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HL GLOBAL ENTERPRISES LIMITED

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**Submitted By (Co./ Ind. Name)**

Foo Yang Hym

**Designation**

Chief Financial Officer

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

Please refer to the attached Annual Report 2020.

**Additional Details****Period Ended**

31/12/2020

**Attachments**[HLGE\\_Annual\\_Report\\_2020.pdf](#)

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# HL GLOBAL ENTERPRISES LIMITED



**ANNUAL  
REPORT  
2020**

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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*

Hoh Weng Ming

## EXECUTIVE COMMITTEE

Dato' Gan Khai Choon - *Chairman*

Andrew Goh Kia Teck

Hoh Weng Ming

## 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

Email: [hlglobal@hlge.com.sg](mailto:hlglobal@hlge.com.sg)

## REGISTERED OFFICE

10 Anson Road

#19-08 International Plaza

Singapore 079903

Tel: (65) 6324 9500

Fax: (65) 6221 4861

Website: [www.hlge.com.sg](http://www.hlge.com.sg)

## SHARE REGISTRARS & SHARE TRANSFER OFFICE

KCK CorpServe Pte. Ltd.

333 North Bridge Road

#08-00 KH KEA Building

Singapore 188721

Tel: (65) 6837 2133

Fax: (65) 6339 0218

## AUDITOR

Ernst & Young LLP

Public Accountants and

Chartered Accountants, Singapore

One Raffles Quay

Level 18 North Tower

Singapore 048583

(Partner-in-charge: Tan Swee Ho, appointed from  
financial year ended 31 December 2016)

## PRINCIPAL BANKERS

CIMB Bank Berhad, Singapore

DBS Bank Ltd.

Hong Leong Finance Limited

MUFG Bank, Ltd., Singapore Branch

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 (“CHCH”)** 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, CHCH 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.

CHCH has recently launched various “Nature & Farmland Activities” which include the Copthorne Bamboo Trail, walking across the heart of the farmland of Kea Farm, and a “Farm to Table” initiative where guests can pick and harvest organic vegetables, and enjoy the fresh produce cooked by the hotel chefs. The hotel provides personal guided tours for such activities for its guests during their stay.

To maintain competitive and improve guest satisfaction, CHCH is in the midst of renovating its superior rooms and replacing all lifts.

Guests are also welcome to stay in the Tudor-styled resort located next to the hotel, where 69 suites have been leased by the hotel from the owners of the resort. Each suite comes with a living room, a kitchenette and a spacious balcony which provides a spectacular view of the valley.





# HOSPITALITY OPERATIONS

## 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

The ongoing COVID-19 crisis has adversely affected people's livelihoods and brought about unprecedented challenges to the world economy since the World Health Organization declared its outbreak a pandemic in March 2020. International travel came to a standstill, causing global tourism sectors and its related industries to bear the brunt of this outbreak. Countries around the world imposed national lock-down measures to curb the widespread transmission of the coronavirus in their communities. Copthorne Hotel Cameron Highlands ("CHCH"), the Group's hospitality business in Cameron Highlands, Malaysia, had to temporarily cease operations from 18 March 2020 to 9 June 2020 due to the implementation of the Movement Control Order ("MCO") and Conditional MCO ("CMCO") by the Malaysian Government. CHCH has since resumed its operations and started to receive guests from 10 June 2020. Following a rapid increase in the number of COVID-19 cases, the Malaysian Government had reinstated the CMCO in some states of Malaysia between mid-October 2020 to the first week of December 2020.

Consequently, the Group's revenue decreased from \$7.1 million in 2019 to \$4.7 million in 2020. The decrease in revenue was largely due to the MCO and CMCO which impacted the Group's hospitality operations in CHCH for about five months in 2020. As a result, the occupancy rate for CHCH dropped by 13 percentage points to 51% compared to a year ago and the average room rate had also reduced in tandem.

For the year under review, the operating profit for the Group's hospitality segment decreased from \$1.2 million in 2019 to \$21,000 in 2020. The substantial decline was mainly due to the travel restrictions implemented by the Malaysian Government to prevent further spread of COVID-19. The property development segment did not generate any revenue in 2020. It incurred a loss of \$67,000 which included an overhead

cost of \$277,000 after offsetting the write-back of a provision for maintenance fee and sinking funds of \$210,000. The losses incurred by the investments and others segment (comprising investment property operations and corporate overhead costs) were \$1 million for 2020. In 2020, the Group reported an operating loss of \$1.1 million before the share of results of associate and joint ventures, other income and finance costs against an operating loss of \$0.6 million in 2019.

The share of results of associate and joint ventures was primarily contributed from the joint venture, Shanghai Hengshan Equatorial Hotel Management Co. Ltd. ("SHEHM"). The performance of SHEHM was also affected by the impact of COVID-19 and the share of its profit decreased to \$104,000 in 2020 from \$179,000 in the corresponding year.

Other income consisted of mainly interest income, licence fee, write-back of impairment on other receivables and subsidies from the Singapore and Malaysian Governments arising from the COVID-19 pandemic. The substantial drop in interest rate has resulted in the decline in interest income. The reduction in licence fee from \$362,000 in 2019 to \$136,000 in 2020 was due to lower revenue contributions recorded by Hotel Equatorial Shanghai due to the COVID-19 pandemic.

After taking into account the withholding tax on overseas income and income tax on interest income, the net profit attributable to shareholders of the Company for 2020 was \$206,000 *vis-a-vis* a net profit of \$880,000 recorded for 2019.

## CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In December 2020, CHCH organised a fund raising program for Cleft Lip and Palate Association of Malaysia ("CLAPAM") wherein part of the proceeds from the sale of 'Gingerbread Men Butter Cookies' were donated to CLAPAM.



# CHAIRMAN'S STATEMENT

CLAPAM's mission is to educate and increase public awareness on the management of individuals with cleft issues through its various activities and to also provide support for parents with children born with cleft condition. CHCH pledged RM1 to CLAPAM for the sale of every packet of cookies and a total of 4,460 cookies was sold during the fundraiser.

During the MCO and CMCO periods in February 2021, CHCH started a car wash project and for every vehicle washed, RM1 was also donated to CLAPAM. CHCH received good publicity for its fund-raising projects.

CHCH looks forward to organising more programs for charity when the COVID-19 situation has been brought under control as such activities would allow the hotel to engage with its guests and surrounding communities, further enhancing guests experience. CSR activities also help to boost morale and build strong bonds among the hotel's employees.

## OUTLOOK

The COVID-19 pandemic has disrupted the operations of CHCH as the Malaysian Government closed its borders and imposed travel restrictions internally to contain the spread of infections. In view of the ongoing novel coronavirus situation, 2021 will be another challenging year for CHCH. Nevertheless, CHCH has and will continue to step up precautionary measures to ensure that good hygiene standards are being maintained and to contain costs with minimum manning levels. To maintain its competitiveness and enhance the quality of the hotel, CHCH has started renovating its superior rooms and upgrading the lifts.

For the two projects in Cameron Highlands, the design and layout of the development of a 40-unit high-rise apartment building and the major refurbishment of the old commercial complex into additional hotel and function rooms,

have already been submitted to the relevant authority for comment and approval.

Given that the majority of the Group's assets and operations are located in Malaysia, the Group continues to face currency fluctuation risks. In the meantime, the Group is still continuing its efforts to source for sustainable and viable business opportunities. However, in view of the the current economic uncertainties brought by the COVID-19 pandemic, the Group will be more cautious and prudent in its review of any potential investments.

## ACKNOWLEDGEMENT

I wish to take this opportunity to welcome back Mr Hoh Weng Ming who rejoined the Board of Directors ("Board") in August 2020 as a Non-Independent and Non-Executive Director. With Mr Hoh's familiarity with the Group's business and operations being a former Director of the Company, as well as his qualifications and extensive regional experience, I am confident that he will be able to make positive contributions to the Company.

I would like to express my sincere appreciation to Mr Tan Eng Kwee, who stepped down from the Board in July 2020, for his invaluable contributions during his tenure as a Director of the Company.

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

## DATO' GAN KHAI CHOON

Chairman

18 March 2021

# BOARD OF DIRECTORS

**DATO' GAN KHAI CHOON** / Age 74

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

Will be seeking re-election at the 2021

Annual General Meeting

Board committees

- Executive Committee (Chairman)

Present directorships in other listed companies\* and principal commitments

- China Yuchai International Limited\* (Non-Executive Director) <sup>1</sup>
- Hong Leong Hotel Development Limited (Executive Director) <sup>1</sup>
- Hong Leong International (Hong Kong) Limited (Managing Director) <sup>1</sup>

Other appointments

Nil

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

- City e-Solutions Limited\* (Executive Director)
- Safety Godown Company Limited\* (Non-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.

Information as at 18 March 2021



# BOARD OF DIRECTORS

**LOO HWEE FANG** / Age 46  
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

First appointment as Director  
1 March 2012

Last re-election as Director  
26 June 2020

## 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 71  
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

First appointment as Director  
1 September 2014<sup>1</sup>

Last re-election as Director  
26 June 2020

## 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.

Information as at 18 March 2021



# BOARD OF DIRECTORS

**GOH KIAN CHEE** / Age 67

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**First appointment as Director**

1 March 2018

**Last re-election as Director**

26 April 2018

Will be seeking re-election at the 2021 Annual General Meeting

**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) <sup>1</sup>

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:

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

Information as at 18 March 2021

**HOH WENG MING** / Age 59

NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

**First appointment as Director**

3 August 2020

**Last re-election as Director**

Not applicable

Will be seeking election at the 2021 Annual General Meeting

**Board committees**

- Executive Committee (Member)

**Present directorships in other listed companies\* and principal commitments**

- China Yuchai International Limited\* (President and Director) <sup>1</sup>

**Other appointments**

Nil

**Past directorship in other listed companies\* and principal commitments held in the preceding five years**

Nil

Mr Hoh had earlier been appointed as the Non-Executive and Non-Independent Director of the Company on 16 February 2011 and subsequently resigned on 6 December 2019 in order for the Company to comply with Provision 2.2 of the Code of Corporate Governance 2018 which requires independent directors to make up a majority of the Board where the Chairman of the Board is not independent.

Mr Hoh has more than 35 years of working experience with extensive regional experience in Singapore, Malaysia, New Zealand, Hong Kong and China. He was the Chief Financial Officer ("CFO") of China Yuchai International Limited ("CYI") from May 2008 to November 2011 and was thereafter appointed a Director of CYI and its President on 11 November 2011 and 17 July 2013 respectively. He was also previously the CFO of Hong Leong Asia Ltd. ("HLA") from November 2011 to July 2013.

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

Notes:

- <sup>1</sup> CYI and HLA are related companies under the Hong Leong Group of companies, Singapore.

# KEY MANAGEMENT PERSONNEL

## **FOO YANG HYM**

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

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

## **TEE PUAT HENG (PATRICK)**

Mr Tee joined Copthorne Hotel Cameron Highlands (“CHCH”), the Group’s main hospitality business, as its General Manager in November 2019.

CHCH is owned by Augustland Hotel Sdn. Bhd., an indirect wholly-owned subsidiary of HLGE. Mr Tee is also the former General Manager of CHCH between 2013 to 2016. He has over 30 years of experience in the hospitality industry, having spent most of his career in his role in managerial positions.

Mr Tee obtained his Diploma (Honours) in Hotel & Catering Management (American Hotel & Motel Association) from Cyma College Penang (Stamford College Group).

Information as at 18 March 2021

# CORPORATE GOVERNANCE REPORT

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 principles and provisions in the 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 37 to 52 of this Annual Report 2020 (“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.



# CORPORATE GOVERNANCE REPORT

## **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") 2020, Ms Foo Yang Hym, the CFO, is the remaining member of the Management team following the resignation of Mr Yam Kit Sung, the General Manager – Asset Management (China) on 20 January 2020. The NC and the Board had on 19 February 2021 identified Mr Tee Puat Heng (Patrick), the General Manager of Copthorne Hotel Cameron Highlands, the Group's hospitality operations in Malaysia, as a key management personnel ("KMP") of the Group.

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.

# CORPORATE GOVERNANCE REPORT

Mr Hoh Weng Ming was appointed back to the Board as a Non-Executive Director (“NED”) on 3 August 2020 in place of Mr Tan Eng Kwee who resigned as a NED of the Company on 20 July 2020. Mr Hoh had earlier been appointed a NED of the Company on 16 February 2011 and subsequently resigned on 6 December 2019 in order for the Company to comply with Provision 2.2 of the 2018 Code which requires independent directors to make up a majority of the Board where the Chairman of the Board (“Board Chairman”) is not independent. With the resignation of Mr Tan Eng Kwee, the Board size had dropped to four Directors, comprising a non-independent Board Chairman and three Independent Non-Executive Directors (“ID”). There was capacity for the appointment of a non-independent NED and in this regard, Mr Hoh’s appointment as a NED was appropriate as he is currently a Director and the President of China Yuchai International Limited, a controlling shareholder of the Company. As a former NED of the Company, Mr Hoh is familiar with the Group’s business and operations, as well as the Company’s corporate governance practices, and key duties and responsibilities of a director under the relevant legislation. Mr Hoh was also appointed a member of the Executive Committee (“Exco”) on 3 August 2020 and was briefed on the scope and responsibilities of the Exco by the chairman of the Exco.

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 and Management 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.

Three in-house seminars/webinars were conducted by invited external speakers in 2020, on the following topics:

1. Emerging technology: Innovation, Future of Work and Cyber
2. Geopolitical Risk Landscape
3. ESG Integration: A Pathway to Business Resilience

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 2020: Looking Beyond the Veneer of Numbers
2. SID Managing Risks in a Digital World – The New Corporate Headache
3. SID Post COVID-19 Strategy: A Stronger and Resilient Tomorrow
4. SID Directors Virtual Conference – Living in a COVID-19 World: A Singapore Perspective
5. SID Global Virtual Roundtable 3: Board Challenge and Support – Getting the Balance Right
6. SID Annual Corporate Governance Roundup 2020

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.

# CORPORATE GOVERNANCE REPORT

## **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 Hoh Weng Ming
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



# CORPORATE GOVERNANCE REPORT

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 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 53 and 54 and in the Financial Statements on pages 107 and 108 of the AR.

## **Board and Board Committee Meetings (Provision 1.5)**

Board and Board Committee meetings are held regularly. Three Board meetings were held in 2020.

Meetings of the IDs, chaired by the Lead Independent Director ("Lead ID"), are convened as often as may be warranted by circumstances. No meeting of the IDs was required to be convened in 2020.

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 (including *via* electronic means) of the Directors at the annual general meeting ("AGM") and at meetings of the Board and the Board Committees, as well as the frequency of such meetings in 2020, are disclosed on page 15 of the AR. 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 and/or Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and through strategic networking relationships which would further the interests of the Company. 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.

# CORPORATE GOVERNANCE REPORT

## Directors' Attendance (including *via* electronic means) at the AGM and Meetings of the Board and Board Committees in 2020 (Provision 1.5)

A.	Board	ARC	NC	RC
<b>Number of Meetings held in 2020:</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Name of Directors</b>	<b>Number of Meetings Attended in 2020</b>			
Dato' Gan Khai Choon	3	N.A.	N.A.	N.A.
Ms Loo Hwee Fang	3	2	1	1
Mr Andrew Goh Kia Teck	3	2	1	1
Mr Goh Kian Chee	3	2	1	1
Mr Hoh Weng Ming <sup>(i)</sup>	2	N.A.	N.A.	N.A.
Mr Tan Eng Kwee <sup>(ii)</sup>	1	N.A.	N.A.	N.A.

N.A. – Not applicable

Notes:

- (i) Mr Hoh Weng Ming was appointed as a NED and as a member of the Exco on 3 August 2020.
- (ii) Mr Tan Eng Kwee resigned as a NED on 20 July 2020. He also ceased to be a member of the Exco on 20 July 2020.

- B. All the Directors, except for Mr Hoh Weng Ming who was only appointed on 3 August 2020, attended the Company's AGM held electronically in June 2020.

The SOSC did not convene any meeting in 2020. Although no formal meetings of the Exco were held in 2020, 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 Hoh Weng Ming are mainly on the boards of the related companies of the Company.

# CORPORATE GOVERNANCE REPORT

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 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.



# CORPORATE GOVERNANCE REPORT

## 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.

One of the Three IDs, namely Ms Loo Hwee Fang, would have reached her nine years’ tenure on 1 March 2021. As recommended by the NC and approved by the Board, Ms Loo has agreed to stay on as an ID until no later than 31 December 2021. This is to allow the NC and the Board more time to look for a new ID in order to meet the requirements of the 2018 Code for the Board to comprise a majority of IDs as the Board Chairman is not independent.

In considering the independence of Ms Loo Hwee Fang, the Board took into consideration factors such as whether she has expressed her individual viewpoints and debated issues constructively during meetings of the Board and Board Committees (where applicable), whether she has constructively challenged and sought clarification from Management as and when necessary and whether she has avoided apparent conflicts of interest by abstaining from deliberation on matters in which she has an interest in. Having considered the feedback from the Board members, the Board determined that Ms Loo is independent notwithstanding she has served on the Board beyond nine years as she has continued to demonstrate strong independence in character and judgement in the discharge of her responsibilities as a Director of the Company. She had also avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which she had a direct/indirect interest

# CORPORATE GOVERNANCE REPORT

and was able to maintain objectivity in her conduct as a Director of the Company. She had objectively raised issues and sought clarification as and when necessary from the Board, Management and the Company's external advisors on matters pertaining to their area of responsibilities whether on the Board or on the Board Committees. The Company has also benefitted from her years of experience in her field of expertise.

Of the Three IDs, Mr Goh Kian Chee will be seeking re-election at the Company's AGM in April 2021. Having considered his independence, the Board therefore recommends the re-election of Mr Goh Kian Chee as an ID of the Company.

## **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. In line with the Board Diversity Policy, the NC would consider female candidates in its nominating process for new appointment of an ID to the Board to succeed Ms Loo. 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.

# CORPORATE GOVERNANCE REPORT

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 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.

# CORPORATE GOVERNANCE REPORT

## **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 2020. No separate meeting of the IDs without the presence of Management was convened in 2020.

## **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 2020. 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.



# CORPORATE GOVERNANCE REPORT

## **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 Hoh Weng Ming was appointed back to the Board as a NED and a member of the Exco on 3 August 2020 in place of Mr Tan Eng Kwee who resigned as a NED of the Company on 20 July 2020. Mr Hoh had earlier been appointed a NED of the Company on 16 February 2011 and subsequently resigned on 6 December 2019 in order for the Company to comply with Provision 2.2 of the 2018 Code which requires independent directors to make up a majority of the Board where the Board Chairman is not independent. In recommending Mr Hoh's appointment to the Board, the NC took into consideration his familiarity with the Group's business and operations being a former NED of the Company as well as his qualifications and extensive regional experience. Further information on Mr Hoh can be found on page 8 of this AR. Board composition and independence would also be further strengthened by the impending appointment of a new ID to succeed Ms Loo Hwee Fang by 31 December 2021.

## **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,

- (a) Dato' Gan Khai Choon and Mr Goh Kian Chee will be retiring by way of rotation; and
  - (b) Mr Hoh Weng Ming, appointed on 3 August 2020, will also be retiring,
- at the 2021 AGM. The retiring Directors being eligible, have offered themselves for re-election/election.

# CORPORATE GOVERNANCE REPORT

As recommended by the NC, the Board also recommends the re-election of Dato' Gan Khai Choon as a NED and Mr Goh Kian Chee as an ID, as well as the election of Mr Hoh Weng Ming as a NED. Detailed information on the Directors who are proposed to be re-elected/elected at the 2021 AGM can be found under the sections on 'Board of Directors' and 'Additional Information on Directors Seeking Re-election/Election at the 58<sup>th</sup> 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 three years and other relevant information; 'Notice of Annual General Meeting' and the 'Additional Information on Directors Seeking Re-election/Election at the 58<sup>th</sup> Annual General Meeting' for information on Directors proposed for re-election/election at the 2021 AGM.

# CORPORATE GOVERNANCE REPORT

## **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 2020 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.

# CORPORATE GOVERNANCE REPORT

## **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 the Company's KMP for FY 2020. The General Manager – Asset Management (China) previously identified as a KMP resigned in January 2020. The NC and the Board had on 19 February 2021 identified Mr Tee Puat Heng (Patrick), the General Manager of Copthorne Hotel Cameron Highlands, as a KMP of the Group. 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 contracts of service which have been reviewed by the RC do not contain any unfair or unreasonable termination clauses.

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

One RC meeting was convened in 2020. The Company Secretaries maintain records of all RC meetings including records of discussions on key deliberations and decisions taken.



# CORPORATE GOVERNANCE REPORT

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 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, which comprise base Director's fee and additional fees for services rendered under the various Board Committees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Board Committees, the contributions and time spent by the Directors in discharging their Board and Board Committees' duties and responsibilities, as well as the changes in the business, corporate governance practices and regulatory rules. The RC is mindful that the remuneration for IDs should not be excessive in order not to compromise or reasonably be perceived to compromise their independence. 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 2020 is set out as follows:

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

# CORPORATE GOVERNANCE REPORT

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 2020.

### Directors' Remuneration for FY 2020 (Provision 8.1(a))

All the Directors of the Company are NEDs. Details of the Board and Board Committee fees for FY 2020 (rounded off to the nearest thousand dollars) are set out below:

Directors	Board/Board Committee Fees <sup>(a)</sup> \$
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 Hoh Weng Ming <sup>(b)</sup>	6,000
6. Mr Tan Eng Kwee <sup>(c)</sup>	8,000

Notes:

- (a) These fees comprise Board and Board Committee fees for FY 2020, which are subject to approval by shareholders as a lump sum at the 2021 AGM.
- (b) Mr Hoh Weng Ming was appointed as a NED and as a member of the Exco on 3 August 2020.
- (c) Mr Tan Eng Kwee resigned as a NED on 20 July 2020. He also ceased to be a member of the Exco on 20 July 2020.

# CORPORATE GOVERNANCE REPORT

None of the Directors receive any other remuneration in FY 2020 other than the Board and Board Committee fees.

## **Remuneration of KMP (not being a Director or Chief Executive Officer) for FY 2020** (Provisions 8.1(b) and 8.3)

The Company does not have a Chief Executive Officer. For FY 2020, the Company identified Ms Foo Yang Hym, the CFO as its KMP. Mr Yam Kit Sung had resigned as the General Manager – Asset Management (China) in January 2020.

The KMP's remuneration for FY 2020 in bands of \$250,000 is set out below.

	<b>Base Salary <sup>1</sup> %</b>	<b>Bonuses/ Allowances <sup>1</sup> %</b>	<b>Other Benefits %</b>	<b>Total %</b>
<b>\$250,000 and below</b>				
<b>KMP</b>				
1. Foo Yang Hym	89	8	3	100
2. Yam Kit Sung	100	–	–	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 2020** (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 53 and 54 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.

# CORPORATE GOVERNANCE REPORT

## 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.



# CORPORATE GOVERNANCE REPORT

## **Assurances from the KMP (Provision 9.2)**

Written assurance was received from the CFO and the General Manager of Copthorne Hotel Cameron Highlands, being the KMP:

- (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 the Group's 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 2020 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.

# CORPORATE GOVERNANCE REPORT

## **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.

# CORPORATE GOVERNANCE REPORT

## ARC's Commentary on Significant Financial Reporting Matter

In the review of the financial statements for FY 2020, 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, and have been included as a key audit matter in EY's audit report set out in this AR:

Significant Matter	How the ARC reviewed the matter and what decisions were made
Recoverable Amount of Development Property	<p>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 (the "Estimated Market Value"). In evaluating the Estimated Market Value, the ARC reviewed the valuation method and key assumptions used by the Valuer and also took into consideration the market conditions arising from the COVID-19 pandemic. The ARC also compared the Estimated Market Value with the carrying amount recorded in the accounts.</p> <p>The ARC received the report from the EA, who was assisted by their internal valuation specialist. This report presented, amongst other matters, EA's assessment of the Estimated Market Value.</p> <p>The ARC, having reviewed and considered the reports from the Valuer and the EA, was satisfied with the approach on the estimation of net realisable value for the said property as adopted and disclosed in the financial statements.</p>

The ARC held two 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.

# CORPORATE GOVERNANCE REPORT

## **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 2020.

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 2020, 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 on page 112 of this AR for details of the fees paid and/or payable by the Group to EY in respect of the audit services for FY 2020.

In reviewing the nomination of EY for re-appointment as the Company's EA for the financial year ending 31 December 2021, 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 2021 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 2020, 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.



# CORPORATE GOVERNANCE REPORT

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](http://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 2020 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)

Except for the 2020 AGM due to the COVID-19 pandemic, 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.

# CORPORATE GOVERNANCE REPORT

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.

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. All the Directors, except for Mr Hoh Weng Ming who was appointed in August 2020, and the EA attended the 2020 AGM which was held *via* electronic means and will endeavour to attend the 2021 AGM.

## **Voting at General Meetings** (Provision 11.4)

Except for the 2020 AGM due to the COVID-19 pandemic, 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 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 general meetings and at any adjournment thereof shall be put to the vote by way of poll. Except for the 2020 AGM which was done by way of proxy votes, the Company would continue to conduct poll voting at the 2021 AGM assuming that the Company is able to resume convening physical general meetings. 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 2021 AGM. The rules including voting procedures that govern general meetings of shareholders are set out within the notice of the 2021 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.

## **2020 AGM and 2021 AGM**

In view of the COVID-19 situation, the 2020 AGM was convened and held by electronic means on 26 June 2020 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements relating to attendance at the AGM *via* electronic means (including arrangements by which the meeting can be electronically accessed *via* 'live' audio-visual webcast or 'live' audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, were put in place for the 2020 AGM. The mode of the convening and conduct of the 2021 AGM are dependent on the COVID-19 situation in Singapore nearer the date of the 2021 AGM. Shareholders would be notified by the Company in advance of the 2021 AGM.

## **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.

# CORPORATE GOVERNANCE REPORT

## Principle 12: Engagement with Shareholders

Following the amendments to Rule 705(2) of the Listing Manual of SGX-ST, which took effect on 7 February 2020, the Company has ceased to release announcements of the Group's quarterly unaudited financial statements. Commencing FY 2020, results for the first half year ("1H") were released to shareholders within 45 days of the end of 1H 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 CFO provided assurance to the ARC and the Board on the integrity of the 1H 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 1H 2020 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. For the 2020 AGM, the notice of AGM was made available to shareholders solely by electronic means *via* the Company's corporate website and on the SGX website in accordance with the Order which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies and also the requirement for all notices of general meeting of issuers to be published on SGXNET and, if available, the issuer's corporate website.

### 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](http://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.

Shareholders are also encouraged to attend the Company's general meetings. The Board Chairman and the chairmen of the respective Board Committees will also attend such meetings.

### 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](http://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.

# CORPORATE GOVERNANCE REPORT

## 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 40 to 42 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 all Directors and employees from 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 period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the date of announcement of the Company's full year financial statements (if the Company is required to announce its quarterly financial statements), and during the period commencing one month before the date of announcement of the Company's 1H and full year financial statements (if the Company is not required to announce its quarterly financial statements). 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 2021



# SUSTAINABILITY REPORT

## Statement by the Board of Directors

Sustainability remains essential to our operations and being a valued and respected corporate citizen, we aim to ensure that our sustainability approach creates long-term value for our stakeholders. We systematically review our business practices to assess the impact of its activities upon our stakeholders and vice versa, the impact that any stakeholders' actions could have on the Group<sup>1</sup> in its ability to conduct its activities.

The Board sets the strategy and direction to manage the approach towards sustainability by upholding high standards of governance across our value chain, promoting ethical and responsible business practices, practising prudent financial management, maintaining high standards of health and safety, minimising environmental impact, improving efficient utilisation of resources, and engaging communities where we operate in.

The Sustainability Committee plays an important role to assist the Board in steering the Group's sustainability direction by continually identifying, evaluating, monitoring, managing and addressing environmental, social and governance ("ESG") factors material to our business.

Setting the sustainability pathway requires the commitment, cooperation and continuous feedback of all key stakeholders. We sincerely look forward to your continued support in our efforts towards enabling a more sustainable future for HLGE.

## About This Report

This is our fourth sustainability report which 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 2020 to 31 December 2020, unless otherwise specified. 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 appreciate 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](mailto:sustainability@hlge.com.sg).

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<sup>1</sup> The reporting entity is HL Global Enterprises Limited ("HLGE") and "the Group" refers to Copthorne Hotel in Cameron Highlands, Malaysia, which is the main business operation of the Group.

# SUSTAINABILITY REPORT

## Sustainability Framework and Governance

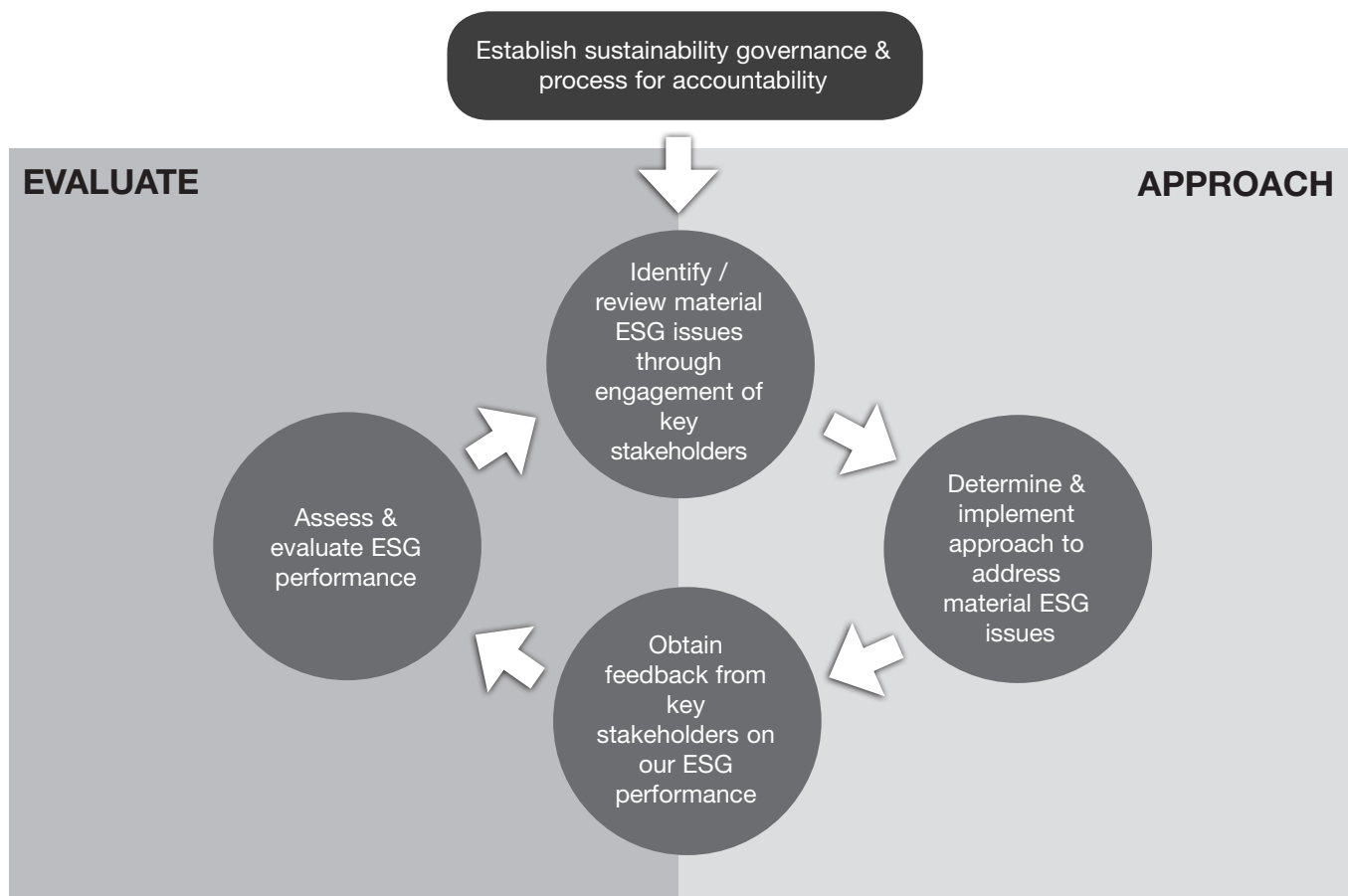
The Group has developed a framework to formalise the oversight procedures (Figure 1) to ensure reliability, adequacy and effectiveness of the internal controls and risk management processes over our sustainability practices and reporting standards. The Sustainability Committee has been established since 2017 to identify and manage material ESG issues, including the setting of targets and reporting as illustrated in Table 1.

**Table 1: Targets for Material Sustainability Issues**

Topics	Material Sustainability Issues	Targets Set
<b>Our Business Environment</b>	Enterprise Risk Management	Continuously / quarterly monitoring
	Regulatory and Environmental Compliance	No incident
	Ethical Conduct and Anti-Corruption	No incident
<b>Understanding Our Guests' Needs</b>	Guest Health and Safety	No incident
	Service Quality and Guest Experience	Improve rating (target set is 7.5)
<b>Looking After Our People</b>	Occupational Health and Safety	No incident
	Creating a Positive Working Environment	Workplace flexibility and employee recognition

# SUSTAINABILITY REPORT

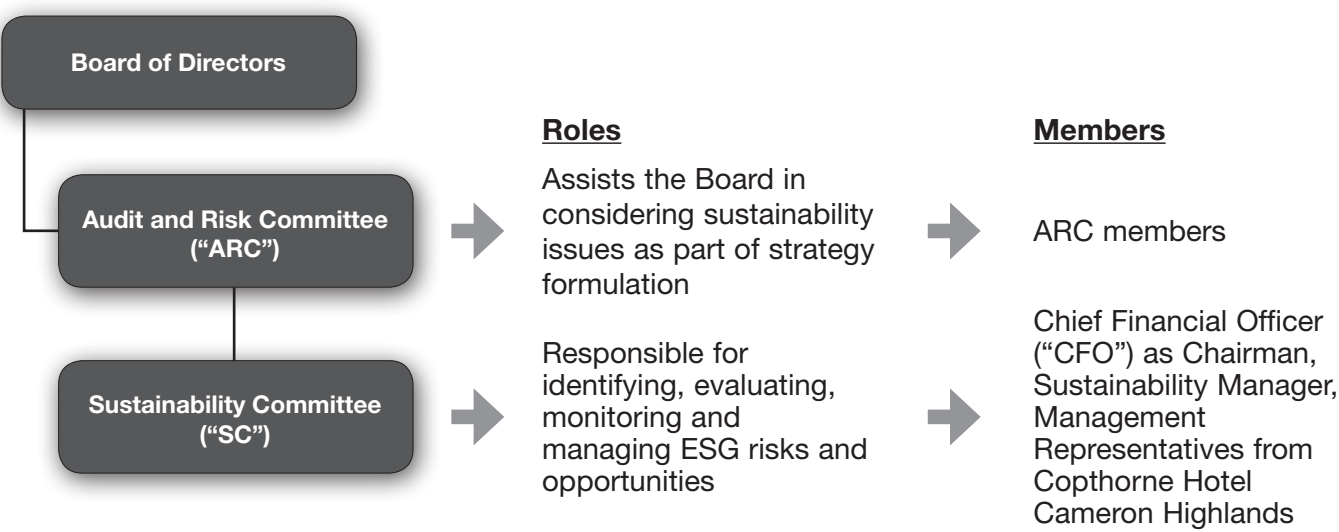
Figure 1: Sustainability Framework



The Sustainability Committee provides sustainability performance updates to the Audit and Risk Committee (“ARC”) on a half-yearly basis 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 Board is assisted by the ARC in considering sustainability issues as part of its strategy formulation of the Group (Figure 2).

# SUSTAINABILITY REPORT

Figure 2: Sustainability Governance Structure



## The Group's Key Stakeholders and Materiality Assessment Process

### Key Stakeholders

Business begins with value creation for its key stakeholders through the provision of products and/or services, supported by employees and suppliers of the business. Furthermore, the nature of our business activities may impact other key stakeholders that include nearby local communities which are managed in accordance with government regulations. Therefore, our key stakeholders are identified as shareholders, guests, employees, local communities, government agencies, and suppliers.

It is important to ensure we develop and maintain healthy relations with our key stakeholders so that the business can ensure active, continuous support in its efforts towards sustainable value creation.

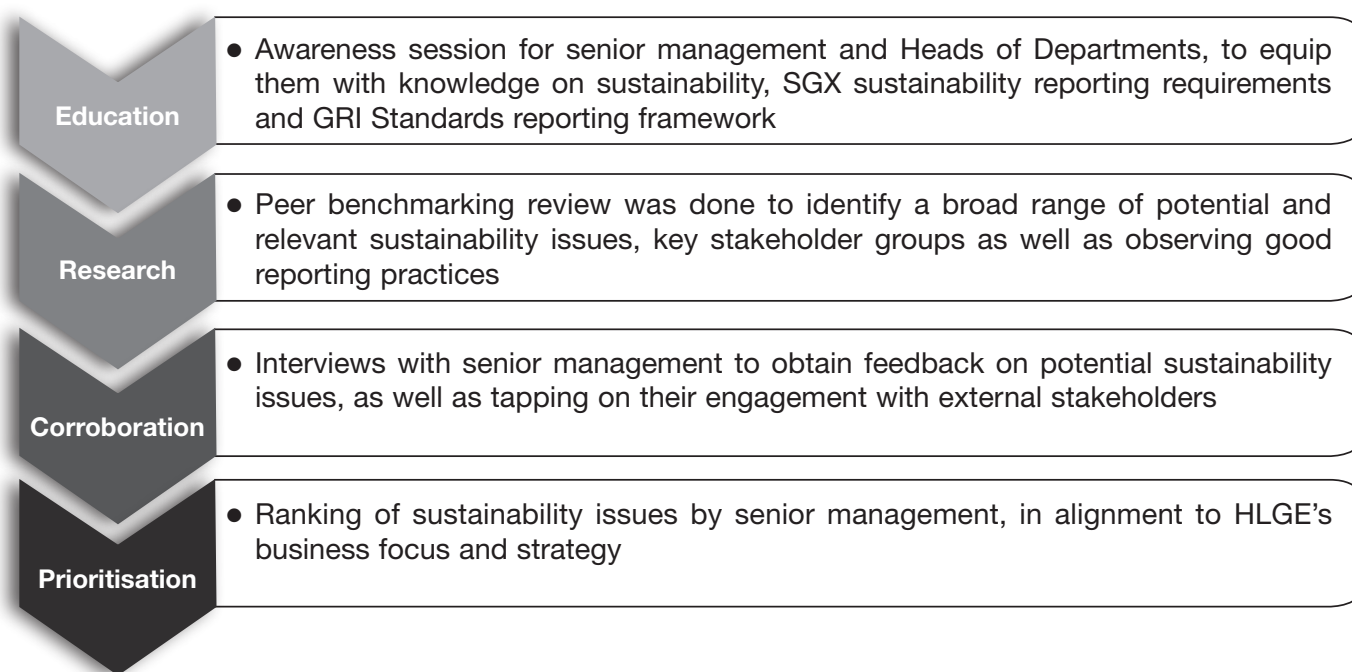
### Materiality Assessment

Following the guidance of GRI's stakeholder inclusiveness and materiality principles, the Group established a formal process to identify key stakeholders and their respective material issues (Figure 3).



# SUSTAINABILITY REPORT

**Figure 3: Material Assessment Process**



Based on a peer benchmarking exercise, followed by corroboration with the senior management, twenty-eight out of the exhaustive list of material issues were shortlisted as relevant to our industry and the Group. 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, while also acting as proxies for the relevant key stakeholders. The result of this materiality assessment is presented in Table 2.

The Sustainability Committee reviewed the ESG issues this year and validated that the material issues identified and determined in 2017, remain unchanged for the current reporting period (Table 2). The Sustainability Report focuses 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.

# SUSTAINABILITY REPORT

**Table 2: Key stakeholders, their respective impacts, sustainability concerns and boundaries**

Key Stakeholders	Boundary, Impact & Significance	Material Sustainability Issues
<b>Guests</b>	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.	<ul style="list-style-type: none"> <li>● Service Quality and Guest Experience</li> <li>● Guest Wellness and Safety</li> </ul>
<b>Suppliers</b>	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.	<ul style="list-style-type: none"> <li>● Ethical Conduct and Anti-corruption</li> </ul>
<b>Shareholders</b>	Shareholders are owners of the Company, and their views are crucial in determining the future directions of HLGE.	<ul style="list-style-type: none"> <li>● Enterprise Risk Management<sup>2</sup></li> </ul>
<b>Government Agencies</b>	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.	<ul style="list-style-type: none"> <li>● Regulatory and Environmental Compliance</li> </ul>
<b>Employees</b>	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.	<ul style="list-style-type: none"> <li>● Creating a Positive Working Environment</li> <li>● Occupational Health and Safety</li> </ul>

## Our Business Environment

### ***Ethical Conduct and Anti-Corruption***

#### **Management Approach**

The business operates with high ethical standards and has a zero-tolerance policy towards fraud, corruption, bribery and money laundering to ensure accountability towards our stakeholders. Our employees remain committed to adhere with our Code of Conduct ("COC"), and continue to maintain high levels of professionalism and ethical behaviour when conducting the Hotel's operations.

<sup>2</sup> Refer to the Corporate Governance Report in the Annual Report for further details on risk management and internal controls disclosed under Principle 9.

# SUSTAINABILITY REPORT

It is a requirement for our new employees to accept the COC as part of the on-boarding agreement as well as make annual declarations that they have complied with the COC during the year. This 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. The employee can be terminated for any breaches or misconduct with the COC. The Human Resource (“HR”) Department manages and reviews the COC performance periodically, after which the Chief Financial Officer (“CFO”) will approve the updated COC.

The Procurement Department similarly manages a Code of Business Conduct (“COBC”) for all existing and potential suppliers. The 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 according to the whistle-blowing policy<sup>3</sup> overseen by the ARC.

## Performance

We are pleased to announce there were no confirmed incidents 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 2020.

In line with the new Malaysian Anti-Corruption Commission Act (“MACC” Act) law that imposes greater liability upon corporations and directors regarding corrupt practices concerning employees, which took effect in June 2020, policies and procedures on the subject matter has been accommodated by formalising a more robust framework with zero-tolerance towards any unethical conduct of employees. In the upcoming year, we plan to reinforce awareness programmes on ethical conduct and anti-corruption.

We continue to emphasise the importance of our COBC developed for suppliers and contractors of the Hotel to uphold high standards of ethics and integrity across our value chain. We have progressively engaged with our suppliers and contractors and communicated with them on COBC compliance and any other applicable regulations when dealing with us. As of 31 December 2020, 115 out of 184 active suppliers have formally acknowledged the COBC. The remaining 69 suppliers did not acknowledge the COBC, as their purchase volume was minimal, and the transactions were on cash terms and on an ad-hoc basis.

With the increased awareness of our ethical conduct requirements on our employees, suppliers and contractors, we target to maintain this standard of good governance practice at HLGE and continuously monitor on further gaps for improvement.

There have been no cases of legal actions for non-competitive behaviour, anti-trust and monopoly practices in 2020.

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<sup>3</sup> Refer to the Corporate Governance Report in the Annual Report for further details on Group’s whistle-blowing policy and procedures disclosed under Principle 10.

# SUSTAINABILITY REPORT

## ***Enterprise Risk Management***

Enterprise Risk Management (“ERM”) is vital to the Group and it forms an integral part of the Hotel’s operation. The operation’s risk is regularly assessed to ensure business sustainability and align with the Group’s objectives and strategies. The Board is responsible for its risk management and internal control systems to ensure effectiveness and integrity with the support of 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**

Government and local authority regulatory compliance is crucial to maintain the Hotel’s license to operate. The Heads of Departments (“HODs”) are responsible to manage emerging requirements and the rules and regulations pertaining to their functions. They actively engage with the relevant government agencies, establish and execute procedures for compliance, coordinate periodic and ad-hoc regulator inspections, as well as provide updates to the CFO and Hotel’s Management as and when there are significant regulatory changes.

The COBC is the main policy to refer to in highlighting to business partners and vendors about the importance of regulations compliance while working together 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 continue to uphold such standards in our monitor of compliance matters.

## **Understanding Our Guests’ Needs**

### ***Service Quality and Guest Experience***

#### **Management Approach**

The Hotel’s business is committed to provide high quality services and amenities to ensure our guests enjoy their experience. The ability to provide quality services to meet our guests’ demands and expectations requires concerted efforts from various departments. The HODs of our Front Office, Housekeeping and Food & Beverage (“F&B”) departments are in-charge in ensuring our guests are well taken care of upon arrival until after their departure. HODs set the benchmarks together with the Hotel General Manager on delivering quality products and services to achieve high guest satisfaction levels.

The Hotel appreciates the feedback from our guests to identify particular areas where they have performed well as well as to improve upon. Guest feedback is collected at the point of check-in, during their stay, upon check-out, as well as from the Online Travel Agent (“OTA”) portals. The Hotel General Manager will lead daily morning briefings with the attendance of HODs to discuss a compiled list of guest’s feedback. Thereafter, responses are gathered from the relevant departments and prompt action is taken to address each complaint as well as implement action plans to prevent a recurrence.



# SUSTAINABILITY REPORT

In recognition of service excellence displayed by employees, management practice is to share encouraging letters of commendation based on positive feedback received by guests. Employee trainings are also regularly refreshed and processes reinforced to address any areas lacking in guest satisfaction.

## Performance

We are committed to provide quality services to our guests throughout their entire stay with us. The most common compliment from our guests is our Hotel staff are friendly, polite and helpful. In referring to feedback obtained from OTA channels including Agoda, TripAdvisor and Booking.com, the Hotel consistently scored good ratings on a monthly basis during the periods under review and achieved the internal benchmarks set for guest satisfaction. Other positive comments often include good location, great view and spacious room.

We received constructive feedback in the areas of maintenance including some of the aging facilities. As a result of addressing these matters, we have started our hotel improvement programme since 2019 which will see the upgrading of lift facilities, renovation of superior rooms and painting of exterior walls. As at the date of this report, one guest lift has been installed and renovation of 54 superior rooms has been completed.

We have also received feedback to carry out the upgrading of the third-party apartments. We have been actively working together with the unit owners to plan for further improvements to meet our guests' expectations.

Even in the midst of the COVID-19 pandemic, the Hotel continued its efforts to give back to society. In December 2020, we successfully organised a corporate social responsibility programme called "The Perfect Family", selling gingerbread man butter cookies in collaboration with Perak Women for Women Society (PWW) Shop. This programme received tremendous response and 4,460 cookies were sold. RM 1 donation is pledged for every packet of cookies sold and the donation went towards the Cleft Lip and Palate Association of Malaysia (CLAPAM).

To further enhance the guest experience, we rolled out a new application – SANARP, which significantly expedites the check-in process in order to alleviate the issue of long check-in queues. Guests can access the e-form *via* scanning of a QR code instead of queueing at the front counter to fill up check-in form manually. In addition, guests can raise service requests through this application. The maintenance team will respond accordingly based on the notification from SANARP.

In addition, the Hotel provided 3 nos. of Electric Vehicle (EV) charging parking bays and listed on PlugShare, a free EV's driver's application for iOS, Android and Website. The EV driver can locate the EV charging parking bays through PlugShare in Cameron Highlands. With this facility, the Hotel will be the first and only "EV friendly green hotel" in Cameron Highlands.

# SUSTAINABILITY REPORT

## ***Guest Wellness and Safety***

### **Management Approach**

We proactively instil a strong safety culture in our Hotel to ensure the well-being and safety of our guests, employees and visitors. Our security team under the Safety & Security (“SS”) Department, works around the clock to ensure the highest standard of safety and security measures are implemented on hotel premises. These include daily routine as well as unscheduled security patrols in which anything that appears suspicious is reported to the SS Manager who then decides if the matter requires immediate escalation to the Manager on duty (“Duty Manager”). Non-urgent matters are always 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. Any issues regarding the Hotel’s facilities are attended to by the Engineering Department.

The SS Department is also responsible for ensuring compliance with local rules and regulations and identification of health and safety risks in order to implement the corresponding mitigating actions. This encompasses educating our employees on health and safety by organising the necessary trainings. The SS Department coordinates the safety committee meetings led by the hotel’s general manager and members consisting of HODs and a staff representative from each department to report on safety performance and discussion of any emerging safety issues.

The F&B Department is responsible to ensure the food and drinks served are fresh and presentable, and that any guest feedback is attended to immediately. They also ensure the right amount of supplies are ordered according to the projected number of guests. This planning allows guests to be well taken care of as well as avoid food wastage.

### **Performance**

There is no non-compliance with regulations or voluntary codes concerning any health and safety concerns related to products and services provided during the reporting period in 2020. Our team is committed to ensure that we are compliant with all SS requirements.

## **Looking After Our People**

### ***Creating a Positive Working Environment***

#### **Management Approach**

We aim to provide equal opportunities to our employees in the workplace as well as promote business innovation to accommodate evolving employment market needs. We believe employee satisfaction and workforce diversity are significant drivers in achieving this goal, which requires formal policies and common practices in motivating our employees. We are committed to building a workplace that nurtures inclusion, equality and respect for all throughout the organisation.

# SUSTAINABILITY REPORT

Formal procedures to recognise workforce diversity include the requirement of all employees to agree and comply with the COC as part of the on-boarding process. The HR Department also works closely with the senior management team to create a positive working environment for our employees.

In ensuring skills development, training programmes are essential to enhance employees' knowledge and skills at each level as well as build a pool of talent who can develop into management roles as part of the business's succession plan. This process also contributes to the long-term growth of our business. Training for employees and trainees is identified based on observations by HODs and hotel guests' feedback. Employees are also welcome to suggest to their supervisors on training programmes which they find helpful in their work. Trainings are largely conducted onsite by HODs with the relevant expertise or external consultants.

Common practices to motivate staff are the "Employee of the Month" and "STAR" employee recognitions in which an employee from each department is awarded every month and every year, respectively. To further promote a safe environment, employees are encouraged to voice any concerns and feedback in a timely manner to Management, either directly or through their supervisors and/or HODs, during annual appraisals, or anonymously through the "Staff Suggestion Box". For more serious grievances, our employees are reminded to use the whistle-blowing channel.

Decisions made on individual salary adjustments, promotions or career development paths are largely determined based on the annual appraisals for all employees. Often in such considerations, HR and senior management also takes into account the merits, competency, experience and other relevant qualities of each employee. Temporary employees, mainly students from hospitality education institutions around Malaysia, are hired during peak holiday seasons. Their performance is evaluated at the end of their internship which typically lasts between 3 to 6 months.

## Performance

In 2020, the Hotel employed 159 employees (Table 3), all of whom were working full-time with 96% on a permanent contract, while the remaining 4% were employees on employment contract for periods ranging between 3 to 6 months. Significant reductions were seen in temporary hiring and overall employee turnover rate compared to previous years due to Malaysia's nationwide lockdown triggered by the COVID-19 pandemic.

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

We have organised more than 242 training sessions, equivalent to 3,508 hours throughout the year 2020. The training cover 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.

The benefits of training include employee motivation, enhanced skills and knowledge as well as career development in order to ensure a smoother operation and sustainable business growth. In the coming year, we will continue to invest in the development of various skillsets of our staff by providing the relevant professional trainings. We endeavour to provide our employees with adequate and relevant training as well as remain open to other areas of training which our staff may propose to their supervisors.

# SUSTAINABILITY REPORT

**Table 3: Employee Profile and Movement at Copthorne Hotel Cameron Highlands**

Employee Profile			
Employment type	Male	Female	Total
Permanent	96	57	153
Temporary	3	3	6
	<b>99</b>	<b>60</b>	<b>159</b>

	New Hires				Departures			
Age Group	Male	Rate <sup>4</sup>	Female	Rate <sup>4</sup>	Male	Rate <sup>4</sup>	Female	Rate <sup>4</sup>
<30	27	17.0%	20	12.6%	55	34.6%	33	20.8%
30-50	1	0.6%	2	1.3%	5	3.1%	–	0.0%
>50	2	1.3%	–	0.0%	2	1.3%	1	0.6%
	<b>30</b>		<b>22</b>		<b>62</b>		<b>34</b>	

## Occupational Health and Safety

### Management Approach

In order to safeguard our employee's health and safety, the SS Department is responsible for risk identification, implementation of mitigation procedures and training of employees. During orientation sessions in the first week of joining, new employees are provided introductions to such practices which includes highlighting important safety aspects of the various work stations across the hotel. The SS Department also conducts periodical trainings and refresher sessions on health and safety using manuals and work instructions.

We have zero-tolerance towards accidents and every incident, regardless of whether anyone was injured, or whether the party is an employee, contractor, visitor or guest. Any accident/incident will be reported to the SS Manager for further investigation to determine the root cause analysis. The report is then submitted to the Hotel General Manager and recommendation for corrective action will be brought up to the Safety Committee for implementation.

Employees involved in maintenance works must strictly adhere to SS procedures and they are provided Personal Protective Equipment ("PPE") as basic personal protection. Any employee found not wearing the appropriate PPE when performing tasks in specific areas is first given a warning. Repeat offenders face disciplinary actions that may include termination of employment.

<sup>4</sup> The rates of new employee hires and employee turnover are calculated using the total employee numbers at the end of the reporting period.

# SUSTAINABILITY REPORT

## Performance

We are pleased to announce that we have zero work-related injuries recorded for the year 2020. There were no accidents involving our employees, contractors or visitors. There were also no fatalities or occupational diseases reported during the year under review.

Under the Systematic Occupational Health Enhancement Level Program, physical evaluations and trainings were conducted, and we put in place best practices for our employees in the areas of ergonomic requirements, management of harmful chemicals and noise-related health issues.

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

## Engaging Our Suppliers and Contractors

### Management Approach

The Hotel's supplies and services are mostly sourced from areas of close distance to the Hotel such as Cameron Highlands and Ipoh. The purchase of supplies mainly consists of amenities that are replenished on a daily basis in our F&B outlets, hotel building maintenance and housekeeping service. The Hotel always ensure effective communication and coordination with our suppliers and contractors in order to minimise disruptions in the purchase of such amenities and enable our Hotel to operate smoothly.

To ensure and maintain high standards of service for our guests, we evaluate our vendors on a quarterly basis whereby the end-user departments, receiving department and procurement department will provide their respective ratings for the relevant suppliers 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 with poor ratings will be issued with either a verbal warning on the areas to improve upon, or a written termination letter if no corrective actions were taken.

The COBC is the formal policy put in place to ensure vendors operate in an ethical manner and comply with local laws and regulations.

## Performance

Most vendors achieved good ratings in our quarterly evaluations and there were no vendors that required close monitoring for year 2020. 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.

We are committed to establish long-term mutually beneficial relationships with our suppliers, contractors and business partners along our supply chain. This commitment helps minimize disruption to the Hotel's operations in order to reduce operational risk and costs as well as strengthen our business positioning.



# SUSTAINABILITY REPORT

We uphold responsible sourcing principles in our procurement practices to prevent and minimise the impact of our operations on the environment. Our success stories include the prohibition of serving shark fin in all our Hotel's outlets, 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**

We started our sustainability reporting journey since 2017, we have since enhanced sustainability awareness within the Group and with our other stakeholders. Sustainability performance reviews have been helpful for us to identify the gaps and continuously improve to help enable our business achieve sustainable development.

We are committed to mainstream sustainability throughout our business and operation. We endeavour to continuously excel in our sustainability reporting to track the sustainable growth of our business, and improve our processes by setting targets and achieving them.

18 March 2021

# SUSTAINABILITY REPORT

## GRI Standards Content Index for 'In Accordance' – Core

GRI Standards Disclosure Number	Description	Page Reference / Reasons for Omission, if Applicable
<b>GENERAL STANDARD DISCLOSURES</b>		
<b>Organizational Profile</b>		
102-1	Name of the organization	Cover page
102-2	Activities, brands, products, and services	2-3
102-3	Location of headquarters	1
102-4	Location of operations	2-3
102-5	Ownership and legal form	Note 1 of Financial Statements
102-6	Markets served	2-3
102-7	Scale of the organization	48
102-8	Information on employees and other workers	48
102-9	Supply chain	49
102-10	Significant changes to the organization and its supply chain	37
102-11	Precautionary Principle or approach	44, Corporate Governance Report Principles 9 & 10
102-12	External initiatives	None
102-13	Membership of associations	Malaysian Association of Hotels
<b>Strategy</b>		
102-14	Statement from senior decision-maker	37
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report
<b>Governance</b>		
102-18	Governance structure	38-40
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	42
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	40-42
102-43	Approach to stakeholder engagement	42-49
102-44	Key topics and concerns raised	42
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Note 5,6 and 7 to the Financial Statements
102-46	Defining report content and topic Boundaries	37 & 42
102-47	List of material topics	42
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	37
102-51	Date of most recent report	37
102-52	Reporting cycle	37
102-53	Contact point for questions regarding the report	37 <a href="mailto:sustainability@hlge.com.sg">sustainability@hlge.com.sg</a>
102-54	Claims of reporting in accordance with the GRI Standards	37
102-55	GRI content index	51-52
102-56	External assurance	We have not sought external assurance for our 2020 sustainability report

# SUSTAINABILITY REPORT

## GRI Standards Content Index for 'In Accordance' – Core (continued)

GRI Standards Disclosure Number	Description	Page Reference / Reasons for Omission, if Applicable
<b>TOPIC SPECIFIC DISCLOSURES</b>		
<b>Ethical Conduct and Anti-Corruption</b>		
103-1	Explanation of the material topic and its Boundary	42-43
103-2	The management approach and its components	42-43
103-3	Evaluation of the management approach	42-43
201-1	Direct economic value generated and distributed	Financial Statements
205-3	Confirmed incidents of corruption and actions taken	43
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	43
<b>Regulatory and Environmental Compliance</b>		
103-1	Explanation of the material topic and its Boundary	44
103-2	The management approach and its components	44
103-3	Evaluation of the management approach	44
307-1	Non-compliance with environmental laws and regulations	44
419-1	Non-compliance with laws and regulations in the social and economic area	44
<b>Service Quality and Guest Experience / Guest Wellness &amp; Safety</b>		
103-1	Explanation of the material topic and its Boundary	44-46
103-2	The management approach and its components	44-46
103-3	Evaluation of the management approach	44-46
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	46
<b>Creating a Positive Working Environment / Occupational Health and Safety</b>		
103-1	Explanation of the material topic and its Boundary	46-49
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103-3	Evaluation of the management approach	46-49
401-1	New employee hires and employee turnover	48 Table 3
403-9	Work-related injuries	49

# 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 2020.

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 2020 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  
Loo Hwee Fang  
Andrew Goh Kia Teck  
Goh Kian Chee  
Hoh Weng Ming (appointed on 3 August 2020)

## Directors' interests

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

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

## Share options

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

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

# DIRECTORS' STATEMENT

## 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.



# DIRECTORS' STATEMENT

## 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 (the "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 (the "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.

# DIRECTORS' STATEMENT

## 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;
- half-yearly 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

**Hoh Weng Ming**  
Director

Singapore  
18 March 2021

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 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 2020, 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 2020 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

For the financial year ended 31 December 2020

## **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 2020, the Group has development properties amounting to \$3,438,000 which comprised mainly a freehold land in Malaysia and certain development costs incurred to-date. These development properties are carried at lower of cost and net realisable values. We have identified the valuation of the uncompleted development property in Malaysia with carrying amount of \$3,409,000, 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 2020. In ascertaining the net realisable value, management took into consideration the development plan and carrying amount of this uncompleted development property as well as the valuation of the estimated market value performed by an external independent professional valuer. There was an increase in the level of estimation uncertainty and judgement required in determining the valuation of development property as at 31 December 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

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 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 in the current environment.

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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

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

### **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the 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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

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

### **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 2021

# BALANCE SHEETS

As at 31 December 2020

		Group		Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	16,665	16,604	17	4
Investment property	4	1,855	1,930	–	–
Subsidiaries	5	–	–	40,887	40,425
Associate	6	56	57	–	–
Joint ventures	7	651	525	–	–
Other receivables	8	68	87	3	22
Right-of-use assets	9	181	245	109	177
Deferred tax asset	10	200	215	–	–
		19,676	19,663	41,016	40,628
<b>Current assets</b>					
Inventories	11	85	94	–	–
Development properties	12	3,438	3,422	–	–
Trade and other receivables	8	543	971	214	468
Prepayment		51	46	21	21
Cash and bank balances	13	56,588	56,875	37,686	37,807
		60,705	61,408	37,921	38,296
<b>Total assets</b>		80,381	81,071	78,937	78,924
<b>Equity</b>					
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	(55,497)	(55,710)	(55,980)	(56,120)
<b>Total equity attributable to owners of the Company</b>		78,276	78,063	77,793	77,653
<b>Non-current liabilities</b>					
Lease liabilities	9	38	113	11	83
Deferred tax liability	10	–	28	–	–
		38	141	11	83
<b>Current liabilities</b>					
Trade and other payables	16	1,839	2,653	951	1,015
Lease liabilities	9	148	138	102	98
Current tax payable		80	76	80	75
		2,067	2,867	1,133	1,188
<b>Total liabilities</b>		2,105	3,008	1,144	1,271
<b>Total equity and liabilities</b>		80,381	81,071	78,937	78,924

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 2020

		Group	
	Note	2020 \$'000	2019 \$'000
Revenue	17	4,692	7,064
Cost of sales		(2,537)	(3,825)
<b>Gross profit</b>		<b>2,155</b>	3,239
Other income	18	1,241	1,402
Selling and marketing expenses		(228)	(236)
Administrative expenses		(292)	(473)
Finance costs	19	(7)	(10)
Other expenses		(2,721)	(3,115)
Share of results of associate (net of tax)	6	(1)	(1)
Share of results of joint ventures (net of tax)	7	102	178
<b>Profit before tax</b>		<b>249</b>	984
Income tax expense	20	(43)	(104)
<b>Profit for the year attributable to owners of the Company</b>	21	<b>206</b>	880
<b>Earnings per share (cents per share)</b>			
- Basic	22	0.22	0.94
- Diluted	22	N.A. *	N.A. *

\* 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 2020

	Group	
	2020	2019
	\$'000	\$'000
<b>Profit for the year</b>	<b>206</b>	<b>880</b>
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for foreign operations	7	(72)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>7</b>	<b>(72)</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>213</b>	<b>808</b>

*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 2020

Group	Share capital \$'000	Equity capital contributed by parent \$'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
<b>At 1 January 2020</b>	129,793	3,980	8,529	(192)	310	(64,357)	78,063
Profit for the year	-	-	-	-	-	206	206
Other comprehensive income, net of tax	-	-	-	-	7	-	7
Foreign currency translation differences for foreign operations	-	-	-	-	7	-	7
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	-	7	206	213
<b>At 31 December 2020</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>317</b>	<b>(64,151)</b>	<b>78,276</b>
<b>At 1 January 2019</b>	129,793	3,980	8,529	(192)	382	(65,237)	77,255
Profit for the year	-	-	-	-	-	880	880
Other comprehensive loss, net of tax	-	-	-	-	(72)	-	(72)
Foreign currency translation differences for foreign operations	-	-	-	-	(72)	-	(72)
<b>Total comprehensive (loss)/income for the year, net of tax</b>	-	-	-	-	(72)	880	808
<b>At 31 December 2019</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>310</b>	<b>(64,357)</b>	<b>78,063</b>

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 2020

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Special reserve \$'000	Accumulated losses \$'000	Total equity attributable to owners of the Company \$'000
<b>At 1 January 2020</b>	129,793	3,980	12,471	(68,591)	77,653
Profit for the year, representing total comprehensive income for the year	-	-	-	140	140
<b>At 31 December 2020</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,451)</b>	<b>77,793</b>
<b>At 1 January 2019</b>	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
<b>At 31 December 2019</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,591)</b>	<b>77,653</b>

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 2020

	Group	
	2020	2019
	\$'000	\$'000
<b>Operating activities</b>		
Profit before tax	249	984
Adjustments for:		
Bad debts written off	8	–
Depreciation of investment property	75	75
Depreciation of property, plant and equipment	817	880
Depreciation of right-of-use assets	157	141
Impairment loss on trade receivables	9	–
Impairment loss on other receivables	–	49
Interest expense related to lease liabilities	7	10
Interest income	(706)	(1,020)
Provision for impairment of development properties	–	600
Share of results of associate (net of tax)	1	1
Share of results of joint ventures (net of tax)	(102)	(178)
Unrealised currency exchange (gains)/losses - net	(5)	43
Write-back of impairment on other receivables	(172)	(1)
Write-back of provision for maintenance fee and sinking funds	(210)	(412)
<b>Operating cash flows before changes in working capital</b>	<b>128</b>	<b>1,172</b>
Development properties	(15)	(14)
Inventories	9	11
Trade and other payables	(604)	(61)
Trade and other receivables	246	397
<b>Cash (used in)/from operating activities</b>	<b>(236)</b>	<b>1,505</b>
Income tax paid	(37)	(104)
Interest expense related to lease liabilities	(7)	(10)
Interest received	1,045	765
<b>Net cash from operating activities</b>	<b>765</b>	<b>2,156</b>

*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 2020

	Group	
	2020	2019
	\$'000	\$'000
<b>Investing activities</b>		
Dividend received from a joint venture	–	162
(Placement of long term fixed deposits)/withdrawal of fixed deposits matured	(68)	6,731
Purchase of property, plant and equipment (note 3)	(880)	(204)
Tax and relevant expenses in relation to the disposal of a subsidiary	–	(7,789)
<b>Net cash used in investing activities</b>	<b>(948)</b>	<b>(1,100)</b>
<b>Financing activity</b>		
Repayment of principal portion of lease liabilities	(159)	(135)
<b>Net cash used in financing activity</b>	<b>(159)</b>	<b>(135)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(342)</b>	<b>921</b>
Cash and cash equivalents at beginning of the year	<b>6,371</b>	<b>5,495</b>
Effect of exchange rate changes on balances held in foreign currencies	(13)	(45)
<b>Cash and cash equivalents at end of the year (note 13)</b>	<b>6,016</b>	<b>6,371</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to SFRS(I) 16 Leases: COVID-19 Related Rent Concessions	1 June 2020
SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 16: <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
Annual Improvements to SFRSs 2018-2020	1 January 2022
Amendments to SFRS(I) 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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 2020.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) *Business combinations and goodwill*

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

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

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

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

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

### 2.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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:

		<u>Useful lives</u>
Freehold buildings and improvements	-	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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Financial instruments (continued)

#### (a) *Financial assets (continued)*

##### **Initial recognition and measurement (continued)**

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

##### **Subsequent measurement**

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

##### *Amortised cost*

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

##### **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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Financial instruments (continued)

#### (b) *Financial liabilities (continued)*

##### **Subsequent measurement**

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

##### **De-recognition**

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

#### (c) *Offsetting of financial instruments*

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

### 2.11 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 Impairment of financial assets (continued)

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.

### 2.12 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

### 2.16 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 Employee benefits (continued)

#### (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.

### 2.19 Leases

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.

#### (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	2 to 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 Leases (continued)

#### (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.

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

### 2.20 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Revenue (continued)

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.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 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.

### 2.22 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.22 Taxes (continued)

#### (b) *Deferred tax (continued)*

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.22 Taxes (continued)

#### (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.

### 2.23 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.

### 2.24 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Consolidation of special purpose entity and treasury shares (continued)

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.

### 2.25 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land* \$'000	Freehold buildings and improvements \$'000	Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Capital work-in-progress \$'000	Total \$'000
<b>Cost</b>							
At 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 and 1 January 2020	2,865	14,722	1,731	3,018	75	9	22,420
Additions	-	65	34	71	-	710	880
Write-off	-	-	-	(3)	(5)	-	(8)
Translation adjustments	-	-	(1)	(1)	-	1	(1)
At 31 December 2020	<b>2,865</b>	<b>14,787</b>	<b>1,764</b>	<b>3,085</b>	<b>70</b>	<b>720</b>	<b>23,291</b>

\* Freehold land includes Lot 1049 Mukim Ulu Telom Cameron Highlands, Pahang Malaysia (land area of 7,803m<sup>2</sup>).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land \$'000	Freehold buildings and improvements \$'000	Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Capital work-in- progress \$'000	Total \$'000
<b>Accumulated depreciation and impairment loss</b>							
At 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 and 1 January 2020	99	2,493	978	2,177	69	-	5,816
Depreciation for the year	-	451	114	251	1	-	817
Write-off	-	-	-	(3)	(5)	-	(8)
Translation adjustments	-	1	-	(1)	1	-	1
At 31 December 2020	99	2,945	1,092	2,424	66	-	6,626
<b>Net carrying amount</b>							
At 31 December 2019	2,766	12,229	753	841	6	9	16,604
At 31 December 2020	2,766	11,842	672	661	4	720	16,665



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

<b>Company</b>	<b>Furniture, fittings and office equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>			
At 1 January 2019	53	5	58
Additions	1	–	1
At 31 December 2019	54	5	59
Additions	<b>16</b>	–	<b>16</b>
Write-off	–	<b>(5)</b>	<b>(5)</b>
At 31 December 2020	<b>70</b>	–	<b>70</b>
<b>Accumulated depreciation</b>			
At 1 January 2019	48	5	53
Depreciation charge for the year	2	–	2
At 31 December 2019	50	5	55
Depreciation charge for the year	<b>3</b>	–	<b>3</b>
Write-off	–	<b>(5)</b>	<b>(5)</b>
At 31 December 2020	<b>53</b>	–	<b>53</b>
<b>Net carrying amount</b>			
At 31 December 2019	4	–	4
At 31 December 2020	<b>17</b>	–	<b>17</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 4. INVESTMENT PROPERTY

	Group \$'000
<b>Cost</b>	
At 1 January 2019	2,162
Translation adjustments	(7)
At 31 December 2019	2,155
Translation adjustments	–
At 31 December 2020	<b>2,155</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	151
Depreciation charge for the year	75
Translation adjustments	(1)
At 31 December 2019	225
Depreciation charge for the year	75
Translation adjustments	–
At 31 December 2020	<b>300</b>
<b>Net carrying amount</b>	
At 31 December 2019	1,930
At 31 December 2020	<b>1,855</b>

	Group 2020 \$'000	2019 \$'000
<b>Income statement</b>		
Rental income from an investment property		
- Minimum lease payments	46	74
Direct operating expenses (including repairs and maintenance) arising from rental generating property	(36)	(58)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 4. INVESTMENT PROPERTY (continued)

Details of the investment property as at 31 December 2020 are as follows:

Location	Description	Existing use	Tenure	Land area (m <sup>2</sup> )	Floor area (m <sup>2</sup> )	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 2020, 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 2020, the fair value of the investment property has been determined to be \$2,434,600 (2019: \$2,204,000).

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	
	2020	2019
	\$'000	\$'000
Unquoted shares, at cost	211,093	211,093
Allowance for impairment	(170,206)	(170,668)
	<b>40,887</b>	<b>40,425</b>
<b>Allowance for impairment</b>		
At 1 January	170,668	171,696
Written back	(462)	(1,028)
At 31 December	<b>170,206</b>	<b>170,668</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 5. SUBSIDIARIES (continued)

In 2020, the Company recognised a write-back of impairment loss of \$462,000 (2019: \$1,028,000). 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.

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Group’s effective equity interest	
			2020 %	2019 %
Held by the Company:				
LKN Development Pte. Ltd. <sup>(i)</sup>	Property development and investment, project and property management	Singapore	100	100
Equatorial Hotel Management Pte. Ltd. <sup>(i)</sup>	Hotel management and consultancy	Singapore	100	100
Equality Hotel Management Sdn. Bhd. <sup>(ii)</sup>	Hotel management and consultancy	Malaysia	100	100
Whitebox Computer Pte Ltd <sup>(iii)</sup>	Dormant	Singapore	100	100
Held by LKN Development Pte. Ltd.:				
Mallink Realty Pte Ltd <sup>(iii)</sup>	Dormant	Singapore	100	100
Sims Development Pte Ltd <sup>(iii)</sup>	Dormant	Singapore	100	100
Augustland Sdn. Bhd. <sup>(ii)</sup>	Property investment and development	Malaysia	100	100
Nirwana Properties Sdn. Bhd. <sup>(ii)</sup>	Investment holding	Malaysia	100	100
Shanghai Yu Rong Hotel Equipment and Supplies Co., Ltd <sup>(iii)</sup>	Dormant	The People’s Republic of China (the “PRC”)	100	100
Victory Heights Sdn. Bhd. <sup>(ii)</sup>	Property investment and development	Malaysia	97*	97*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 5. SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

Name of company	Principal activities	Place of incorporation	Group’s effective equity interest	
			2020 %	2019 %
Held by Augustland Sdn. Bhd.:				
Augustland Hotel Sdn. Bhd. <sup>(ii)</sup>	Hotel development and operation	Malaysia	100	100
Held by Nirwana Properties Sdn. Bhd.:				
Victory Heights Sdn. Bhd. <sup>(ii)</sup>	Property investment and development	Malaysia	3*	3*

\* The total effective equity interest held by the Group is 100% (2019: 100%) as 97% (2019: 97%) is held by LKN Development Pte. Ltd. and 3% (2019: 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) Not required to be audited.

## 6. ASSOCIATE

	Group	
	2020 \$'000	2019 \$'000
Unquoted equity shares, at cost	<b>490</b>	490
Share of post-acquisition accumulated losses	<b>(299)</b>	(298)
Translation adjustments	<b>(135)</b>	(135)
	<b>56</b>	57

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

	Group	
	2020 \$'000	2019 \$'000
At 1 January	<b>(298)</b>	(297)
Share of results after tax	<b>(1)</b>	(1)
At 31 December	<b>(299)</b>	(298)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 6. ASSOCIATE (continued)

Details of the associate are as follows:

Name of company	Principal activities	Place of incorporation	Group’s effective equity interest	
			2020 %	2019 %
Held through subsidiaries:				
Sinjori Sdn. Bhd. <sup>(i)</sup>	Property investment and development	Malaysia	28	28

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

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	
	2020 \$'000	2019 \$'000
<b>Summarised balance sheet</b>		
Current assets	<b>9</b>	8
Non-current assets	<b>334</b>	334
<b>Total assets</b>	<b>343</b>	342
Current liabilities	<b>109</b>	108
Non-current liabilities	<b>33</b>	30
<b>Total liabilities</b>	<b>142</b>	138
<b>Net assets</b>	<b>201</b>	204
Proportion of the Group's ownership	<b>28%</b>	28%
Group's share of net assets, representing carrying amount of the investment	<b>56</b>	57
<b>Summarised statement of comprehensive income</b>		
Loss after tax	<b>(3)</b>	(4)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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	
			2020 %	2019 %
Shanghai Hengshan Equatorial Hotel Management Co., Ltd. ("SHEHM") <sup>(i)</sup>	Hotel and property management	The PRC	49	49
HL Heritage Sdn. Bhd. ("HL Heritage") <sup>(ii)</sup>	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.

The Group has 49% (2019: 49%) and 60% (2019: 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:

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 7. JOINT VENTURES (continued)

	SHEHM & HL Heritage	
	2020	2019
	\$'000	\$'000
<b>Summarised balance sheet</b>		
Cash and cash equivalents	1,294	1,026
Trade receivables	112	141
Other current assets	217	197
<b>Total assets</b>	<b>1,623</b>	<b>1,364</b>
Current financial liabilities	292	285
Other current liabilities	6	12
<b>Total liabilities</b>	<b>298</b>	<b>297</b>
<b>Net assets</b>	<b>1,325</b>	<b>1,067</b>
Group's share of net assets, representing carrying amount of the investments	651	525
<b>Summarised statement of comprehensive income</b>		
Revenue	302	495
Cost of sales	–	(1)
<b>Gross profit</b>	<b>302</b>	<b>494</b>
Interest income	9	8
Operating expenses	(89)	(110)
Profit before tax	222	392
Income tax expense	(13)	(30)
<b>Profit for the year, representing total comprehensive income for the year</b>	<b>209</b>	<b>362</b>
Group's share of results of joint ventures, net of tax	102	178

No dividend was paid by SHEHM in 2020 (2019: \$162,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
Deposits	68	87	3	22
<b>Current</b>				
Trade receivables				
- third parties	167	273	-	-
Allowance for impairment	(9)	(2)	-	-
Non-trade receivables				
- subsidiaries	-	-	61	90
- third parties	190	709	173	419
- joint venture	160	160	-	-
- associate	33	29	-	-
Tax recoverable	20	5	7	4
Deposits	31	19	22	4
Allowance for impairment	(49)	(222)	(49)	(49)
	543	971	214	468
Total trade and other receivables (non-current and current)	611	1,058	217	490
Less: Tax recoverable	(20)	(5)	(7)	(4)
Total trade and other receivables, excluding tax recoverable (note 24)	591	1,053	210	486
Add: Cash and bank balances (note 13)	56,588	56,875	37,686	37,807
Total financial assets at amortised cost	57,179	57,928	37,896	38,293

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. TRADE AND OTHER RECEIVABLES (continued)

### Credit risk

Concentration of credit risk relates to trade receivables and other receivables (excluding deposits and tax recoverable). 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 (after allowance for impairment) by type of customer (excluding deposits and tax recoverable) at the end of the reporting period is as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Corporate	81	143	62	78
Travel agents	14	113	–	–
Credit cards	59	27	–	–
Joint venture	160	160	–	–
Subsidiaries	–	–	61	90
Associate	33	29	–	–
Others	145	475	62	292
	<b>492</b>	<b>947</b>	<b>185</b>	<b>460</b>

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

	2020		2019	
	Gross receivables	Allowance for impairment	Gross receivables	Allowance for impairment
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
Not past due	103	–	423	–
Past due 0 to 30 days	133	(9)	217	(49)
Past due 31 to 120 days	52	–	155	–
Past due 121 days to one year	9	–	12	–
More than one year	253	(49)	364	(175)
	<b>550</b>	<b>(58)</b>	<b>1,171</b>	<b>(224)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. TRADE AND OTHER RECEIVABLES (continued)

### Credit risk (continued)

	2020		2019	
	Gross receivables \$'000	Allowance for impairment \$'000	Gross receivables \$'000	Allowance for impairment \$'000
<b>Company</b>				
Not past due	75	–	292	–
Past due 0 to 30 days	73	–	113	(49)
Past due 31 to 120 days	15	–	86	–
Past due 121 days to one year	15	–	18	–
More than one year	56	(49)	–	–
	<b>234</b>	<b>(49)</b>	<b>509</b>	<b>(49)</b>

### 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	
	2020 \$'000	2019 \$'000
At 1 January	224	180
Charge for the year – trade	9	–
Charge for the year – non-trade	–	49
Written back	(172)	(1)
Written off	(2)	(3)
Translation adjustments	(1)	(1)
At 31 December	<b>58</b>	<b>224</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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.

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

	Group Office space, warehouse and staff accommodation \$'000	Company Office space and warehouse \$'000
<b>Cost</b>		
At 1 January 2019 (adoption of SFRS(I) 16)	339	285
Additions	47	–
At 31 December 2019	386	285
Additions	94	39
Write-off	(62)	(33)
At 31 December 2020	418	291
<b>Accumulated depreciation</b>		
At 1 January 2019 (adoption of SFRS(I) 16)	–	–
Depreciation for the year	141	108
At 31 December 2019	141	108
Depreciation for the year	157	107
Write-off	(62)	(33)
Translation adjustments	1	–
At 31 December 2020	237	182
<b>Net carrying amount</b>		
At 31 December 2019	245	177
At 31 December 2020	181	109



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 9. LEASES (continued)

### As lessee (continued)

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

	<b>Group \$'000</b>	<b>Company \$'000</b>
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
Additions	94	39
Lease payments	(166)	(111)
Accretion of interest	7	4
At 31 December 2020	<b>186</b>	<b>113</b>
<b>2019</b>		
<b>Current</b>	138	98
<b>Non-current</b>	113	83
<b>2020</b>		
<b>Current</b>	148	102
<b>Non-current</b>	38	11

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

<b>Group</b>	<b>At 1 January \$'000</b>	<b>Cash flows \$'000</b>	<b>Other* \$'000</b>	<b>At 31 December \$'000</b>
<b>2019</b>				
Lease liabilities	339	(135)	47	251
<b>2020</b>				
Lease liabilities	251	(159)	94	186

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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
<b>2019</b>		
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	–
	<b>175</b>	<b>115</b>
<b>2020</b>		
Depreciation expense of right-of-use assets (note 21)	<b>157</b>	<b>107</b>
Interest expense on lease liabilities (note 19)	<b>7</b>	<b>4</b>
	<b>164</b>	<b>111</b>

In 2020, the Group had total cash outflows for leases of \$159,000 (2019: \$135,000) and non-cash additions to right-of-use assets and lease liabilities of \$94,000 in 2020 (2019: \$47,000).

## 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
<b>Deferred tax asset</b>				
Provisions for tax losses				
<b>2020</b>	<b>215</b>	<b>(15)</b>	<b>–</b>	<b>200</b>
<b>2019</b>	<b>199</b>	<b>16</b>	<b>–</b>	<b>215</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. DEFERRED TAX (continued)

Group	At 1 January \$'000	Recognised in profit or loss (note 20) \$'000	Translation adjustments \$'000	At 31 December \$'000
<b>Deferred tax liability</b>				
Fair value adjustments on an investment property*				
<b>2020</b>	<b>28</b>	<b>(27)</b>	<b>(1)</b>	<b>–</b>
<b>2019</b>	<b>28</b>	<b>–</b>	<b>–</b>	<b>28</b>

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

### 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	
	2020 \$'000	2019 \$'000
Unutilised capital and investment tax allowances	21,577	20,780
Unutilised tax losses	61,085	62,156
	<b>82,662</b>	<b>82,936</b>

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 2020, the temporary differences arising from subsidiaries in Singapore and Malaysia amounted to \$49,156,000 (2019: \$49,515,000) and \$33,506,000 (2019: \$33,421,000) 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 2.22 due to uncertainty of its recoverability.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. DEFERRED TAX (continued)

### Unrecognised deferred tax liability

In 2020 and 2019, 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 \$16,369,000 (2019: \$16,439,000).

## 11. INVENTORIES

	Group	
	2020 \$'000	2019 \$'000
Hotel supplies, at cost	85	94

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

## 12. DEVELOPMENT PROPERTIES

	Group	
	2020 \$'000	2019 \$'000
Freehold land	2,922	2,922
Development costs	11,077	11,061
Allowance for anticipated losses	(10,561)	(10,561)
	<b>3,438</b>	<b>3,422</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. DEVELOPMENT PROPERTIES (continued)

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

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	3,422	4,025
Translation adjustments	1	(17)
Provision for impairment	–	(600)
Capitalisation of costs during the year	15	14
At 31 December	<b>3,438</b>	<b>3,422</b>

No borrowing cost has been capitalised in 2020 and 2019.

Movements in the allowance for anticipated losses are as follows:

	Group	
	2020	2019
	\$'000	\$'000
At 1 January	10,561	9,992
Translation adjustments	–	(31)
Provision recognised during the year	–	600
At 31 December	<b>10,561</b>	<b>10,561</b>

Details of the development properties are as follows:

Type of development	Location	Status of completion at 31 December 2020	Tenure/ Group's effective interest in property	Land area (m <sup>2</sup> )	Gross floor area (m <sup>2</sup> )
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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. DEVELOPMENT PROPERTIES (continued)

### 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	2,540	2,469	581	567
Bank deposits	54,048	54,406	37,105	37,240
Cash and bank balances	56,588	56,875	37,686	37,807
Less: Fixed deposits with tenures more than 3 months	(50,572)	(50,504)	(37,105)	(37,240)
Cash and cash equivalents in the Consolidated Cash Flow Statement	6,016	6,371	581	567

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	
	2020	2019	2020	2019
	%	%	%	%
Singapore Dollar	0.498	1.890	0.571	1.893
Malaysian Ringgit	1.543	3.087	–	–



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SHARE CAPITAL

	Group and Company	
	No. of ordinary shares issued	Paid-up capital \$'000
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	96,334,254*	133,773
Less: Trust Shares	(2,418,917)	(3,980)
Total shares, excluding Trust Shares as at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<b>93,915,337</b>	<b>129,793</b>

- \* 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.

### 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 2.24, 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SHARE CAPITAL (continued)

### Capital management

The Group defines “capital” to include funds raised through the issue of ordinary shares, 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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	
	2020	2019	2020	2019
	\$'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	317	310	–	–
Accumulated losses	(64,151)	(64,357)	(68,451)	(68,591)
	<b>(55,497)</b>	<b>(55,710)</b>	<b>(55,980)</b>	<b>(56,120)</b>

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Amounts due to related company (non-trade)	7	12	7	12
Trade payables	440	517	–	–
Other payables	101	686	5	6
Refundable deposits	63	60	–	–
Accrued expenses	811	875	651	705
Accrued employee benefits expense	386	490	259	292
Advances from customers	2	13	–	–
Deferred grants	29	–	29	–
	<b>1,839</b>	<b>2,653</b>	<b>951</b>	<b>1,015</b>
Less: Advances from customers, sales and other tax payable	<b>(7)</b>	<b>(107)</b>	<b>(4)</b>	<b>(5)</b>
Total trade and other payables, excluding advances from customers, sales and other tax payable (note 24)	<b>1,832</b>	<b>2,546</b>	<b>947</b>	<b>1,010</b>
Add: Lease liabilities (note 9)	<b>186</b>	<b>251</b>	<b>113</b>	<b>181</b>
Total financial liabilities carried at amortised cost	<b>2,018</b>	<b>2,797</b>	<b>1,060</b>	<b>1,191</b>

The current amounts due to related company are non-trade in nature, unsecured, non-interest bearing, repayable upon demand.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 17. REVENUE

	Group	
	2020	2019
	\$'000	\$'000
Revenue from hospitality and restaurant	4,646	6,990
Rental income from investment property	46	74
	<b>4,692</b>	<b>7,064</b>

## 18. OTHER INCOME

	Group	
	2020	2019
	\$'000	\$'000
Interest income	706	1,020
Sundry income	55	17
Write-back of other payables	–	2
Licence fee	136	362
Write-back of impairment on other receivables	172	1
Currency exchange gains – net	9	–
Government grants	163	–
	<b>1,241</b>	<b>1,402</b>

## 19. FINANCE COSTS

	Group	
	2020	2019
	\$'000	\$'000
Interest expense:		
- lease liabilities	7	10

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 20. INCOME TAX EXPENSE

	Group	
	2020	2019
	\$'000	\$'000
<b>Consolidated income statement</b>		
Current income tax		
- current income taxation	77	131
- over provision in respect of previous years	(22)	(11)
	<u>55</u>	<u>120</u>
Deferred income tax		
- recognition of previously unrecognised deferred tax assets	(12)	(16)
Income tax expense recognised in profit or loss	<u>43</u>	<u>104</u>

### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020	2019
	\$'000	\$'000
Profit before tax	<u>249</u>	<u>984</u>
Income tax using the Singapore tax rate of 17% (2019: 17%)	42	167
Non-deductible expenses	251	232
Income not subject to tax	(158)	(64)
Effect of different tax rates in foreign jurisdictions	1	91
Utilisation of previously unrecognised tax losses and capital allowances	(195)	(511)
Deferred tax assets not recognised	122	181
Over provision in respect of previous years – current income tax	(22)	(11)
Withholding tax expense	14	35
Recognition of previously unrecognised deferred tax assets	(12)	(16)
Income tax expense recognised in profit or loss	<u>43</u>	<u>104</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. PROFIT FOR THE YEAR, NET OF TAX

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

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation of property, plant and equipment	817	880
Depreciation of investment property	75	75
Depreciation of right-of-use assets*	142	141
Bad debts written off	8	–
Currency exchange losses – net	–	22
Employee benefits expense:		
- directors' fees	191	206
- salaries and bonuses	1,949	2,158
- employer's contribution to defined contribution plans	252	261
- other short-term benefits	223	335
Inventories recognised in cost of sales	701	1,057
Impairment loss on trade and other receivables	9	49
Provision for impairment of development properties	–	600
Audit fees to auditors of the Company	92	93
Audit fee to other auditor	–	1
Write-back of impairment on other receivables	172	1
Write-back of provision for maintenance fee and sinking funds	210	412

\* Depreciation of right-of-use assets consist of depreciation expense of \$157,000, reduced by grants of \$15,000, funded by the Singapore Government under the COVID-19 (Temporary Measures) Act 2020. This grant mainly comprises of rental rebates received from the lessor.

## 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	<b>206</b>	<b>880</b>
	<b>No. of shares '000</b>	<b>No. of shares '000</b>
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at beginning of the year	<b>96,334</b>	96,334
Less: Trust Shares	<b>(2,419)</b>	(2,419)
Weighted average number of ordinary shares for basic earnings per share computation*	<b>93,915</b>	93,915
<b>Earnings per share attributable to owners of the Company (cents per share)</b>		
Basic	<b>0.22</b>	0.94
Diluted	<b>N.A.</b>	N.A.

\* 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 2.24.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. SEGMENT INFORMATION (continued)

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
<b>2020</b>				
Revenue				
- external revenue	46	4,646	–	4,692
- inter-segment revenue	–	–	29	29
	<u>46</u>	<u>4,646</u>	<u>29</u>	<u>4,721</u>
Elimination				(29)
				<u>4,692</u>
Reportable segment results	(1,040)	21	(67)	(1,086)
Other income (excluding interest income)	209	102	224	535
Interest income	470	33	203	706
Interest expense	(4)	(1)	(2)	(7)
Share of results of associate and joint ventures	–	104	(3)	101
(Loss)/profit before tax	<u>(365)</u>	<u>259</u>	<u>355</u>	<u>249</u>
Income tax expense				(43)
<b>Profit for the year</b>				<u>206</u>
<b>Other segment items</b>				
Capital expenditure				
- property, plant and equipment	<u>16</u>	<u>864</u>	<u>–</u>	<u>880</u>
Depreciation for the year	<u>174</u>	<u>822</u>	<u>38</u>	<u>1,034</u>
<b>Reportable segment assets</b>	<b>39,844</b>	<b>18,857</b>	<b>20,973</b>	<b>79,674</b>
Investment in associate	–	–	56	56
Investment in joint ventures	–	642	9	651
<b>Consolidated total assets</b>	<u><b>39,844</b></u>	<u><b>19,499</b></u>	<u><b>21,038</b></u>	<u><b>80,381</b></u>
<b>Consolidated total liabilities</b>	<u><b>1,144</b></u>	<u><b>587</b></u>	<u><b>374</b></u>	<u><b>2,105</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. SEGMENT INFORMATION (continued)

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
<b>2019</b>				
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)
<b>Profit for the year</b>				880
<b>Other segment items</b>				
Capital expenditure				
- property, plant and equipment	1	203	–	204
Depreciation for the year	185	871	40	1,096
<b>Reportable segment assets</b>	40,339	19,731	20,419	80,489
Investment in associate	–	–	57	57
Investment in joint ventures	–	514	11	525
<b>Consolidated total assets</b>	40,339	20,245	20,487	81,071
<b>Consolidated total liabilities</b>	1,271	820	917	3,008

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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	
	2020	2019
Group	\$'000	\$'000
Malaysia	4,692	7,064
	<hr/>	
	Non-current assets	
	2020	2019
Group	\$'000	\$'000
Malaysia	18,705	18,731
The PRC	642	514
Singapore	129	203
	<hr/>	<hr/>
	19,476	19,448

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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 Chinese Renminbi and Malaysian Ringgit.

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

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

Group	Singapore Dollar \$'000	Chinese Renminbi \$'000	Malaysian Ringgit \$'000
<b>2020</b>			
Trade and other receivables	–	62	–
Cash and bank balances	–	–	3,067
Trade and other payables	(74)	(501)	–
	<b>(74)</b>	<b>(439)</b>	<b>3,067</b>
<b>2019</b>			
Trade and other receivables	–	127	–
Cash and bank balances	–	–	1,422
Trade and other payables	(362)	(503)	–
	<b>(362)</b>	<b>(376)</b>	<b>1,422</b>
<b>Company</b>			Chinese Renminbi \$'000
<b>2020</b>			
Trade and other receivables			62
Cash and bank balances			–
Trade and other payables			(501)
			<b>(439)</b>
<b>2019</b>			
Trade and other receivables			127
Cash and bank balances			–
Trade and other payables			(503)
			<b>(376)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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, Chinese Renminbi and Malaysian Ringgit exchange rates, with all other variables held constant.

A 10% (2019: 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.

Functional currencies	Impact against the following currencies			
	Group			Company
	Singapore Dollar \$'000	Chinese Renminbi \$'000	Malaysian Ringgit \$'000	Chinese Renminbi \$'000
<b>2020</b>				
Singapore Dollar	–	44	(307)	44
Malaysian Ringgit	7	–	–	–
<b>2019</b>				
Singapore Dollar	–	38	(142)	38
Malaysian Ringgit	36	–	–	–

#### *Judgements made in determination of functional currency*

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

### Interest rate risk

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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 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 2020 are disclosed in note 8.

As at 31 December 2020 and 31 December 2019, 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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.

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
2020					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 8)	591	591	523	8	60
Cash and bank balances (note 13)	56,588	56,588	56,588	–	–
Total undiscounted financial assets	57,179	57,179	57,111	8	60
Financial liabilities					
Trade and other payables, excluding advances from customers, sales and other tax payable (note 16)	1,832	1,832	1,832	–	–
Lease liabilities (note 9)	186	191	152	39	–
Total undiscounted financial liabilities	2,018	2,023	1,984	39	–
Total net undiscounted financial assets/(liabilities)	55,161	55,156	55,127	(31)	60

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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
<b>2019</b>					
<b>Financial assets</b>					
Trade and other receivables, excluding 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
<b>Financial liabilities</b>					
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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Liquidity risk (continued)

#### Analysis of financial instruments by remaining contractual maturities (continued)

Company	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>2020</b>					
<b>Financial assets</b>					
Trade and other receivables, excluding tax recoverable (note 8)	210	210	207	3	–
Cash and bank balances (note 13)	37,686	37,686	37,686	–	–
Total undiscounted financial assets	37,896	37,896	37,893	3	–
<b>Financial liabilities</b>					
Trade and other payables, excluding sales and other tax payable (note 16)	947	947	947	–	–
Lease liabilities (note 9)	113	114	103	11	–
Total undiscounted financial liabilities	1,060	1,061	1,050	11	–
Total net undiscounted financial assets/(liabilities)	36,836	36,835	36,843	(8)	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Liquidity risk (continued)

#### Analysis of financial instruments by remaining contractual maturities (continued)

Company	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>2019</b>					
<b>Financial assets</b>					
Trade and other receivables, excluding 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	–
<b>Financial liabilities</b>					
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)	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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 2020 and 2019.

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
<b>Investment property (note 4):</b>				
<b>2020</b>	<b>2,435</b>	<b>Market comparison and cost method</b>	<b>Comparable price: \$35 to \$85 per square foot</b>	<b>The estimated fair value increases with higher comparable price</b>
<b>2019</b>	<b>2,204</b>	<b>Market comparison and cost method</b>	<b>Comparable price: \$32 to \$85 per square foot</b>	<b>The estimated fair value increases with higher comparable price</b>

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 25. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

### 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

At the end of the financial year, the Group's commitments are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Approved and contracted for		
- property, plant and equipment	796	799
- development costs	359	359
- investment property	471	471

### 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	
	2020	2019
	\$'000	\$'000
Not later than one year		
- with third parties	110	129
Later than one year but not later than five years		
- with third parties	77	58
	187	187

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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	
	2020	2019
	\$'000	\$'000
Short-term employee benefits	384	445
Employer's contribution to defined contribution plans	7	13
	<b>391</b>	<b>458</b>

### 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	
	2020	2019
	\$'000	\$'000
Expenses paid/payable to related companies:		
Rental	(41)	(40)
Secretarial/consultancy fees	(77)	(126)
General and administrative expenses	(25)	(46)
Franchise and sales and marketing and reservation fees	<b>(82)</b>	<b>(73)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. RELATED PARTY TRANSACTIONS (continued)

### Significant outstanding balances with related parties

Details of the outstanding balances with related parties are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Bank balance held with related parties	26,614	29
Secretarial/consultancy fees	98	126

## 28. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 18 March 2021.

# ANALYSIS OF SHAREHOLDINGS

As at 12 March 2021

Class of Shares	:	Ordinary Shares ("Shares")
Number of Ordinary Shares in issue	:	96,334,254
Number of Ordinary Shareholders	:	4,450
Voting Rights	:	One vote for one Share

As at 12 March 2021, 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	172	3.87	6,602	0.01
100 – 1,000	2,444	54.92	1,175,407	1.22
1,001 – 10,000	1,502	33.75	5,539,755	5.75
10,001 – 1,000,000	324	7.28	19,764,546	20.52
1,000,001 and above	8	0.18	69,847,944	72.50
	4,450	100.00	96,334,254	100.00

Based on information available to the Company as at 12 March 2021, 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 2021

No.	Name	No. of Shares Held	%*
1.	Grace Star Services Ltd.	47,107,707	48.90
2.	DBS Nominees (Private) Limited	12,873,807	13.36
3.	Raffles Nominees (Pte.) Limited	2,444,810	2.54
4.	Amicorp Trustees (Singapore) Limited	2,418,917	2.51
5.	Maybank Kim Eng Securities Pte. Ltd.	1,510,417	1.57
6.	Ramesh s/o Pritamdas Chandiramani	1,420,000	1.47
7.	Citibank Nominees Singapore Pte Ltd	1,067,266	1.11
8.	Teoh Cheng Chuan	1,005,020	1.04
9.	Ang Hao Yao (Hong Haoyao)	875,300	0.91
10.	Liew Chee Kong	856,900	0.89
11.	United Overseas Bank Nominees (Private) Limited	690,688	0.72
12.	Tan Kong Giap	546,200	0.57
13.	Lim Sim Beng	506,400	0.53
14.	Liew Yunn Sin	464,400	0.48
15.	Morph Investments Ltd	450,000	0.47
16.	Phillip Securities Pte Ltd	432,300	0.45
17.	Lim Bak	379,600	0.39
18.	OCBC Nominees Singapore Private Limited	361,237	0.37
19.	Tay Yuan Xin	300,000	0.31
20.	ABN Amro Clearing Bank N.V.	297,300	0.31
		76,008,269	78.90

\* The percentage of Shares held is based on the total number of issued Shares of the Company as at 12 March 2021.

# ANALYSIS OF SHAREHOLDINGS

As at 12 March 2021

## Substantial Shareholders

(As shown in the Register of Substantial Shareholders as at 12 March 2021)

Name	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest No. of Shares	% *
Grace Star Services Ltd. ("Grace Star")	47,107,707	–	47,107,707	48.90
Constellation Star Holdings Limited	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
China Yuchai International Limited	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
HL Technology Systems Pte Ltd	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
Hong Leong (China) Limited	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
Well Summit Investments Limited	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
Hong Leong Asia Ltd.	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
Hong Leong Corporation Holdings Pte Ltd ("HLCH")	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
Hong Leong Enterprises Pte. Ltd. ("HLE")	–	47,107,707 <sup>(2)</sup>	47,107,707	48.90
Hong Leong Investment Holdings Pte. Ltd. ("HLIH")	–	47,107,707 <sup>(1)</sup>	47,107,707	48.90
Davos Investment Holdings Private Limited ("DIH")	–	47,107,707 <sup>(3)</sup>	47,107,707	48.90
Kwek Holdings Pte Ltd ("KH")	–	47,107,707 <sup>(3)</sup>	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 <sup>(4)</sup>	11,545,425	11.98
Temasek Holdings (Private) Limited ("Temasek")	–	11,545,425 <sup>(5)</sup>	11,545,425	11.98

\* The percentage of Shares held is based on the total number of issued Shares of the Company as at 12 May 2021.

### Notes:

- (1) 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.
- (2) HLE is deemed under Section 4 of the SFA to have an interest in the 47,107,707 Shares held indirectly by HLCH in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (3) DIH and KH are deemed under Section 4 of the SFA to have interests in the 47,107,707 Shares held indirectly by HLIH in which each of them is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (4) DBSGH is deemed under Section 4 of the SFA to have an interest in the 11,545,425 Shares held directly by DBSB.
- (5) Temasek is deemed under Section 4 of the SFA to have an interest in the 11,545,425 Shares in which DBSGH has a deemed interest.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth Annual General Meeting (the “Meeting”) of HL GLOBAL ENTERPRISES LIMITED (the “Company”) will be convened and held by way of electronic means on Thursday, 29 April 2021 at 3.00 p.m. for the following purposes:

## **A. Ordinary Business:**

1. To receive the Directors’ Statement and Audited Financial Statements for the year ended 31 December (“FY”) 2020 and the Auditor’s Report thereon.
2. To approve Directors’ Fees of \$191,427 for FY 2020 (FY 2019: \$205,644).
3. To re-elect/elect the following Directors who would be retiring in accordance with the Company’s Constitution and who, being eligible, offer themselves for re-election/election as Directors of the Company:
  - (a) Dato’ Gan Khai Choon
  - (b) Mr Goh Kian Chee
  - (c) Mr Hoh Weng Ming (appointed on 3 August 2020)

*Detailed information on the Directors who are proposed to be re-elected/elected can be found under the sections on “Board of Directors” and “Additional Information on Directors Seeking Re-election/Election at the 58<sup>th</sup> Annual General Meeting” of the Annual Report 2020.*

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

## **B. Special Business:**

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

5. That authority be and is hereby given to the Directors to:
  - (a)
    - (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
    - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
  - (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), does not exceed 100% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below);
  - (2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (“SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares, excluding treasury shares and subsidiary holdings, shall be based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company at the time this Ordinary Resolution is passed, after adjusting for:
    - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and
    - (ii) any subsequent bonus issue, consolidation or subdivision of shares; and in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of SGX-ST;
  - (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and
  - (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting (“AGM”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
6. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the HL Global Enterprises Share Option Scheme 2006 (the “SOS”) and to allot and issue from time to time such number of shares of the Company as may be required to be issued pursuant to the exercise of the options granted under the SOS, provided that the aggregate number of shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company and subsidiary holdings (as defined in the Listing Manual of SGX-ST) from time to time, and provided further that the



# NOTICE OF ANNUAL GENERAL MEETING

aggregate number of shares to be issued to certain categories of participants of the SOS collectively and individually during the entire operation of the SOS (subject to adjustments, if any, made under the SOS) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the SOS.

## C. To Transact Any Other Ordinary Business

BY ORDER OF THE BOARD

Nor Aishah Binte Nasit  
Yeo Swee Gim, Joanne  
Company Secretaries

Singapore  
7 April 2021

### Explanatory Notes:

1. With reference to item 2 of the Ordinary Business above, the Directors' Fees of \$191,427 for FY 2020 will be payable upon approval of the shareholders at the Meeting. The structure of fees payable to Directors for FY 2020 can be found on page 25 of the Annual Report 2020.
2. With reference to item 3(a) of the Ordinary Business above, Dato' Gan Khai Choon will, upon re-election as a Director of the Company, remain as the Chairman of the Board and Executive Committee ("Exco").  
  
Key information on Dato' Gan is found on pages 6 and 137 to 141 of the Annual Report 2020.
3. With reference to item 3(b) of the Ordinary Business above, Mr Goh Kian Chee will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk Committee, Nominating Committee, Remuneration Committee and SOS Committee. Mr Goh is considered a Non-Executive and Independent Director of the Company.  
  
Key information on Mr Goh is found on pages 8 and 137 to 141 of the Annual Report 2020.
4. With reference to item 3(c) of the Ordinary Business above, Mr Hoh Weng Ming will, upon election as a Director of the Company, remain as a member of the Exco.  
  
Key information on Mr Hoh is found on pages 8 and 137 to 141 of the Annual Report 2020.
5. The Ordinary Resolution set out in item 5 of the Special Business above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is revoked or varied at a general meeting) to issue shares and/or make or grant Instruments that might require shares to be issued up to a number not exceeding 100% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company at the time that this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

# NOTICE OF ANNUAL GENERAL MEETING

On 16 March 2021, SGX Regco announced an update to its news release issued on 8 April 2020 which allows Mainboard issuers to seek or renew a general mandate for an issue of shares and convertible securities of up to an aggregate of 100% of its issued shares (excluding treasury shares and subsidiary holdings), versus up to 50% previously (the “Enhanced Share Issue Limit”). In accordance with the updated announcement, the Enhanced Share Issue Limit will expire at the conclusion of the next AGM or on the date by which the next AGM is required by law or the Listing Manual of SGX-ST to be held, whichever is earlier and by which date any shares issued pursuant to the Enhanced Share Issue Limit must be listed, and no further shares may be issued under this limit.

The Company is proposing to avail itself to the Enhanced Share Issue Limit and accordingly is seeking shareholders’ approval for the same at the Meeting. The Board of Directors is of the view that it would be in the interests of the Company and its shareholders to do so in the event that circumstances evolve before the 2022 AGM amid the COVID-19 situation to such an extent that a 50% limit for *pro rata* issue of shares is not sufficient to meet the Company’s needs. Under such circumstances, fund raising efforts would be unnecessarily hampered and compromised in view of the time needed to obtain shareholders’ approval for the issue of shares above the 50% threshold.

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

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

*Please note that if a shareholder is eligible to participate in the SOS (including a director and/or employee of the Company and its subsidiaries and its designated parent company, Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries), he should abstain from voting at the Meeting in respect of the Ordinary Resolution set out in item 6 in relation to the SOS, and accordingly should not appoint the Chairman of the Meeting to vote on his behalf.*

## Meeting Notes:

1. The Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members, instead, this Notice will be made available to members by electronic means *via* publication on the Company’s website at the URL <http://www.hlge.com.sg/index.php/investor-relations/agm>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to the attendance at the Meeting *via* electronic means (including arrangements by which the Meeting can be electronically accessed *via* “live” audio-visual webcast or “live” audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying Company’s announcement dated 7 April 2021. The announcement may be accessed at the Company’s website at URL <http://www.hlge.com.sg/index.php/investor-relations/agm> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. The accompanying Proxy Form for the Meeting may be downloaded from the Company’s website at the URL <http://www.hlge.com.sg/index.php/investor-relations/agm>, and also from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to the voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.

# NOTICE OF ANNUAL GENERAL MEETING

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (i) if submitted by post, be lodged with the Company, HL Global Enterprises Limited at 10 Anson Road, #19-08 International Plaza, Singapore 079903; or
  - (ii) if submitted electronically, via email to the Company at [hlglobal@hlge.com.sg](mailto:hlglobal@hlge.com.sg).

in either case, at least 48 hours before the time for holding the Meeting.

A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.**

6. The Annual Report 2020 is available on the Company's website at the URL <http://www.hlge.com.sg/index.php/investor-relations/agm> and may also be accessed on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Members may request for printed copy of the Annual Report 2020 by completing and submitting the Request Form.

## Personal data privacy:

By (a) submitting a form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via a "live" audio-visual webcast or a "live" audio-only stream (via telephone), or (c) submitting any question prior to the Meeting in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ ELECTION AT THE 58<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Dato' Gan Khai Choon	Goh Kian Chee	Hoh Weng Ming
Age	74	67	59
Date of appointment	21 September 2007	1 March 2018	3 August 2020
Job Title	Non-Executive and Non-Independent Director  Chairman of the Board of Directors (the "Board") and Executive Committee ("Exco")	Non-Executive and Independent Director  Member of the Audit and Risk Committee, Nominating Committee, Remuneration Committee and HL Global Enterprises Share Option Scheme 2006 Committee	Non-Executive and Non-Independent Director  Member of the Exco
Date of last re-election as Director (if applicable)	29 April 2019	26 April 2018	Not applicable
Country of principal residence	Hong Kong	Singapore	Singapore
Board's comments on the re-election/ election (including rationale, selection criteria, and the search and nominating process)	<p>The Board of HL Global Enterprises Limited ("HLGE" or the "Company") reviewed the recommendation of the NC on the re-election/election of Dato' Gan Khai Choon, Mr Goh Kian Chee and Mr Hoh Weng Ming and took into account, <i>inter alia</i>,:</p> <ul style="list-style-type: none"> <li>• their skills sets, experience and contribution to the effectiveness of the Board, which included their participation and candour at Board and Board Committee meetings;</li> <li>• their time commitments, especially for Directors who have multiple board representations and/or other principal commitments; and</li> <li>• the independence of Mr Goh Kian Chee.</li> </ul> <p>The Board recommends the re-election/election of Dato' Gan Khai Choon, Mr Goh Kian Chee and Mr Hoh Weng Ming as Directors of the Company.</p> <p>For more details on the NC's evaluation process, please refer to Principle 4: Board Membership and Principle 5: Board Performance on pages 20 to 24 of the Corporate Governance Report.</p>		
Whether appointment is executive, and if so, the area of responsibility	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ ELECTION AT THE 58<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Dato' Gan Khai Choon	Goh Kian Chee	Hoh Weng Ming
<b>Professional qualification, working experience and occupation(s) during the past 10 years</b>	<p>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.</p> <p><u>April 1985 to Present</u> Managing Director of Hong Leong International (Hong Kong) Limited</p> <p><u>April 1987 to Present</u> Executive Director of Hong Leong Hotel Development Ltd</p> <p><u>November 1989 to September 2016</u> Executive Director of City e-Solutions Limited</p> <p>Holds a Bachelor of Arts Degree (Honours) in Economics from the University of Malaya</p>	<p><u>2007 to Present</u> Non-Executive and Independent Director of Indofood Agri Resources Ltd</p> <p><u>2006 to Present</u> Non-Executive and Independent Director of AsiaMedic Limited</p> <p><u>2005 to 2018</u> Served as a Part-Time Consultant to the Centre For the Arts of the National University of Singapore</p> <p><u>2004</u> Executive Director of John Hancock International Pte Ltd</p> <p><u>2000 to 2004</u> Regional Vice President &amp; Controller of John Hancock International Pte Ltd</p> <p><u>1982 to 2000</u> Prior to retirement from full-time employment in 2004, worked in multi-national corporations, Mobil Oil Singapore Pte Ltd and Mobil Petrochemicals International Ltd, mainly in regional accounting and finance related areas.</p> <p>Holds a Bachelor of Arts (Honours) Degree in Accounting and Economics from Middlesex University, United Kingdom</p>	<p>More than 35 years of working experience with extensive regional experience in Singapore, Malaysia, New Zealand, Hong Kong and China.</p> <p><u>July 2013 to Present</u> President of China Yuchai International Limited ("CYI")</p> <p><u>November 2011 to July 2013</u> Chief Financial Officer ("CFO") of Hong Leong Asia Ltd. ("HLA")</p> <p><u>May 2008 to November 2011</u> CFO of CYI</p> <p>Holds a Bachelor of Commerce Degree majoring in Accountancy from the University of Canterbury and a Master of Business Administration from the Massey University (both in New Zealand)</p> <p>A Chartered Accountant in New Zealand and Malaysia and a Fellow Member of the Hong Kong Institute of Certified Public Accountants</p>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ ELECTION AT THE 58<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Dato' Gan Khai Choon	Goh Kian Chee	Hoh Weng Ming
<b>Shareholding interest in the Company and its subsidiaries</b>	Nil	Nil	Nil
<b>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</b>	<p>1. Spouse of a cousin of Mr Kwek Leng Peck, the Executive Chairman of HLA.</p> <p>2. Non-executive Director of CYI, and a Director of Grace Star Services Ltd. ("Grace Star") and Constellation Star Holdings Limited ("Constellation").</p> <p>Grace Star, Constellation, CYI and HLA are substantial shareholders of the Company.</p>	Nil	President and Director of CYI, a substantial shareholder of the Company.
<b>Conflict of interest (including any competing business)</b>	Nil	Nil	Nil
<b>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</b>	Yes	Yes	Yes

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ ELECTION AT THE 58<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Dato' Gan Khai Choon	Goh Kian Chee	Hoh Weng Ming
<b>Other Principal Commitments including directorships</b>	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years".	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years".	Principal Commitments: Please see information under segment "Professional qualification, working experience and occupation(s) during the past 10 years".
<ul style="list-style-type: none"> <li><b>Past (for the last 5 years):</b></li> </ul>	<u>Number of directorships in the following companies and their affiliates:</u> <ul style="list-style-type: none"> <li>2 subsidiaries of City Developments Limited *</li> <li>City e-Solutions Limited * and its 2 subsidiaries</li> <li>2 subsidiaries and associated companies of HLGE</li> <li>Republic Hotels Suzhou Pte Ltd</li> <li>Safety Godown Company Limited *</li> <li>Venture Lewis Limited</li> </ul>	<u>Number of directorships in the following companies and their affiliates:</u> <ul style="list-style-type: none"> <li>China Minzhong Food Corp Ltd (Delisted from the mainboard of Singapore Exchange Securities Trading Limited in March 2017)</li> </ul>	<u>Number of directorships in the following companies and their affiliates:</u> <ul style="list-style-type: none"> <li>HLGE * and its 1 subsidiary</li> <li>22 subsidiaries of HLA *</li> </ul>
<ul style="list-style-type: none"> <li><b>Present:</b></li> </ul>	<u>Number of directorships in the following companies and their affiliates:</u> <ul style="list-style-type: none"> <li>HLGE * and its 1 associated company</li> <li>CDLHT (BVI) One Ltd</li> <li>14 subsidiaries of City Developments Limited *</li> <li>CYI and its 4 subsidiaries</li> <li>Fong Loong (HK) Pte Limited</li> <li>Rex Packaging (Hong Kong) Limited</li> <li>7 subsidiaries and associated companies of Hong Leong Holdings Limited</li> </ul>	<u>Number of directorships in the following companies and their affiliates:</u> <ul style="list-style-type: none"> <li>HLGE *</li> <li>Indofood Agri Resources Ltd *</li> <li>AsiaMedic Limited *</li> </ul>	<u>Number of directorships in the following companies and their affiliates:</u> <ul style="list-style-type: none"> <li>HLGE * and its 11 subsidiaries and associated companies</li> <li>CYI * and its 7 subsidiaries</li> <li>2 subsidiaries of HLA *</li> </ul>



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/ ELECTION AT THE 58<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Dato' Gan Khai Choon	Goh Kian Chee	Hoh Weng Ming
<ul style="list-style-type: none"> <li>Present: (cont'd)</li> </ul>	<ul style="list-style-type: none"> <li>41 subsidiaries and associated companies of Hong Leong Investment Holdings Pte. Ltd.</li> <li>25 subsidiaries and associated companies of Millennium &amp; Copthorne Hotels Limited</li> </ul>		
<b>Date of announcement of first appointment</b>	21 September 2007	26 February 2018	30 July 2020
<b>Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual</b>	No change to responses since announcement of first appointment, negative confirmation on the additional question (k).	Negative Confirmation	Negative Confirmation

\* Listed company

Information as at 18 March 2021

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# HL GLOBAL ENTERPRISES LIMITED

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

## PROXY FORM

for 58<sup>th</sup> Annual General Meeting

### IMPORTANT:

#### Alternative Arrangements for Annual General Meeting ("Meeting")

1. The Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Meeting will not be sent to members. Instead, the Notice of Meeting will be made available to members by electronic means via publication on the Company's website at the URL <http://www.hlge.com.sg/index.php/investor-relations/agm>. The Notice of Meeting will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying Company's announcement dated 7 April 2021. The announcement may be accessed at the Company's website at the URL <http://www.hlge.com.sg/index.php/investor-relations/agm>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Meeting.

#### CPF/SRS Investors

5. CPF/SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.

#### Personal Data

6. By submitting a form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 7 April 2021.

I/We, (name) \_\_\_\_\_ with NRIC/Passport/Company Registration Number: \_\_\_\_\_

of (address) \_\_\_\_\_

being a member/members of HL GLOBAL ENTERPRISES LIMITED (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company (the "Meeting") to be convened and held by way of electronic means on Thursday, 29 April 2021 at 3.00 p.m., and at any adjournment thereof.

I/We have indicated with an 'X' in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

**NOTE:** Voting on all resolutions will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

No.	Resolutions	For	Against	Abstain
<b>A.</b>	<b>ORDINARY BUSINESS:</b>			
1.	Receipt of the Directors' Statement and Audited Financial Statements together with the Auditor's Report thereon			
2.	Approval of Directors' Fees			
3.	Re-election/Election of Directors:			
	(a) Dato' Gan Khai Choon			
	(b) Mr Goh Kian Chee			
	(c) Mr Hoh Weng Ming			
4.	Re-appointment of Ernst & Young LLP as Auditor			
<b>B.</b>	<b>SPECIAL BUSINESS:</b>			
5.	Authority for Directors to issue shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Listing Manual of Singapore Exchange Securities Trading Limited			
6.	Authority for Directors to offer and grant options and to issue shares in accordance with the provisions of the HL Global Enterprises Share Option Scheme 2006			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total No. of Shares Held

Signature(s) or Common Seal of Member(s)

NOTES: SEE OVERLEAF

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be downloaded from the Company's website at the URL <http://www.hlge.com.sg/index.php/investor-relations/agm>, and also from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2021.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the office of the Company, HL Global Enterprises Limited at 10 Anson Road, #19-08 International Plaza, Singapore 079903; or
  - (b) if submitted electronically, be submitted *via* email to the Company at [hlglobal@hlge.com.sg](mailto:hlglobal@hlge.com.sg);

in either case not less than 48 hours before the time appointed for holding the Meeting.

A member who wishes to submit a form of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically *via* email.**

5. The form appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorized in writing. Where the form appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or signed by a director or an officer or an attorney duly authorized.
6. The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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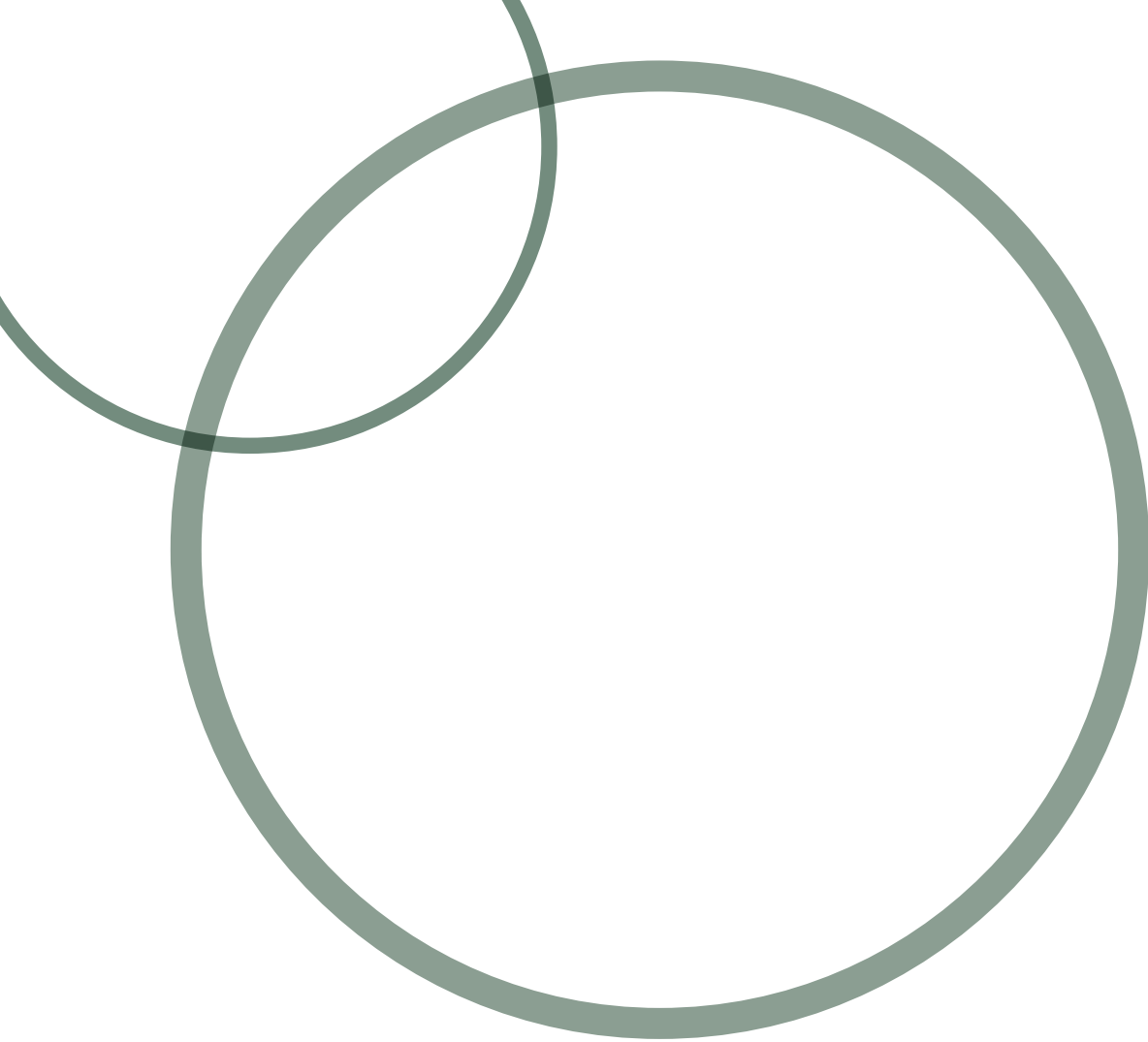
**PROXY FORM**

Affix  
Postage  
Stamp

**HL GLOBAL ENTERPRISES LIMITED**

10 Anson Road  
#19-08 International Plaza  
Singapore 079903

*Fold Here*



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**HL GLOBAL ENTERPRISES LIMITED**

Company Registration No. 196100131N

10 Anson Road  
#19-08 International Plaza  
Singapore 079903