Officer or Executive Director and the Exco is tasked to assist the Board in its general oversight of Management, especially in the review and recommendation to the Board on the Group's initiatives on strategic development and direction on new investments. Although named as an 'Exco', the Exco is not involved in the executive management of the Group's business and the handling of such operational matters is undertaken by Management. The Exco does not have executive responsibilities for the Company's operations, and are not responsible for the implementation of the Board's direction and decisions, which is the responsibility of Management.

Lead Independent Director (Provision 3.3)
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 has appointed Mr Andrew Goh Kia Teck as the Lead ID on 1 March 2018 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 Board Chairman or the Management has failed to resolve or is inappropriate or inadequate. 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 2019. No separate meeting of the IDs without the presence of Management was convened in 2019.

Principle 4: Board Membership

NC Composition and Role (Provisions 4.1 and 4.2)
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 examine the Board size, review all Board and Board Committee composition and membership, succession plans for the Directors (including the Board Chairman) and the KMP, 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 re-appointments of Directors (including alternate directors, if any) and the reasons for resignations and terminations of Directors and the KMP, review and confirm the induction programmes 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. One NC meeting was held in 2019. The Company Secretaries maintain 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.

Succession Planning for the Board, the Board Chairman and KMP (Provision 4.1)
The Board believes in carrying out succession planning for itself, the Board Chairman and the KMP to ensure continuity of leadership. Board renewal is a continuing process and, in this regard, the NC reviews the composition of the Board and the Board Committees, 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. The NC also conducts annual review on the succession planning to ensure continuity of leadership for the KMP.

As part of the on-going Board renewal process, Mr Tan Eng Kwee was appointed a NED and a member of the Exco on 8 January 2019. In recommending Mr Tan's appointment to the Board, the NC took into consideration his qualifications and in-depth working experience garnered from the senior management positions he had held throughout his career. Further information on Mr Tan can be found on page 8 of this AR. Mr Hoh Weng Ming also stepped down as a NED on 6 December 2019 so as to achieve a majority of IDs on the Board.

Re-nomination of Directors and Determination of Independence (Provisions 4.3 and 4.4)
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 having regard to the provisions in the applicable Rule 210(5)(d) of the Listing Manual and the guidelines for independence set out in Provision 2.1 of the 2018 Code. 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, Ms Loo Hwee Fang and Mr Andrew Goh Kia Teck will be retiring by way of rotation at the forthcoming AGM ("2020 AGM"). The retiring Directors being eligible, have offered themselves for re-election. Detailed information on the Directors who are proposed to be re-elected at the 2020 AGM can be found under the sections on 'Board of Directors' and 'Additional Information on Directors Seeking Re-election at the 57th Annual General Meeting' of the AR.

Criteria and Process for Nomination and Selection of New Directors (Provision 4.3)
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 ID; 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).

Key Information on Directors (Provision 4.5)
Please refer to the 'Board of Directors' section in the AR for key information on the Directors including their date of first appointment and latest re-election to the Board, their academic/professional qualifications, directorships held in listed companies and principal commitments for both current and in the preceding five years and other relevant information; 'Notice of Annual General Meeting' and the 'Additional Information on Directors Seeking Re-election at the 57th Annual General Meeting' for information on Directors proposed for re-election at the 2020 AGM.

Board Development (Provision 4.5)
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 2019 are set out in the paragraph above under the subject heading 'Board Orientation and Training (Provision 1.2)'.

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 (Provision 5.1)
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 the Board Chairman and the individual Director's performance comprises two parts: (a) the background information concerning the Director including his or her 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 (Provision 5.2)
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 (Provision 5.2)
Factors taken into account in the assessment of a Director's performance include his or her abilities and competencies, his or her objectivity and the level of participation at Board and, where applicable, Board Committee meetings including his or her contribution to Board processes and the business strategies and performance of the Company. The performance evaluation of each Director is taken into account in the NC's consideration with regard to his or her re-appointment as a Director.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

RC Composition and Role (Provisions 6.1, 6.2, 6.3 and 6.4)
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 KMP.

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the KMP. The Company has identified its CFO as its only KMP. The General Manager – Asset Management (China) previously identified also as a KMP resigned in January 2020. On an annual basis, the RC reviews and approves the specific remuneration packages for the Directors and the KMP including annual increments and year-end bonuses to be granted to the KMP. The KMP's contract of service which has 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 2019. The Company Secretaries maintain 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 7: Level and Mix of Remuneration

Remuneration of Directors and KMP (Provisions 7.1, 7.2 and 7.3)
The Company currently does not have any Chief Executive Officer or 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 or her 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 FY 2019 is set out as follows:

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 Company advocates a performance-based remuneration framework that is flexible and responsive to the market and the performance of the Company and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate finding a balance between the current and longer term objectives of the Company.

Based on the remuneration framework, 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 determining the fixed and variable component for the KMP, the RC considers the KMP's individual performance and 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 exercises its discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The overall level of remuneration is not considered to be at a level which is likely to promote behavior contrary to the Company's risk profile.

Principle 8: Disclosure of Remuneration

Disclosure of Remuneration (Provisions 8.1(a) and 8.3)
The compensation packages for the employees including 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), taking into account amongst other factors, the individual's performance, the economic climate, market conditions and financial position of the Company.

There were no termination, retirement or post-employment benefits granted to any Director or KMP in 2019.

Directors' Remuneration for FY 2019 (Provision 8.1(a))
All the Directors of the Company are NEDs. Details of the Board and Board Committee fees for FY 2019 (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. Ms Loo Hwee Fang	43,000
3. Mr Andrew Goh Kia Teck	63,000
4. Mr Goh Kian Chee	41,000
5. Mr Tan Eng Kwee [b]	15,000
6. Mr Hoh Weng Ming [c]	14,000

Notes:

(a) These fees comprise Board and Board Committee fees for FY 2019, which are subject to approval by shareholders as a lump sum at the 2020 AGM.

(b) Mr Tan Eng Kwee was appointed as a NED and as a member of the Exco on 8 January 2019.

(c) Mr Hoh Weng Ming resigned as a NED on 6 December 2019.

None of the Directors receive any other remuneration in FY 2019 other than the Board and Board Committee fees.

Remuneration of KMP (not being a Director or Chief Executive Officer) for FY 2019 (Provisions 8.1(b) and 8.3)
The Company does not have a Chief Executive Officer. For FY 2019, the Company identified Ms Foo Yang Hym, the CFO and Mr Yam Kit Sung, the General Manager – Asset Management (China) as its KMP. Mr Yam had resigned as the General Manager – Asset Management (China) in January 2020.

The KMP's remuneration for FY 2019 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	92	8	–	100

Notes:

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 2019 (Provision 8.2)
There are no employees of the Company who are substantial shareholders of the Company or immediate family members of a Director, and whose remuneration exceeds $100,000 during the year.

Share Option Scheme (Provision 8.3)
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 48 and 49 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.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and 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 officers and employees of the Group and 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.

Oversight of Risk Management (Provision 9.1)
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 during the year under review were provided to the ARC by Management.

Assurances from the KMP (Provision 9.2)
Written assurance was received from the CFO, being the only KMP of the Company:

(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 auditors, EA and Management, who provide regular updates to the ARC.

Based on the work performed by the internal auditors during the financial year, as well as the statutory audit by the EA, Ernst & Young LLP ("EY"), and the written assurance from the KMP, 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 2019 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 10: Audit Committee

Composition of ARC (Provisions 10.2 and 10.3)
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.

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.

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. 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.

Powers and Duties of the ARC (Provisions 10.1 and 10.5)
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 Group's internal controls including financial, operational, compliance and IT controls and report to the Board;

- review the assurance provided by the CFO, in the absence of a Chief Executive Officer, that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's and the Group's operations and financial position;

- to review the adequacy, effectiveness, independence, scope and results of the internal audit ("IA") function;

- to review annually the adequacy, effectiveness, 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 and terms of engagement of the EA;

- to provide oversight of the Group's risk management matters, in relation to the adequacy and effectiveness of the established risk management framework;

- 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;

- to oversee the establishment and operation of the whistle-blowing process in the Group; and

- to provide oversight on the Group's compliance relating to sustainability governance and reporting issues.

In the review of the financial statements for FY 2019, 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**
Recoverable Amount of Development Property	Management engaged an external independent professional valuer (the "Valuer") to perform a valuation of the estimated market value of the development property at Melaka, Malaysia ("Estimated Market Value"). The ARC reviewed the valuation method and key assumptions used by the Valuer in evaluating the Estimated Market Value. The ARC also compared the Estimated Market Value with the carrying amount recorded in the accounts. The ARC received the report from the EA, who was assisted by their internal valuation specialist. This report presented the assessment of the Estimated Market Value for the ARC to form a view on the appropriateness of the carrying value of the said 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.

The ARC held four meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretaries maintain records of all ARC meetings including records of discussions on key deliberations and decisions taken. The ARC meets with the internal auditors 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.

External Auditors (Provisions 10.1(d) and 10.1(e))
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 2019.

In determining the independence of EY, the ARC reviewed the Group's relationship with EY and considered and approved 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 2019, 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 21 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 2019.

In reviewing the nomination of EY for re-appointment as the Company's EA for the financial year ending 31 December 2020, 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 Manual 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 2020 AGM.

Disclosure of Interested Person Transactions (Rule 907 of the Listing Manual)
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 Manual, than those extended to or received from unrelated third parties under similar circumstances.

For FY 2019, there were no interested person transactions which require disclosure in this AR under Rule 907 of the Listing Manual. The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

Whistle-blowing Policy (Provision 10.1(f))
HLGE has in place a whistle-blowing policy where officers and employees of the Group and 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. 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.

In order to facilitate and encourage the reporting of such matters, the whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address as well as telephone contact numbers) are available on the Company's website and is easily accessible by all employees of the Group and other persons.

The whistle-blowing policy is reviewed by the ARC from time to time to ensure that it remains current. For more information on the said policy, please refer to the Company's website at www.hlge.com.sg.

Internal Audit (Provisions 10.4 and 10.5)
The primary role of the IA function 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 2019 in respect of the Group's hospitality operations in Malaysia, namely Copthorne Hotel Cameron Highlands was outsourced to Crowe Governance Sdn Bhd ("Crowe Governance").

The ARC reviews the IA plan 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 Copthorne Hotel Cameron Highlands. 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 plan 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 Secretaries.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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.

General Meetings (Provisions 11.1, 11.2 and 11.3)
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.

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.

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 concerning 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 2020 AGM to assist the Directors in addressing queries raised by the shareholders.

Voting at General Meetings (Provision 11.4)
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 Manual, all resolutions proposed at the 2020 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 2020 AGM. The rules including voting procedures that govern general meetings of shareholders are set out within the notice of the 2020 AGM.

Minutes of General Meetings (Provision 11.5)
The Company also maintains minutes of its general meetings, which includes the key comments and queries raised by shareholders and the responses from the Board, Management and/or the EA. The minutes of the general meetings are available on the Company's website, and the Company will also furnish the minutes of the general meetings to any shareholder upon request.

Dividend Policy (Provision 11.6)
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.

Principle 12: Engagement with Shareholders

The Board provided shareholders with quarterly and annual financial results for FY 2019. Results for the first three quarters were released to shareholders *via* SGXNET within 45 days of the end of each quarter whilst the annual results were released within 60 days from the financial year end. In presenting the Group's financial 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 KMP provided assurance to the ARC and the Board on the integrity of the quarterly unaudited financial statements of the Group. 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 2019 in accordance with the regulatory requirements.

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 financial 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.

Shareholder Communication (Provision 12.1)
Shareholders and investors can contact the Company or access information on the Company at its website at www.hlge.com.sg which provides, *inter alia*, information on the Board, the Company's Annual Reports, corporate announcements and financial results as released by the Company on SGXNET, matters relating to the Company's AGM and minutes of general meetings, and other information which may be relevant to investors.

Investor Relations Policy (Provisions 12.2 and 12.3)
The Company aims to build investor confidence and trust through effective open, two-way communication with shareholders and the investment community. The Company has adopted an Investor Relations ("IR") Policy and is available on the Company's corporate website (www.hlge.com.sg). The IR Policy sets out the process and mechanism to engage with its stakeholders, including the channel of communication through which shareholders and investors may pose queries and through which the Company may respond. The IR Policy outlines the principles and framework in which the Company communicates and engages with investors and other IR stakeholders to provide balanced, clear and pertinent information.

MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company has arrangements in place to and has identified its stakeholders and engage with them through a variety of channels (including *via* the Company's corporate website) in order to determine the ESG issues that are important to them. The material ESG issues including the approach towards addressing the impacts and gaps identified are reviewed by Management and reported to the ARC and the Board for approval before they are published annually in the Company's Sustainability Report. Further information on the Company's approach to stakeholder engagement and its materiality assessment of the ESG issues can be found on pages 36 and 37 of the AR.

Corporate Values and Conduct of Business

The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. 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" as defined in the Listing Manual in relation to the release of the Company's financial results announcement. 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.

18 March 2020

Statement by the Board of Directors

We are in the third year of our sustainability-reporting journey. As we progress, we have set in place a process to systematically review our business practices to assess the impact on stakeholders who may be affected by its activities, or whose actions can affect the ability of the Group to conduct its activities. Sustainability is essential to our operations and being a valued and respected corporate citizen, our focus on sustainability will create long-term value for our stakeholders.

The Board has set the strategy and direction for sustainability management through upholding high standards of governance across our value chain, promoting ethical and responsible business practices, prudent financial management, maintaining high standards of health and safety, managing environmental impact, efficient utilisation of resources, and engaging communities we operate in.

The Board drives the Group's sustainability direction and the Sustainability Committee assists the Board in carrying out all its sustainability efforts to continually identify, evaluate, monitor, manage and address environmental, social and governance ("ESG") factors material to our business. Due to the recent outbreak of Covid-19, we have taken various measures to safeguard the health and safety of our employees and guests, as well as activated our Business Continuity Plan to mitigate any challenges from any business disruption.

As sustainability is a journey that takes constant effort, we look forward to your continued support in creating a sustainable future for generations to come.

About This Report

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option, and complies with the SGX requirements on sustainability reporting.

Information contained in this report reflects the sustainability progress of the Group's principal business operation, Copthorne Hotel in Cameron Highlands, Malaysia ("the Hotel"), from 1 January 2019 to 31 December 2019, unless otherwise specified. The 2018 Sustainability Report was issued in April 2019, we will continue to publish our progress on an annual basis.

A historical comparison to the previous years has also been presented where information is available. There is no significant change to the organization's size, structure, ownership, or supply chain during the year.

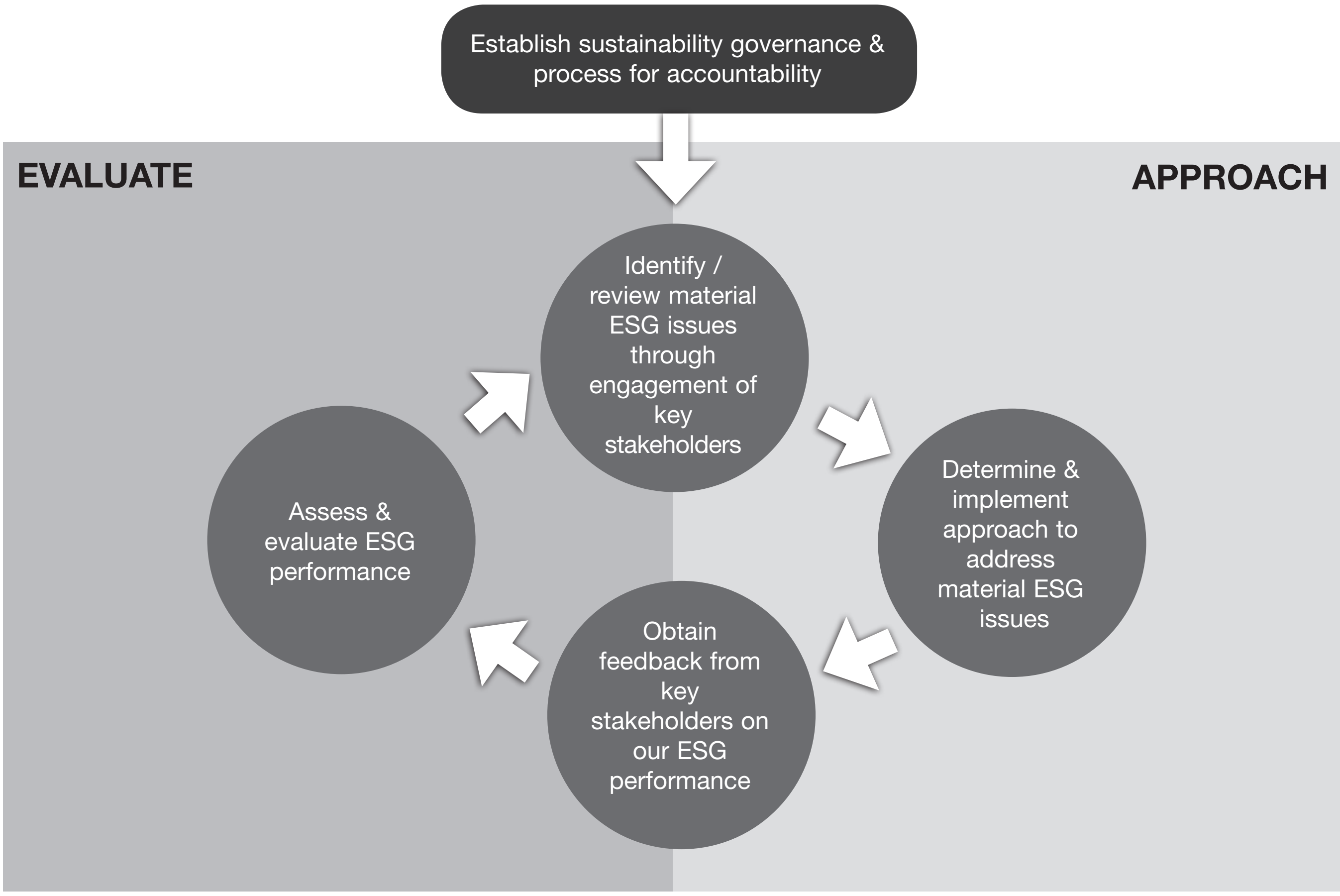
We welcome your feedback on this report as we continue our journey to improve our sustainability data collection systems, reporting and practices. All sustainability related queries can be sent to sustainability@hlge.com.sg.

Sustainability Framework and Governance

As a means to ensure reliability, adequacy and effectiveness of the internal controls and risk management processes over our sustainability practices and reporting aspects, the Group has developed a framework to formalise the oversight procedures (Figure 1). We established the Sustainability Committee to identify the material ESG issues and manage them, including target setting and reporting.

[1] *The reporting entity is HL Global Enterprises Limited ("HLGE") and "the Group" refers to Copthorne Hotel in Cameron Highlands, Malaysia, which is the principle business operation of the Group.*

Figure 1: Sustainability Framework



On a quarterly basis, the Sustainability Committee provides a progress update on performance to the Audit and Risk Committee ("ARC"), and makes recommendations to improve the sustainability of the business. The ARC evaluates and reviews the processes and performance annually and ensures that all requirements for sustainability compliance are met before reporting to the Board. The ARC also assists the Board in considering sustainability issues as part of its strategy formulation of the Group (Figure 2).

Figure 2: Sustainability Governance Structure

The Group's Key Stakeholders and Materiality Assessment Process

Key Stakeholders

The main purpose of any business is to create value for its shareholders. Value is commonly generated by providing products and services to customers, and this is supported by employees and suppliers of the business. The impact of the business on these stakeholders and the local communities affected is often managed by regulations from the government. The Group's business is typical of such a model. Therefore, our key stakeholders are identified as shareholders, guests, employees, government agencies, and suppliers.

Understanding issues affecting our relationships with our key stakeholders is important for the business to create value.

Materiality Assessment

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: Material Assessment Process

Education	• Awareness session for senior management and Heads of Departments, to equip them with knowledge on sustainability, SGX sustainability reporting requirements and GRI Standards reporting framework
Research	• Peer benchmarking review was done to identify a broad range of potential and relevant sustainability issues, key stakeholder groups as well as observing good reporting practices
Corroboration	• Interviews with senior management to obtain feedback on potential sustainability issues, as well as tapping on their engagement with external stakeholders
Prioritisation	• Ranking of sustainability issues by senior management, in alignment to HLGE's business focus and strategy

A universe of twenty eight 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.

This year, the Sustainability Committee reviewed the ESG issues and validated that the material issues identified and determined in 2017, remain unchanged for the current reporting period (Table 1). Our Sustainability Report centres on the management's approach towards addressing our material ESG issues within the boundaries of the key stakeholder impacts, including gaps identified and our plans to address them.

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

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 Wellness and 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	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 proactively engage them both positively and regularly.	• Regulatory and 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 and Safety

Our Business Environment

Ethical Conduct and Anti-Corruption

Management Approach

To ensure the accountability of the Group to its shareholders, we conduct business with the highest ethical standard and have zero tolerance towards fraud, corruption, bribery and money laundering. We have in place Code of Conduct ("COC") for our employees, and we expect our employees to be exemplary in maintaining high level of professionalism and ethical behaviour when conducting the Hotel's operations.

[2] *Refer to the Corporate Governance Report in the Annual Report for further details on risk management and internal controls disclosed under Principle 9.*

The COC is available to our employees, who are required to agree with it on joining the Group and make annual declarations that they have abided by the COC during the year. The policy governs aspects including avoiding potential conflicts of interests, compliance with legal and regulatory provisions and ensuring a proper system of internal controls within the organisation. Any breaches or misconduct with the COC may result in termination of the employee. This policy is managed and reviewed periodically by the Human Resource ("HR") Department and approved by Chief Financial Officer.

The Hotel has a similar Code of Business Conduct ("COBC") for suppliers which is managed by the Procurement Department for all existing and potential suppliers. The Group has in place a whistle-blowing policy[3], overseen by the ARC, where employees, suppliers or any other persons can raise, in confidence, concerns about possible improprieties in matters relating to financial reporting, or other malpractices and misconduct.

Performance

In 2019, despite our best efforts in reinforcing zero-tolerance policy to unethical behaviour within the organisation, there was one confirmed incident where an employee was determined to have breached the ethical requirements of the Hotel following an internal investigation. The employee resigned before any disciplinary action had been taken. The Hotel reported the matter to the relevant law enforcement agency.

Save as disclosed, there has been no other confirmed incident of unethical business conduct involving our employees and business partners, and no legal cases have been brought against HLGE, the Hotel or any employees for any such incidents in 2019.

Notwithstanding, in the upcoming year, we plan to reinforce awareness programmes on ethical conduct and anti-corruption. In line with the new Malaysian law on liability of corporations and directors regarding corrupt practices concerning employees, which will take effect in June 2020, policies and procedures on the subject matter will be strengthened to ensure that a more robust framework is in place to handle unethical conduct of employees.

In upholding high standards of ethics and integrity across our value chain, we continue to increase our efforts in driving the awareness of COBC which we have developed for our suppliers and contractors of the Hotel. In this respect, we have progressively engaged with our suppliers and contractors and communicated with them the importance of complying with the COBC and any other applicable regulations when dealing with us. As at 31 December 2019, we have communicated with about 70% of our active suppliers, out of which 76% have formally acknowledged the COBC, we will continue with this effort in 2020.

With the increased awareness of our ethical conduct requirements on our employees, suppliers and contractors, we target to maintain the good governance at HLGE.

There have been no cases of legal actions for non-competitive behaviour, anti-trust and monopoly practices in 2019.

[3] *Refer to the Corporate Governance Report in the Annual Report for further details on the Group's whistle-blowing policy and procedures disclosed under Principle 10.*

***Enterprise Risk Management*[2]**

Enterprise Risk Management ("ERM") is vital to the Group and it forms an integral part of the Hotel's operation. We regularly assess the risks to which the operation is exposed to in order to meet the Group's objectives and strategies. The Group has a risk management and internal control system of which the Board of Directors is ultimately responsible over its effectiveness and integrity. The Board is supported by the Risk Management Committee. Details on risk management and internal controls are disclosed under Principle 9 of the Corporate Governance Report.

Regulatory and Environmental Compliance

Management Approach

Compliance with government and local authority regulatory requirements is critical in maintaining the licence 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 CFO and Hotel's Management as and when there are significant regulatory changes.

Through the COBC for suppliers, the Hotel communicates to our business partners and vendors the importance for them to comply with regulations when dealing with us.

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.

Understanding Our Guests' Needs

Service Quality and Guest Experience

Management Approach

The core of the Hotel's business revolves around providing our guests with quality services and amenities for an enjoyable experience. The ability to provide quality services to meet our guests' demands and expectations requires a concerted effort from various departments. The HODs in the Front Office, Housekeeping and Food & Beverage ("F&B") are in-charge of ensuring that our guests are well taken care of on arrival until the end of their stay. Benchmarks were set by the HODs in consultation with the Hotel General Manager on delivering quality products and services to achieve a high level of guest satisfaction.

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, when our guests check-out, as well as from the Online Travel Agent ("OTA") portals. We monitor our guests' feedback on a daily basis at our morning briefings led by the Hotel General Manager and attended by the HODs and this enables the relevant departments to respond and act promptly to address areas of concern and to implement action plans to prevent recurrence.

Commendation letters are issued to employees who have received compliments from guests as a way to motivate the employees to constantly strive for service excellence. Employee trainings are refreshed and/or processes reinforced to at least meet our guests' expectations based on those feedbacks.

Performance

We strive to provide quality services to our guests from start to end. The most common compliment from our guests is our Hotel staff of being friendly, polite and helpful. Other positive comments include good location, great view and spacious room.

We use a third-party service provider to compile and analyse ratings from OTA such as Agoda, TripAdvisor and Booking.com. We consistently scored good ratings monthly during the periods under review and achieved the internal benchmark set for guests' satisfaction. The Hotel was awarded as a top choice of Agoda travelers in 2019 and was given the 2019 Gold Circle Award by Agoda.

Notwithstanding, there were some constructive feedbacks received from our guests in the areas of maintenance and some of the aging facilities. We take feedback seriously and incorporate the suggestions where feasible into our improvement and upgrade programmes, which are currently on-going and carried out in phases into 2020. This includes, inter alia, the upgrading of the Hotel's lift facilities, renovation of superior rooms and painting of exterior walls.

For those third party apartment units managed by the Hotel, we will increase the frequency of engagement with the unit owners to ensure continuous improvements to meet our guests' expectations.

In December 2019, we organised a charity programme called Copthorne Magical Bears and let our guests to be part of this meaningful activity to give back to the society, whereby the entire proceeds are donated to The National Autism Society of Malaysia. We plan to organise more of such activities in 2020 to enhance the experience of our guests when staying in our Hotel, and at the same time also engage with surrounding communities where we operate in through such social initiatives.

As we endeavour to further enhance our customer services, we will roll out a new electronic system in 2020 to invite guests to provide feedback of their stay and make requests on hotel's services during their stay via a QR code using their mobile phone for immediate action by the Hotel operation. In addition, such system with built-in artificial intelligence will be used by the maintenance team to speed up the response time and keep track of each upkeep until completion.

We strive to continuously improve our customer services, our guests' satisfaction and our public ratings year-on-year as we recognise that it is a crucial way to safeguard the sustainability of the Hotel's business.

Guest Wellness and Safety

Management Approach

As the well-being and safety of our guests are our top priorities, we constantly promote a strong safety culture in our Hotel. Our security team, which is under the Safety & Security ("SS") Department, works round the clock to ensure the highest standard of safety and security for our guests, our employees and visitors. Daily routine and unscheduled security patrols are carried out, anything out of the ordinary is reported to the SS Manager who will decide whether any action is needed or requires immediate escalation to the Manager on duty ("Duty Manager"). Non-urgent matters are reported to the Management team at the daily morning briefings.

The Duty Manager conducts daily inspections to ensure the facilities around the Hotel are functioning properly, as well as spot checks on guest rooms randomly to determine everything is in working order.

In addition to the regular on-site inspections, our SS Department's works include ensuring compliance with local rules and regulations, identification of health and safety risks and the corresponding mitigating actions, as well as organising and providing health and safety trainings for our employees.

Our Safety Committee is headed by the Hotel General Manager and members comprise HODs and a staff representative from each department. The Engineering Department is responsible for the proper functioning of the Hotel's facilities, while the F&B Department maintains the strictest standard and quality requirements on food and drinks served to guests at the Hotel. Any guest feedback is attended to immediately.

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 is committed to ensuring that we are compliant with all requirements.

Looking After Our People

Fair Employment Practices

Management Approach

Employees are essential to our value chain and to the success of the Group. As a responsible corporate citizen, we treat all our employees equally and fairly. We provide opportunities to qualified employees, based on their merits, competency, experience and other relevant qualities, for their career development within the organisation. While we recongized that employees leave an organisation for various reasons, we strive to retain high-performing employees to progress with the business and to continuously keep our people motivated, as motivated employees tend to achieve more.

We recognise the importance of working diversity as it promotes innovation and sustainability, which are critical to respond to the evolving needs of guests and markets. We are committed to building a workforce and workplace that nurture inclusion, equality and respect for all. Our COC for Employees clearly states our commitment to respecting everyone in our culturally diverse workforce. This document is agreed by all employees at the beginning of their employment and is acknowledged annually. We do not practice discrimination in our recruitment, training and career opportunities.

There is an annual appraisal for all permanent employees to determine salary adjustment, promotion or identify their career development path. On a bi-monthly basis, each department nominates an employee of the month, and on annual basis a STAR employee for the year will be selected. Commendation letters will also be written to the employees who have been given special mention by guests in their feedback.

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 3 to 6 months.

We strive to maintain healthy relations with our employees. Dialogue between management and employees is integral to our work practices. Employees are encouraged to voice any concerns and feedback in a timely manner to the Management, either directly or through their supervisors, HODs, during annual appraisals, or anonymously through the “Staff Suggestion Box”. For more serious grievances, our employees can use the whistle-blowing channel.

The HR Department along with the senior management team are responsible for creating a positive working environment for our employees. We acknowledge that the sustainability of our business is highly dependent on strong human capital. Training and development programmes are essential to increase the work knowledge and skills of employees at each level and in building a pool of employees who can develop into management roles as part of the business’ succession plan. This process also contributes to the long-term growth of our business.

Training is provided to employees and trainees based on observations by HODs as well as feedback from guests on aspects of the Hotel that can be improved. Our employees can also suggest to their supervisors on the trainings they would like to attend, are relevant to their work or which are part of their career development plans. Trainings are largely conducted onsite by HODs with relevant expertise or external consultants engaged to come on-site, and there are also occasions where our employees visit external training sites.

Performance

As at the end of 2019, the Hotel employed 208 employees (Table 2), all of whom were working full-time with 78% on a permanent contract, while the balance of 22% were employees on employment contract for period between 3 to 6 months. 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. However, the headcount has remained stable during the year at less than 3% variance from the previous year.

There is no trade union and hence none of the employees are covered by collective bargaining agreement.

During the year, we organised more than 260 training sessions, equivalent to 2,650 hours. The training encompassed, inter alia, areas such as health and safety, service/product knowledge, housekeeping, security and process control improvements, as well as induction and orientation for all new employees.

Training brings about benefits to not just the Hotel but also to the career growth and motivation of our employees. Therefore in the coming year, we will continue to invest in human capital by providing professional trainings in various skill sets for staff development. We endeavour to keep up on the amount of relevant training we provide to employees and remain open to training topics which our staff may propose to their supervisors.

Despite challenging business environment faced by the Hotel, we held an annual dinner for our employees in November 2019 in appreciation to their invaluable contributions and continued commitments. 5 employees, who have served the Hotel for periods ranging from 10 to 15 years, received their long service awards, 25 employees received their healthy awards, and an employee was awarded STAR employee of the year.

Table 2: Employee Profile and Movement at Copthorne Hotel Cameron Highlands

Employee Profile			
Employment type	**Male**	**Female**	**Total**
Permanent	99	64	163
Temporary	26	19	45
	125	**83**	**208**

	New Hires				Departures			
Age Group	**Male**	**Rate[4]**	**Female**	**Rate[4]**	**Male**	**Rate[4]**	**Female**	**Rate[4]**
<30	120	57.7%	74	35.6%	114	54.8%	76	36.5%
30-50	7	3.4%	2	1.0%	4	1.9%	3	1.4%
>50	1	0.5%	1	0.5%	2	1.0%	1	0.5%
	128		**77**		**120**		**80**	

Employee Health and Safety

Management 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. Ensuring that our employees are working in a healthy and safe environment is very important to the Hotel. Preventive and mitigation measures are crucial in safeguarding the health and safety of our employees.

The SS 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. Training and refresher training on health and safety using manuals and work instructions are periodically conducted by SS Department.

The Group has a zero-tolerance policy on accidents and every incident, regardless of whether anyone was injured, or whether the party is an employee, contractor, visitor or guest, is reported to the SS Manager for investigation on the cause and details of the incident. The report is then submitted to the Hotel General Manager. Where corrective actions are required, recommendations will be put forth to the Safety Committee.

[4] *The rates of new employee hires and employee turnover are calculated using the total employee numbers at the end of the reporting period.*

High-consequence work-related injuries are very 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. Wearing the correct personal protective equipment ("PPE") is a major part in mitigating both health and safety risks, especially for those employees involved in maintenance works of the Hotel. Any employee caught not wearing the appropriate PPE when performing tasks in specific areas is first given a warning. Repeat offenders face disciplinary actions including termination of employment.

Performance

For the financial year ended 31 December 2019, we are pleased to report that we have zero recordable work-related injuries. There were no accidents involving our employees, contractors or visitors. There were also no fatalities or occupational diseases reported during the year under review.

We have successfully implemented the Systematic Occupational Health Enhancement Level Program ("SoHelp") during the year and achieved level 5 "Excellent" rating given by the State Department of Occupational Safety and Health. Under this program, physical evaluation and training were conducted, and we put in place best practices for our employees in the areas of ergonomic, chemical and noise.

Health and safety remain key focus areas for the Hotel. We are committed to providing a safe environment and healthy workplace for our employees and continue to make great efforts to increase awareness of our practices through training and regular communication to employees and contractors.

Engaging Our Suppliers and Contractors

Management Approach

The Hotel's purchases mainly consist of daily purchases of replenishment for our F&B outlets, hotel building maintenance and housekeeping, as well as electrical upgrades and energy supplies. Most of the Hotel's supplies and services are sourced from areas near the Hotel such as Cameron Highlands and Ipoh, and some from Kuala Lumpur. Coordination with our suppliers and contractors is critical in order to ensure that our Hotel operates smoothly.

To maintain a high level of product service and quality for our guests, we evaluate our vendors on a quarterly 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 or services. The selection of vendors for evaluation is based on the value of supplies in the preceding quarter and feedback from the aforementioned departments. Vendors given a poor rating will be issued with either verbal warnings on the improvement areas, or written termination letters if no corrective actions were taken.

We have in place the COBC for dealing with vendors and we expect all our vendors to behave in an ethical manner and comply with our COBC as well as local laws and regulations.

Performance

During the reporting period, majority of the Hotel's vendors achieved the required rating in our quarterly evaluations, and there were no vendors under close monitoring. Notwithstanding, we will continue to engage with our vendors regularly on areas relating to quality of supplies and services, as well as commitment to health and safety.

Managing the supply chain is an important part of our operation to provide our guests with a good experience at our Hotel. We aim to build and sustain good and long-term mutually beneficial relationships with our suppliers, contractors and business partners along our value chain, this would ensure minimal disruption to the Hotel's operation, hence reduce operational risk and cost as well as strengthening our commercial positioning.

As a responsible corporate citizen, we will continue to work towards responsible sourcing in our procurement practices and more initiatives will be implemented in the coming years to minimise the impact of our operation to the Mother Nature. In this respect, our initiatives included stopping serving shark fin in all our Hotel's outlets many years ago, using toilet rolls made from recycled or eco-friendly materials, reducing the use of disposable plastic shampoo and shower gel bottles, refilling cartridges for liquid dispenser units with biodegradable material, paraben-free body care products and sourcing of IT equipment with certain eco certifications or labelling.

Moving Forward

Since we started the sustainability reporting in 2017, we have successfully created a sustainable development culture within the Group and with our other stakeholders. Monitoring our sustainability practices has been beneficial as it helps to quantify the actions that we have taken as a form of measuring the level of the Group's sustainable development.

We are committed to embedding sustainability considerations in all aspects of our operations. We endeavour to continuously advance in our sustainability reporting to track the sustainable growth of our business, and improve our processes by setting targets and achieving them.

18 March 2020

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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 2019.

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 2019 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
Tan Eng Kwee
Loo Hwee Fang
Andrew Goh Kia Teck
Goh Kian Chee

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 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:

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

The ARC performed its functions in accordance with its terms of reference which include those specified in the Act, the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") and the Code of Corporate Governance 2018.

In the performance of its functions, the ARC met with the Company's internal and external auditors, and reviewed their audit plans as well as the scope and results of their examination and their evaluation of the Company's system of internal controls.

Audit and Risk Committee (continued)

The ARC also reviewed, *inter alia*, 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
- the nature and level of audit and non-audit fees of the external auditor.

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 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
18 March 2020

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 2019, 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 2019 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 this matter. For this matter, 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)

Recoverable amount of development property

As at 31 December 2019, the Group has development properties amounting to $3,422,000 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 Melaka, Malaysia with carrying amount of $3,408,000, to be a key audit matter as the development is at its initial phase and work has been suspended since 1998. Thus, management is required to exercise judgement in estimating the net realisable value at the financial year end of 31 December 2019. In ascertaining the net realisable value, management engaged an external independent professional valuer to perform a valuation of the estimated market value.

Our audit procedures included, amongst others, discussion with management to understand their considerations and basis in assessing the recoverable amount of the uncompleted development property. In addition, we have considered the objectivity, independence and expertise of the external valuer. We inquired the external valuer to obtain an understanding of their valuation methodologies. 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 matter in notes 12 and 25 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.

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.

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

Responsibilities of Management and Directors for the Financial Statements (continued)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

- 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 matter communicated with the directors, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe this matter 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
18 March 2020

BALANCE SHEETS

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Property, plant and equipment	3	**16,604**	17,314	**4**	5
Investment property	4	**1,930**	2,011	**–**	–
Subsidiaries	5	**–**	–	**40,425**	39,397
Associate	6	**57**	58	**–**	–
Joint ventures	7	**525**	524	**–**	–
Right-of-use assets	9	**245**	–	**177**	–
Deferred tax asset	10	**215**	199	**–**	–
Other receivables	8	**87**	83	**22**	22
		19,663	20,189	**40,628**	39,424
Current assets					
Inventories	11	**94**	105	**–**	–
Development properties	12	**3,422**	4,025	**–**	–
Trade and other receivables	8	**971**	1,150	**468**	290
Prepayment		**46**	59	**21**	22
Cash and bank balances	13	**56,875**	62,730	**37,807**	48,120
		61,408	68,069	**38,296**	48,432
Total assets		**81,071**	88,258	**78,924**	87,856
Equity					
Share capital	14	**129,793**	129,793	**129,793**	129,793
Equity capital contributed by parent	14	**3,980**	3,980	**3,980**	3,980
Reserves	15	**(55,710)**	(56,518)	**(56,120)**	(57,806)
Total equity attributable to owners of the Company		**78,063**	77,255	**77,653**	75,967
Non-current liabilities					
Other payables	16	**–**	–	**–**	3,022
Lease liabilities	9	**113**	–	**83**	–
Deferred tax liability	10	**28**	28	**–**	–
		141	28	**83**	3,022
Current liabilities					
Trade and other payables	16	**2,653**	10,915	**1,015**	8,806
Lease liabilities	9	**138**	–	**98**	–
Current tax payable		**76**	60	**75**	61
		2,867	10,975	**1,188**	8,867
Total liabilities		**3,008**	11,003	**1,271**	11,889
Total equity and liabilities		**81,071**	88,258	**78,924**	87,856

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 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	17	**7,064**	10,744
Cost of sales		**(3,825)**	(5,377)
Gross profit		**3,239**	5,367
Other income	18	**1,402**	1,635
Selling and marketing expenses		**(236)**	(211)
Administrative expenses		**(473)**	(541)
Finance costs	19	**(10)**	(82)
Other expenses		**(3,115)**	(4,752)
Share of results of associate (net of tax)	6	**(1)**	#
Share of results of joint ventures (net of tax)	7	**178**	168
Profit before tax		**984**	1,584
Income tax (expense)/credit	20	**(104)**	81
Profit for the year attributable to owners of the Company	21	**880**	1,665
Earnings per share (cents per share)			
- Basic	22	**0.94**	1.77
- Diluted	22	**N.A.***	1.77

Less than $1,000
* N.A. – Not applicable

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Group	
	2019	**2018**
	$'000	**$'000**
Profit for the year	**880**	1,665
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	**(72)**	(45)
Other comprehensive loss for the year, net of tax	**(72)**	(45)
Total comprehensive income for the year attributable to owners of the Company	**808**	1,620

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 2019

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	Total equity attributable to owners of the Company $'000
At 1 January 2019	**129,793**	**3,980**	**–**	**8,529**	**(192)**	**382**	**(65,237)**	**77,255**
Profit for the year	–	–	–	–	–	–	880	880
Other comprehensive loss, net of tax								
Foreign currency translation differences for foreign operations	–	–	–	–	–	(72)	–	(72)
Total comprehensive (loss)/ income for the year, net of tax	–	–	–	–	–	(72)	880	808
At 31 December 2019	**129,793**	**3,980**	**–**	**8,529**	**(192)**	**310**	**(64,357)**	**78,063**

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 2019

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	Total equity attributable to owners of the Company $'000
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
Other comprehensive loss, net of tax								
Foreign currency translation differences for foreign operations	–	–	–	–	–	(45)	–	(45)
Total comprehensive (loss)/ income for the year, net of tax	–	–	–	–	–	(45)	1,665	1,620
Others								
Dividend paid to ordinary shareholders and holders of non-redeemable convertible cumulative preference shares ("NCCPS")	–	–	–	–	–	–	(2,893)	(2,893)
Contribution by owners								
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 2019

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 2019	**129,793**	**3,980**	**–**	**12,471**	**(70,277)**	**75,967**
Profit for the year, representing total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,686**	**1,686**
At 31 December 2019	**129,793**	**3,980**	**–**	**12,471**	**(68,591)**	**77,653**
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

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Group	
	2019	**2018**
	$'000	**$'000**
Operating activities		
Profit before tax	**984**	1,584
Adjustments for:		
Bad debts written off	**–**	1
Depreciation of property, plant and equipment	**880**	910
Depreciation of investment property	**75**	76
Depreciation of right-of-use assets	**141**	–
Impairment loss on trade receivables	**–**	6
Impairment loss on other receivables	**49**	–
Interest expense	**–**	82
Interest expense related to lease liabilities	**10**	–
Interest income	**(1,020)**	(864)
Gain on disposal of property, plant and equipment	**–**	(3)
Provision for impairment of development properties	**600**	–
Share of results of associate (net of tax)	**1**	#
Share of results of joint ventures (net of tax)	**(178)**	(168)
Unrealised currency exchange losses/(gains) - net	**43**	(184)
Write-back of impairment on other receivables	**(1)**	(22)
Write-back of provision for maintenance fee	**(412)**	–
Operating cash flows before changes in working capital	**1,172**	1,418
Development properties	**(14)**	856
Inventories	**11**	8
Trade and other payables	**(61)**	(716)
Trade and other receivables	**397**	(386)
Cash from operating activities	**1,505**	1,180
Income tax paid	**(104)**	(64)
Interest paid	**–**	(82)
Interest expense related to lease liabilities	**(10)**	–
Interest received	**765**	816
Net cash from operating activities	**2,156**	1,850

Less than $1,000

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

	Group	
	2019	**2018**
	$'000	**$'000**
Investing activities		
Net cash inflow on disposal of a subsidiary and investment in a joint venture	**–**	5,902
Dividend received from a joint venture	**162**	163
Proceeds from disposal of property, plant and equipment	**–**	5
Purchase of property, plant and equipment (note 3)	**(204)**	(538)
Tax and relevant expenses in relation to the disposal of a subsidiary	**(7,789)**	–
Withdrawal of fixed deposits matured/(placement of long term fixed deposits and restricted cash at bank)	**6,731**	(45,046)
Net cash used in investing activities	**(1,100)**	(39,514)
Financing activities		
Repayment of finance lease liabilities	**–**	(4)
Repayment of borrowings	**–**	(2,393)
Repayment of principal portion of lease liabilities	**(135)**	–
Dividend paid	**–**	(2,893)
Net cash used in financing activities	**(135)**	(5,290)
Net increase/(decrease) in cash and cash equivalents	**921**	(42,954)
Cash and cash equivalents at beginning of the year	**5,495**	48,297
Effect of exchange rate changes on balances held in foreign currencies	**(45)**	152
Cash and cash equivalents at end of the year (note 13)	**6,371**	5,495

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)").

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 Standards issued but not yet effective

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

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 3: *Definition of a business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS (I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
SFRS(I) 17 *Insurance Contracts*	1 January 2021
SFRS(I) 10, SFRS(I) 1-28 Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors expect that the adoption of the Contractual Framework for Financial Reporting and the standards above will have no material impact on the financial statements in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2019. Except for the application of SFRS(I) 16 *Leases*, the adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Company. The nature of the changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 Operating Leases-Incentives and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17 *Leases*. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17 *Leases*. Therefore, SFRS(I) 16 does not have an impact for leases where the Group and Company are the lessors.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the amount of right-of-use assets recognised is equal to the lease liabilities as at 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

The Group has lease contracts for various office space, warehouse and apartments for staff accommodation ("staff accommodation"). Before the adoption of SFRS(I) 16, the Group classified its leases (as lessee) at the inception date as operating leases. The Group does not have any finance leases. The accounting policy for leases prior to 1 January 2019 is set out in note 2.19.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases. The accounting policy for leases applicable from 1 January 2019 is set out in note 2.19. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets for all the leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics; and

- applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.

Based on the above, the effect of adoption of SFRS(I) 16 as at 1 January 2019 is as follows:

Group:

- Right-of-use assets of $339,000 were recognised and presented separately on the balance sheet.

- Lease liabilities of $339,000 were recognised and presented separately on the balance sheet.

Company:

- Right-of-use assets of $285,000 were recognised and presented separately on the balance sheet.

- Lease liabilities of $285,000 were recognised and presented separately on the balance sheet.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group $'000	Company $'000
Operating lease commitments at 31 December 2018	370	296
Less: Commitments relating to short-term leases	(17)	–
	353	296
Weighted average incremental borrowing rate as at 1 January 2019	4.56%	4.25%
Lease liabilities recognised at 1 January 2019	339	285

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill (continued)

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.

2.5 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency (continued)

(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 average exchange rates for the reporting period. 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.

2.6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

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

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.

2.7 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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, investment in subsidiaries are accounted for at cost less impairment losses.

2.10 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. There is no financial asset designated upon initial recognition as financial asset at fair value through 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

(a) Financial assets (continued)

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.

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 liability 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

(b) Financial liabilities (continued)

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.

2.11 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 ("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 ("lifetime ECL").

For trade receivables, 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 120 days past due. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Cash and cash equivalents

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

2.13 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.

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.

2.14 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.

2.15 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 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.

2.17 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.

2.18 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 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Leases

Policy applicable before 1 January 2019

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.

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 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Leases (continued)

Policy applicable from 1 January 2019 (continued)

As lessee (continued)

a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office space	3 years
Warehouse	2 years
Apartments for staff accommodation	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is set out in note 2.8.

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Leases (continued)

Policy applicable from 1 January 2019 (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 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 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.

2.21 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. Revenue from restaurant operations is recognised at a point in time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 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.

2.22 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)

2.23 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of 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, associate 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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Taxes (continued)

(b) Deferred tax (continued)

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.

2.24 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 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 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	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
Cost							
At 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 and 1 January 2019	2,866	14,753	1,673	2,902	70	–	22,264
Additions	**–**	**–**	**63**	**125**	**6**	**10**	**204**
Write-off	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Translation adjustments	**(1)**	**(31)**	**(5)**	**(8)**	**(1)**	**(1)**	**(47)**
At 31 December 2019	**2,865**	**14,722**	**1,731**	**3,018**	**75**	**9**	**22,420**

* Freehold land includes Lot 1049 Mukim Ulu Telom Cameron Highlands, Pahang Malaysia (land area of 7,803m^2).

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land $'000	Buildings and improvements on freehold land $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
Accumulated depreciation and impairment loss							
At 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 and 1 January 2019	99	2,049	868	1,869	65	–	4,950
Depreciation for the year	**–**	**448**	**112**	**315**	**5**	**–**	**880**
Write-off	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Translation adjustments	**–**	**(4)**	**(2)**	**(6)**	**(1)**	**–**	**(13)**
At 31 December 2019	**99**	**2,493**	**978**	**2,177**	**69**	**–**	**5,816**
Net carrying amount							
At 31 December 2018	2,767	12,704	805	1,033	5	–	17,314
At 31 December 2019	**2,766**	**12,229**	**753**	**841**	**6**	**9**	**16,604**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 January 2018	69	5	74
Additions	6	–	6
Write-off	(22)	–	(22)
At 31 December 2018	53	5	58
Additions	**1**	**–**	**1**
At 31 December 2019	**54**	**5**	**59**
Accumulated depreciation			
At 1 January 2018	69	5	74
Depreciation charge for the year	1	–	1
Write-off	(22)	–	(22)
At 31 December 2018	48	5	53
Depreciation charge for the year	**2**	**–**	**2**
At 31 December 2019	**50**	**5**	**55**
Net carrying amount			
At 31 December 2018	5	–	5
At 31 December 2019	**4**	**–**	**4**

As of 31 December 2018, the assets of a subsidiary with a carrying amount of $16.7 million were mortgaged to secure bank facilities extended to that subsidiary. The loan was fully repaid in 2018 and the mortgage has been released in 2019.

4. INVESTMENT PROPERTY

	Group $'000
Cost	
At 1 January 2018	2,162
Translation adjustments	–
At 31 December 2018	2,162
Translation adjustments	**(7)**
At 31 December 2019	**2,155**
Accumulated depreciation	
At 1 January 2018	76
Depreciation charge for the year	76
Translation adjustments	(1)
At 31 December 2018	151
Depreciation charge for the year	**75**
Translation adjustments	**(1)**
At 31 December 2019	**225**
Net carrying amount	
At 31 December 2018	2,011
At 31 December 2019	**1,930**

	Group 2019 $'000	Group 2018 $'000
Income statement		
Rental income from an investment property		
- Minimum lease payments	**74**	89
Direct operating expenses (including repairs and maintenance) arising from rental generating property	**(58)**	(64)

4. INVESTMENT PROPERTY (continued)

Details of the investment property as at 31 December 2019 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.

The Group has no restrictions on the realisability of its investment property. As at 31 December 2019, there is intention to carry out major refurbishment of the Entertainment Complex for conversion into additional hotel and function rooms. The conversion plan will be subject to approval from the relevant authorities.

Fair value of investment property

As at 31 December 2019, the fair value of the investment property has been determined to be $2,204,000 (2018: $2,162,000).

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	
	2019	**2018**
	$'000	**$'000**
Unquoted shares, at cost	**211,093**	211,093
Allowance for impairment	**(170,668)**	(171,696)
	40,425	39,397
Allowance for impairment		
At 1 January	**171,696**	176,491
Written back	**(1,028)**	(4,795)
At 31 December	**170,668**	171,696

In 2019, the Company recognised a write-back of impairment loss of $1,028,000 (2018: $4,795,000). The Company assessed that there is an indication that impairment loss previously recognised for the subsidiary, LKN Development Pte. Ltd. has decreased as Augustland Hotel Sdn. Bhd. has been profitable since it was acquired by the Group's subsidiary, Augustland Sdn. Bhd. on 8 July 2014.

5. SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Group's effective equity interest 2019 %	Group's effective equity interest 2018 %
Held by the Company:				
LKN Development Pte. Ltd.(i)	Property development and investment, project and property management	Singapore	**100**	100
Equatorial Hotel Management Pte. Ltd.(i)	Hotel management and consultancy	Singapore	**100**	100
Equality Hotel Management Sdn. Bhd.(ii)	Hotel management and consultancy	Malaysia	**100**	100
Whitebox Computer Pte Ltd(iv)	Dormant	Singapore	**100**	100
Held by LKN Development Pte. Ltd.:				
Mallink Realty Pte Ltd(iv)	Dormant	Singapore	**100**	100
Sims Development Pte Ltd(iv)	Dormant	Singapore	**100**	100
Augustland Sdn. Bhd.(ii)	Property investment and development	Malaysia	**100**	100
Nirwana Properties Sdn. Bhd.(ii)	Investment holding	Malaysia	**100**	100
Shanghai Yu Rong Hotel Equipment and Supplies Co., Ltd(iii)	Dormant	The People's Republic of China (the "PRC")	**100**	100
Victory Heights Sdn. Bhd.(ii)	Property investment and development	Malaysia	**97***	97*
Held by Augustland Sdn. Bhd.:				
Augustland Hotel Sdn. Bhd.(ii)	Hotel development and operation	Malaysia	**100**	100
Held by Nirwana Properties Sdn. Bhd.:				
Victory Heights Sdn. Bhd.(ii)	Property investment and development	Malaysia	**3***	3*

5. SUBSIDIARIES (continued)

* The total effective equity interest held by the Group is 100% (2018: 100%) as 97% (2018: 97%) is held by LKN Development Pte. Ltd. and 3% (2018: 3%) is held by Nirwana Properties Sdn. Bhd., both are wholly-owned subsidiaries.

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

(ii) Audited by member firm of EY Global in Malaysia.

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

(iv) Not required to be audited.

6. ASSOCIATE

	Group	
	2019	**2018**
	$'000	**$'000**
Unquoted equity shares, at cost	**490**	490
Share of post-acquisition accumulated losses	**(298)**	(297)
Translation adjustments	**(135)**	(135)
	57	58

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

	Group	
	2019	**2018**
	$'000	**$'000**
At 1 January	**(297)**	(297)
Share of results after tax	**(1)**	#
At 31 December	**(298)**	(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 2019 %	Group's effective equity interest 2018 %
Held through subsidiary:				
Sinjori Sdn. Bhd.[(i)]	Property investment and development	Malaysia	**28**	28

(i) Audited by member firm of EY Global in Malaysia.

6. ASSOCIATE (continued)

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

	Group	
	2019	**2018**
	$'000	**$'000**
Summarised balance sheet		
Current assets	**8**	7
Non-current assets	**334**	335
Total assets	**342**	342
Current liabilities	**108**	108
Non-current liabilities	**30**	26
Total liabilities	**138**	134
Net assets	**204**	208
Proportion of the Group's ownership	**28%**	28%
Group's share of net assets, representing carrying amount of the investment	**57**	58
Summarised statement of comprehensive income		
Loss after tax	**(4)**	(2)

7. JOINT VENTURES

The Group has interests in the following joint ventures:

Name of company	Principal activities	Place of incorporation	Ownership interest held by Group	
			2019	**2018**
			%	**%**
Shanghai Hengshan Equatorial Hotel Management Co., Ltd. ("SHEHM")(i)	Hotel and property management	The PRC	**49**	49
HL Heritage Sdn. Bhd. ("HL Heritage")(ii)	Property development and property investment holding	Malaysia	**60**	60

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

(ii) Audited by member firm of EY Global in Malaysia.

7. JOINT VENTURES (continued)

The Group has 49% (2018: 49%) and 60% (2018: 60%) interests in the ownership and voting rights in joint ventures, 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.

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

	SHEHM & HL Heritage	
	2019	**2018**
	$'000	**$'000**
Summarised balance sheet		
Cash and cash equivalents	**1,026**	1,005
Trade receivables	**141**	152
Other current assets	**197**	187
Total assets	**1,364**	1,344
Current financial liabilities	**285**	246
Other current liabilities	**12**	34
Total liabilities	**297**	280
Net assets	**1,067**	1,064
Group's share of net assets, representing carrying amount of the investments	**525**	524
Summarised statement of comprehensive income		
Revenue	**495**	565
Cost of sales	**(1)**	(2)
Gross profit	**494**	563
Interest income	**8**	8
Operating expenses	**(110)**	(113)
Profit before tax	**392**	458
Income tax expense	**(30)**	(115)
Profit for the year, representing total comprehensive income for the year	**362**	343
Group's share of results of joint ventures, net of tax	**178**	168

Dividend of $162,000 was paid by SHEHM in 2019 (2018: $163,000).

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current				
Deposits	**87**	83	**22**	22
Current				
Trade receivables				
- third parties	**273**	267	**–**	–
Allowance for impairment	**(2)**	(5)	**–**	–
Non-trade receivables				
- subsidiaries	**–**	–	**90**	–
- third parties	**709**	793	**419**	229
- joint venture	**160**	161	**–**	–
- associate	**29**	26	**–**	–
Sales tax recoverable	**5**	4	**4**	2
Deposits	**19**	79	**4**	59
Allowance for impairment	**(222)**	(175)	**(49)**	–
	971	1,150	**468**	290
Total trade and other receivables (non-current and current)	**1,058**	1,233	**490**	312
Less: Sales tax recoverable	**(5)**	(4)	**(4)**	(2)
Total trade and other receivables, excluding sales tax recoverable (note 24)	**1,053**	1,229	**486**	310
Add: Cash and bank balances (note 13)	**56,875**	62,730	**37,807**	48,120
Total financial assets at amortised cost	**57,928**	63,959	**38,293**	48,430

The current and non-current trade and non-trade receivables due from third parties are unsecured, non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are generally on 60 to 90 days' terms while non-trade receivables mainly comprise bank interest receivables. These receivables are not secured by any collateral or credit enhancements.

The current non-trade amounts due from joint ventures, associate and subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

8. TRADE AND OTHER RECEIVABLES (continued)

Credit risk

Concentration of credit risk relating to trade receivables and other receivables (excluding sales tax recoverable and deposits). The Group's credit risk policy is outlined in note 2.11 and note 24.

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Corporate	**143**	541	**78**	134
Travel agents	**113**	49	**–**	–
Credit cards	**27**	89	**–**	–
Joint ventures	**160**	161	**–**	–
Subsidiaries	**–**	–	**90**	–
Associate	**29**	26	**–**	–
Others	**475**	201	**292**	95
	947	1,067	**460**	229

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

	2019		2018	
	Gross receivables $'000	Allowance for impairment $'000	Gross receivables $'000	Allowance for impairment $'000
Group				
Not past due	**423**	**–**	515	–
Past due 0 to 30 days	**217**	**(49)**	268	(5)
Past due 31 to 120 days	**155**	**–**	145	–
Past due 121 days to one year	**12**	**–**	17	–
More than one year	**364**	**(175)**	302	(175)
	1,171	**(224)**	1,247	(180)
Company				
Not past due	**292**	**–**	95	–
Past due 0 to 30 days	**113**	**(49)**	84	–
Past due 31 to 120 days	**86**	**–**	50	–
Past due 121 days to one year	**18**	**–**	–	–
More than one year	**–**	**–**	–	–
	509	**(49)**	229	–

8. TRADE AND OTHER RECEIVABLES (continued)

Allowance for impairment

For trade receivables, the Group applies a simplified approach in calculating the expected credit losses. Details are outlined in note 2.11 and note 24. The movement of the allowance for impairment is as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
At 1 January	**180**	204
Charge for the year – trade	**–**	6
Charge for the year – non-trade	**49**	–
Written back	**(1)**	(22)
Written off	**(3)**	(9)
Translation adjustments	**(1)**	1
At 31 December	**224**	180

9. LEASES

As lessee

The Group has lease contracts for various office space, warehouse and staff accommodation used in its operations. Leases of office space, warehouse and staff accommodation generally have lease terms between 2 to 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

9. LEASES (continued)

As lessee (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Group	Company
	Office space, warehouse and staff accommodation	Office space and warehouse
	$'000	$'000
Cost		
At 1 January 2019 (adoption of SFRS(I) 16)	339	285
Additions	47	–
At 31 December 2019	386	285
Accumulated depreciation		
At 1 January 2019 (adoption of SFRS(I) 16)	–	–
Depreciation for the year	141	108
At 31 December 2019	141	108
Net carrying amount		
At 31 December 2019	245	177

Set out below are the carrying amounts of lease liabilities movements during the financial year:

	Group	Company
	$'000	$'000
At 1 January 2019 (adoption of SFRS(I) 16)	339	285
Additions	47	–
Lease payments	(145)	(111)
Accretion of interest	10	7
At 31 December 2019	251	181
Current	138	98
Non-current	113	83

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

	1 January 2019	Cash flows	Other*	31 December 2019
	$'000	$'000	$'000	$'000
Lease liabilities	339	(135)	47	251

* Other relates to non-cash additions during the year.

9. LEASES (continued)

As lessee (continued)

The following are the amounts recognised in the consolidated income statement for the financial year:

	Group $'000	Company $'000
2019		
Depreciation expense of right-of-use assets (note 21)	**141**	**108**
Interest expense on lease liabilities (note 19)	**10**	**7**
Expense relating to short-term leases	**24**	**–**
	175	**115**

In 2019, the Group had total cash outflows for leases of $145,000 and non-cash additions to right-of-use assets and lease liabilities of $47,000 in 2019.

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 movements during the financial year are as follows:

Group	At 1 January $'000	Recognised in profit or loss (note 20) $'000	Translation adjustments $'000	At 31 December $'000
2019				
Deferred tax liability				
Fair value adjustments on an investment property*	**28**	**–**	**–**	**28**
Deferred tax asset				
Provisions for tax losses	**199**	**16**	**–**	**215**
2018				
Deferred tax liability				
Fair value adjustments on an investment property*	28	–	–	28
Deferred tax asset				
Provisions for tax losses	–	202	(3)	199

* Relates to fair value adjustments on an investment property before 1 January 2017.

10. DEFERRED TAX (continued)

Unrecognised deferred tax assets

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

	Group	
	2019	**2018**
	$'000	**$'000**
Unutilised capital and investment tax allowances	**20,780**	21,499
Unutilised tax losses	**62,156**	63,018
	82,936	84,517

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. As at 31 December 2019, the temporary differences arising from subsidiaries in Singapore and Malaysia amounted to $49,515,000 (2018: $49,575,000) and $33,421,000 (2018: $34,942,000) respectively. In Malaysia, the carry forward period for tax losses has been revised to 7 years, with effect from year of assessment 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 2.23 due to uncertainty of its recoverability.

Unrecognised deferred tax liability

In 2019 and 2018, there was no recognised deferred tax liability for tax that would be payable on the remittance of the earnings of the joint ventures. The Group has determined that undistributed earnings of its joint ventures will not be distributed in the foreseeable future as the remittance of earnings of the Group's joint ventures require consensus from the respective joint venture partners.

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 $16,439,000 (2018: $16,814,000).

11. INVENTORIES

	Group	
	2019	**2018**
	$'000	**$'000**
Hotel supplies, at cost	**94**	105

Inventories recognised as an expense in cost of sales is disclosed in note 21.

12. DEVELOPMENT PROPERTIES

	Group	
	2019	**2018**
	$'000	**$'000**
Freehold land	**2,922**	2,931
Development costs	**11,061**	11,086
Allowance for anticipated losses	**(10,561)**	(9,992)
	3,422	4,025

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

	Group	
	2019	**2018**
	$'000	**$'000**
At 1 January	**4,025**	4,881
Sale of development property	**–**	(860)
Translation adjustments	**(17)**	–
Provision for impairment	**(600)**	–
Capitalisation of costs during the year	**14**	4
At 31 December	**3,422**	4,025

No borrowing cost has been capitalised in 2019 and 2018.

Movements in the allowance for anticipated losses are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
At 1 January	**9,992**	9,992
Translation adjustments	**(31)**	–
Provision recognised during the year	**600**	–
At 31 December	**10,561**	9,992

12. DEVELOPMENT PROPERTIES (continued)

Details of the development properties are as follows:

Type of development	Location	Status of completion at 31 December 2019	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	–
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	675	–

(i) In 2018, the Group had 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 Melaka, Malaysia performed by an external independent professional valuer. In 2019, allowance for anticipated losses of $600,000 was recognised on the development project which was suspended since 1998.

13. CASH AND BANK BALANCES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**2,469**	3,118	**567**	2,047
Bank deposits	**54,406**	59,612	**37,240**	46,073
Cash and bank balances	**56,875**	62,730	**37,807**	48,120
Less: Fixed deposits more than 3 months and restricted cash at bank	**(50,504)**	(57,235)	**(37,240)**	(46,073)
Cash and cash equivalents in the Consolidated Cash Flow Statement	**6,371**	5,495	**567**	2,047

As at 31 December 2018, restricted cash at bank amounting to $7,971,000 relates to retention money deposited in a joint signatory account pending finalisation of tax payable for the disposal of a subsidiary in 2017 ("Disposal"). This retention money was being used for the settlement of tax payable for the Disposal in 2019.

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	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Singapore Dollar	**1.890**	1.700	**1.893**	1.724
Chinese Renminbi	**–**	1.200	**–**	1.200
Malaysian Ringgit	**3.087**	3.324	**–**	–
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 2018					
Total shares	96,321,318	133,770	129,396	3	133,773
Conversion of NCCPS	12,936	3	(129,396)	(3)	–
At 31 December 2018, 1 January 2019 and 31 December 2019	**96,334,254***	**133,773**	**–**	**–**	**133,773**
Less: Trust Shares	**(2,418,917)**	**(3,980)**	**–**	**–**	**(3,980)**
Total shares, excluding Trust Shares as at 31 December 2018, 1 January 2019 and 31 December 2019	**93,915,337**	**129,793**	**–**	**–**	**129,793**

* The ordinary shares issued includes 2,418,917 ordinary shares 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.

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 2.25, 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.

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

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.

14. SHARE CAPITAL (continued)

Share option (continued)

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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Special reserve	**8,529**	8,529	**12,471**	12,471
Premium paid on acquisition of non-controlling interests	**(192)**	(192)	**–**	–
Currency translation reserve	**310**	382	**–**	–
Accumulated losses	**(64,357)**	(65,237)	**(68,591)**	(70,277)
	(55,710)	(56,518)	**(56,120)**	(57,806)

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.

15. RESERVES (continued)

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. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Amounts due to subsidiaries (non-trade)	**–**	–	**–**	3,022
Current				
Amounts due to related company (non-trade)	**12**	7	**12**	7
Trade payables	**517**	439	**–**	–
Other payables	**686**	1,202	**6**	13
Refundable deposits	**60**	72	**–**	–
Accrued expenses	**875**	8,731	**705**	8,486
Accrued employee benefits expense	**490**	463	**292**	300
Advances from customers	**13**	1	**–**	–
	2,653	10,915	**1,015**	8,806
Total trade and other payables (non-current and current)	**2,653**	10,915	**1,015**	11,828
Less: Advances from customers, sales and other tax payable	**(107)**	(102)	**(5)**	(5)
Total trade and other payables, excluding advances from customers, sales and other tax payable (note 24)	**2,546**	10,813	**1,010**	11,823
Add: Lease liabilities (note 9)	**251**	–	**181**	–
Total financial liabilities carried at amortised cost	**2,797**	10,813	**1,191**	11,823

The non-current amounts due to subsidiaries are non-trade in nature, unsecured and non-interest bearing. The current amounts due to related company are non-trade in nature, unsecured, non-interest bearing, repayable upon demand. In 2019, all non-current amounts due to subsidiaries have been fully settled.

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

17. REVENUE

	Group	
	2019	2018
	$'000	$'000
Revenue from hospitality and restaurant	**6,990**	7,355
Rental income from investment property	**74**	89
Revenue from sale of development property	**–**	3,300
	7,064	10,744

18. OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Interest income	**1,020**	864
Sundry income	**17**	22
Write-back of other payables	**2**	–
Licence fee	**362**	402
Gain on disposal of property, plant and equipment	**–**	3
Write-back of impairment on other receivables	**1**	22
Currency exchange gains – net	**–**	322
	1,402	1,635

19. FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Interest expense:		
- bank borrowings	**–**	82
- lease liabilities	**10**	–
	10	82

20. INCOME TAX EXPENSE/(CREDIT)

	Group	
	2019	**2018**
	$'000	**$'000**
Consolidated income statement		
Current income tax		
- current income taxation	**131**	117
- (over)/under provision in respect of previous years	**(11)**	4
	120	121
Deferred income tax		
- recognition of previously unrecognised deferred tax assets	**(16)**	(202)
Income tax expense/(credit) recognised in profit or loss	**104**	(81)

Relationship between tax expense/(credit) and accounting profit

A reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Profit before tax	**984**	1,584
Income tax using the Singapore tax rate of 17% (2018: 17%)	**167**	269
Non-deductible expenses	**232**	479
Income not subject to tax	**(64)**	(62)
Effect of different tax rates in foreign jurisdictions	**91**	93
Utilisation of previously unrecognised tax losses and capital allowances	**(511)**	(866)
Deferred tax assets not recognised	**181**	166
(Over)/under provision in respect of previous years – current income tax	**(11)**	4
Withholding tax expense	**35**	38
Recognition of previously unrecognised deferred tax assets	**(16)**	(202)
Income tax expense/(credit) recognised in profit or loss	**104**	(81)

21. PROFIT FOR THE YEAR, NET OF TAX

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

	Group	
	2019	**2018**
	$'000	**$'000**
Depreciation of property, plant and equipment	**880**	910
Depreciation of investment property	**75**	76
Depreciation of right-of-use assets	**141**	–
Bad debts written off	**–**	1
Currency exchange losses – net	**22**	–
Employee benefits expense:		
- directors' fees	**206**	209
- salaries and bonuses	**2,158**	2,253
- employer's contribution to defined contribution plans	**261**	265
- other short-term benefits	**335**	359
Inventories recognised in cost of sales	**1,057**	1,152
Operating lease expense	**–**	228
Impairment loss on trade and other receivables	**49**	6
Gain on disposal of property, plant and equipment	**–**	3
Provision for impairment of development properties	**600**	–
Audit fees to auditors of the Company	**93**	97
Audit fee to other auditor	**1**	1
Write-back of impairment on other receivables	**1**	22
Write-back of provision for maintenance fee	**412**	–

22. 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.

22. EARNINGS PER SHARE (continued)

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

	Group	
	2019	**2018**
	$'000	**$'000**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	**880**	1,665
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	**96,334**	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*	**93,915**	93,911
Effects of dilution: NCCPS	**–**	4
Weighted average number of ordinary shares for diluted earnings per share computation*	**93,915**	93,915
Earnings per share attributable to owners of the Company (cents per share)		
Basic	**0.94**	1.77
Diluted	**N.A.**	1.77

* 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 2.25.

23. 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

23. SEGMENT INFORMATION (continued)

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 other income (including interest income), interest expense, 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.

	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
2019				
Revenue				
- external revenue	74	6,990	–	7,064
- inter-segment revenue	–	–	42	42
	74	6,990	42	7,106
Elimination				(42)
				7,064
Reportable segment results	(1,361)	1,209	(433)	(585)
Other income (excluding interest income)	379	–	3	382
Interest income	691	69	260	1,020
Interest expense	(7)	(3)	–	(10)
Share of results of associate and joint ventures	–	179	(2)	177
(Loss)/profit before tax	(298)	1,454	(172)	984
Income tax expense				(104)
Profit for the year				880
Other segment items				
Capital expenditure				
- property, plant and equipment	1	203	–	204
Depreciation for the year	185	871	40	1,096
Reportable segment assets	40,339	19,731	20,419	80,489
Investment in associate	–	–	57	57
Investment in joint ventures	–	514	11	525
Consolidated total assets	40,339	20,245	20,487	81,071
Consolidated total liabilities	1,271	820	917	3,008

23. SEGMENT INFORMATION (continued)

	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
2018				
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
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

23. 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 deferred tax asset) are based on the geographical location of the assets.

	Revenue	
	2019	**2018**
Group	**$'000**	**$'000**
Malaysia	**7,064**	7,444
Singapore	**–**	3,300
	7,064	10,744

	Non-current assets	
	2019	**2018**
Group	**$'000**	**$'000**
Malaysia	**18,731**	19,452
The PRC	**514**	511
Singapore	**203**	27
	19,448	19,990

24. 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 management 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.

24. 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, Malaysian Ringgit and Hong Kong Dollar.

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	United States Dollar $'000	Chinese Renminbi $'000	Malaysian Ringgit $'000	Hong Kong Dollar $'000
2019					
Trade and other receivables	**–**	**–**	**127**	**–**	**–**
Cash and bank balances	**–**	**16**	**–**	**1,422**	**–**
Trade and other payables	**(362)**	**–**	**(503)**	**–**	**(16)**
	(362)	**16**	**(376)**	**1,422**	**(16)**
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	–

Company	United States Dollar $'000	Chinese Renminbi $'000	Hong Kong Dollar $'000
2019			
Trade and other receivables	**–**	**127**	**–**
Cash and bank balances	**8**	**–**	**–**
Trade and other payables	**–**	**(503)**	**(16)**
	8	**(376)**	**(16)**
2018			
Trade and other receivables	–	134	–
Cash and bank balances	1,689	6,288	–
Trade and other payables	–	(8,301)	–
	1,689	(1,879)	–

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

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, United States Dollar, Chinese Renminbi, Malaysian Ringgit and Hong Kong Dollar exchange rates, with all other variables held constant.

A 10% (2018: 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.

	Impact against the following currencies							
	Group					Company		
Functional currencies	Singapore Dollar $'000	United States Dollar $'000	Chinese Renminbi $'000	Malaysian Ringgit $'000	Hong Kong Dollar $'000	United States Dollar $'000	Chinese Renminbi $'000	Hong Kong Dollar $'000
2019								
Singapore Dollar	**–**	**(2)**	**38**	**(142)**	**2**	**(1)**	**38**	**2**
Malaysian Ringgit	**36**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2018								
Singapore Dollar	–	(170)	189	(1)	–	(169)	188	–
Malaysian Ringgit	172	–	–	–	–	–	–	–

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.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 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 (excluding deposits and sales tax recoverable). Credit risk arising from deposits has been assessed to be insignificant. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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 120 days when they fall due, which are derived based on the Group's historical information.

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal 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 120 days past due in making contractual payment.

24. 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 receivable for potential write-off when a debtor fails to make contractual payments more than 360 days past due. 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 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.

Trade and other receivables (excluding deposits and sales tax recoverable)

The Group provides for lifetime expected credit losses for all trade and other 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 and other receivables as at 31 December 2019 are disclosed in note 8.

As at 31 December 2019 and 31 December 2018, there was no significant concentration of credit risk. Information regarding concentration of credit risk are disclosed in note 8.

Cash and bank balances

The Group considers that its cash and bank balances have low credit risk as they are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

24. 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			
	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2019					
Financial assets					
Trade and other receivables, excluding sales tax recoverable (note 8)	1,053	1,053	966	28	59
Cash and bank balances (note 13)	56,875	56,875	56,875	–	–
Total undiscounted financial assets	57,928	57,928	57,841	28	59
Financial liabilities					
Trade and other payables, excluding advances from customers, sales and other tax payable (note 16)	2,546	2,546	2,546	–	–
Lease liabilities (note 9)	251	258	144	114	–
Total undiscounted financial liabilities	2,797	2,804	2,690	114	–
Total net undiscounted financial assets/(liabilities)	55,131	55,124	55,151	(86)	59

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Group	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 sales tax recoverable (note 8)	1,229	1,229	1,146	24	59
Cash and bank balances (note 13)	62,730	62,730	62,730	–	–
Total undiscounted financial assets	63,959	63,959	63,876	24	59
Financial liabilities					
Trade and other payables, excluding advances from customers, sales and other tax payable (note 16)	10,813	10,813	10,813	–	–
Total undiscounted financial liabilities	10,813	10,813	10,813	–	–
Total net undiscounted financial assets	53,146	53,146	53,063	24	59

24. 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**
2019					
Financial assets					
Trade and other receivables, excluding sales tax recoverable (note 8)	486	486	464	22	–
Cash and bank balances (note 13)	37,807	37,807	37,807	–	–
Total undiscounted financial assets	38,293	38,293	38,271	22	–
Financial liabilities					
Trade and other payables, excluding sales and other tax payable (note 16)	1,010	1,010	1,010	–	–
Lease liabilities (note 9)	181	185	102	83	–
Total undiscounted financial liabilities	1,191	1,195	1,112	83	–
Total net undiscounted financial assets/(liabilities)	37,102	37,098	37,159	(61)	–

24. 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**
2018					
Financial assets					
Trade and other receivables, excluding sales tax recoverable (note 8)	310	310	288	22	–
Cash and bank balances (note 13)	48,120	48,120	48,120	–	–
Total undiscounted financial assets	48,430	48,430	48,408	22	–
Financial liabilities					
Trade and other payables, excluding sales and other tax payable (note 16)	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	39,607	(3,000)	–

25. 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 2019 and 2018.

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):				
2019	2,204	Market comparison and cost method	Comparable price: $32 to $85 per square foot	The estimated fair value increases with higher comparable price
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

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.

26. COMMITMENTS

As at 31 December 2019, the Group's commitments are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Approved and contracted for		
- property, plant and equipment	**799**	–
- development costs	**830**	–

Lease commitment - as lessee

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

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

	Group
	2018
	$'000
Not later than one year	
- with a related company	34
- with third parties	127
Later than one year but not later than five years	
- with a related company	4
- with third parties	205
	370

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	
	2019	**2018**
	$'000	**$'000**
Not later than one year		
- with third parties	**37**	58

27. 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	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits	**445**	447
Employer's contribution to defined contribution plans	**13**	15
	458	462

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	
	2019	**2018**
	$'000	**$'000**
Expenses paid/payable to related companies:		
Rental	**(40)**	(41)
Secretarial/consultancy fees	**(126)**	(141)
General and administrative expenses	**(46)**	(43)
Franchise and sales and marketing fees	**(73)**	(76)

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

Significant outstanding balances with related party

Details of the outstanding balances with related party is follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Bank balance held with a related party	**29**	29
Secretarial/consultancy fees	**126**	142

28. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 18 March 2020.

Class of Shares	:	Ordinary Shares (“Shares”)
Number of Ordinary Shares in issue	:	96,334,254
Number of Ordinary Shareholders	:	4,543
Voting Rights	:	One vote for one Share

As at 12 March 2020, 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 (the “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	167	3.68	6,374	0.01
100 – 1,000	2,490	54.81	1,197,482	1.24
1,001 – 10,000	1,554	34.21	5,767,655	5.99
10,001 – 1,000,000	325	7.15	18,671,449	19.38
1,000,001 and above	7	0.15	70,691,294	73.38
	4,543	100.00	96,334,254	100.00

Based on information available to the Company as at 12 March 2020, 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 12 March 2020

No.	Name	No. of Shares Held	% *
1.	Grace Star Services Ltd.	47,107,707	48.90
2.	DBS Nominees (Private) Limited	12,277,140	12.74
3.	Ang Siew Joo	4,336,400	4.50
4.	Amicorp Trustees (Singapore) Limited	2,418,917	2.51
5.	Raffles Nominees (Pte.) Limited	2,346,110	2.44
6.	Huang Baojia	1,200,000	1.25
7.	Teoh Cheng Chuan	1,005,020	1.04
8.	Ramesh s/o Pritamdas Chandiramani	983,400	1.02
9.	Maybank Kim Eng Securities Pte. Ltd.	981,217	1.02
10.	United Overseas Bank Nominees (Private) Limited	704,088	0.73
11.	Lim Sim Beng	506,400	0.53
12.	Tan Kong Giap	477,300	0.50
13.	Liew Yunn Sin	454,400	0.47
14.	Lim Bak	379,600	0.39
15.	Leung Kai Fook Medical Co Pte Ltd	377,900	0.39
16.	OCBC Nominees Singapore Private Limited	361,670	0.38
17.	Tay Yuan Xin	300,000	0.31
18.	Valuefolio Pte. Ltd.	242,000	0.25
19.	Ang Hao Yao (Hong Haoyao)	226,000	0.23
20.	OCBC Securities Private Limited	221,310	0.23
		76,906,579	79.83

* The percentage of Shares held is based on the total number of issued Shares of the Company as at 12 March 2020.

ANALYSIS OF SHAREHOLDINGS

As at 12 March 2020

Substantial Shareholders

(As shown in the Register of Substantial Shareholders as at 12 March 2020)

	Direct Interest	Deemed Interest	Total Interest	
Name	**No. of Shares**	**No. of Shares**	**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	11.98
DBS Group Holdings Ltd ("DBSGH")	–	11,545,425 [(3)]	11,545,425	11.98
Temasek Holdings (Private) Limited ("Temasek")	–	11,545,425 [(4)]	11,545,425	11.98

Notes:

(1) The percentage of Shares held is based on the total number of issued Shares of the Company as at 12 March 2020.

(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.

Name of Director	Loo Hwee Fang	Andrew Goh Kia Teck
Age	45	70
Date of appointment	1 March 2012	1 September 2014
Job Title	Non-Executive and Independent Director 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")	Non-Executive and Lead Independent Director Chairman of the ARC, RC and SOSC, and a member of the Executive Committee and NC
Date of last re-election as Director (if applicable)	28 April 2017	26 April 2018
Country of principal residence	Singapore	Singapore
Board's comments on the re-election (including rationale)	The NC and the Board of Directors (the "Board") of HL Global Enterprises Limited ("HLGE" or the "Company") reviewed the nomination of the relevant Directors for re-election as well as the independence of the Directors. When considering the nomination of these Directors, the NC and the Board took into account their skills sets, experience and contribution to the effectiveness of the Board, which included their participation and candour at Board and Board Committee meetings. The Board recommends the re-election of Ms Loo Hwee Fang and Mr Andrew Goh Kia Teck as Non-Executive and Independent 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 18 and 21 of the Corporate Governance Report.	
Whether appointment is executive, and if so, the area of responsibility	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 57TH ANNUAL GENERAL MEETING

Name of Director	Loo Hwee Fang	Andrew Goh Kia Teck
Professional qualification, working experience and occupation(s) during the past 10 years	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. <u>2006 to March 2013</u> Partner in the Corporate Department of Messrs Lee & Lee <u>April 2013 to Present</u> Group General Counsel and Company Secretary of Yoma Strategic Holdings Ltd <u>February 2018 to Present</u> Company Secretary of Memories Group Limited Holds a LL.B (Hons) Degree from the University of Sheffield, England. 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	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. <u>2008 to Present</u> Consultant with PI ETA Consulting Company <u>2010 to Present</u> Vice President of the Board of Management of St. Andrew's Mission Hospital Holds a Degree in Economics from the University of Adelaide, South Australia
Shareholding interest in the Company and its subsidiaries	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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil

Name of Director	Loo Hwee Fang	Andrew Goh Kia Teck
Undertaking (in the format set out in Appendix 7.7 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX Listing Manual")) under Listing Rule 720(1) has been submitted to HL Global Enterprises Limited	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".
• **Past (for the last 5 years):**	Number of directorships in the following companies and their affiliates: • Terracom Limited * • 7 subsidiaries, associated companies and affiliated companies of Yoma Strategic Holdings Ltd	Number of directorships in the following companies and their affiliates: Nil
• **Present:**	Number of directorships in the following companies and their affiliates: • HLGE * • 14 subsidiaries, associated companies and affiliated companies of Yoma Strategic Holdings Ltd	Number of directorships in the following companies and their affiliates: • HLGE *
Date of announcement of first appointment	24 February 2012	26 August 2014
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative Confirmation	Negative Confirmation

* Listed company

Information as at 18 March 2020

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HL GLOBAL ENTERPRISES LIMITED
Company Registration No. 196100131N

10 Anson Road
#19-08 International Plaza
Singapore 079903

HL GLOBAL ENTERPRISES LIMITED

(Co. Reg. No. 196100131N)
(Incorporated in the Republic of Singapore)

IMPORTANT NOTICE TO SHAREHOLDERS

In view of the Ministry of Health's announcement on 24 March 2020 on the tighter measures to minimise the spread of COVID-19, which include, *inter alia*, the requirement that all events and mass gatherings be deferred or cancelled, regardless of size, and any gatherings outside of work and school be limited to 10 persons and below, the Company has applied to the relevant authorities and obtained approvals for an extension of time till 29 June 2020 for the Company to hold its annual general meeting ("2020 AGM"). Shareholders are requested to refer to the Company's announcement on 2 April 2020 for further details on the extension of time.

Accordingly, the Notice of AGM and the Proxy Form have not been included within the Annual Report 2019. Any references made in the Annual Report 2019 to the 2020 AGM or the Notice of AGM should be read with reference to the 2020 AGM to be scheduled in June 2020 and the Notice of AGM to be issued in due course.

In the meantime, the Company will be considering the appropriate measures to be put in place for the conduct of the 2020 AGM, taking into account the current requirements to comply with safe distancing measures imposed by the authorities. The Company will inform Shareholders once the date of the 2020 AGM is finalized and will issue the Notice of AGM and dispatch the same to Shareholders together with the Proxy Form. Shareholders will also be informed on the procedures for participation in the 2020 AGM.

Shareholders are also requested to check the Company's website www.hlge.com.sg and the Company's announcements on SGXNET for further updates on the 2020 AGM.

The Company regrets any inconvenience which may be caused to Shareholders and seeks the understanding and cooperation of Shareholders to minimise the risk of community spread of COVID-19.

Date: 8 April 2020