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HL GLOBAL ENTERPRISES LIMITED

**Securities**

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

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No

**Announcement Details****Announcement Title**

Annual Reports and Related Documents

**Date & Time of Broadcast**

06-Apr-2023 07:46:36

**Status**

New

**Report Type**

Annual Report

**Announcement Reference**

SG230406OTHRLP7H

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

Foo Yang Hym

**Designation**

Company Secretary/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 2022.

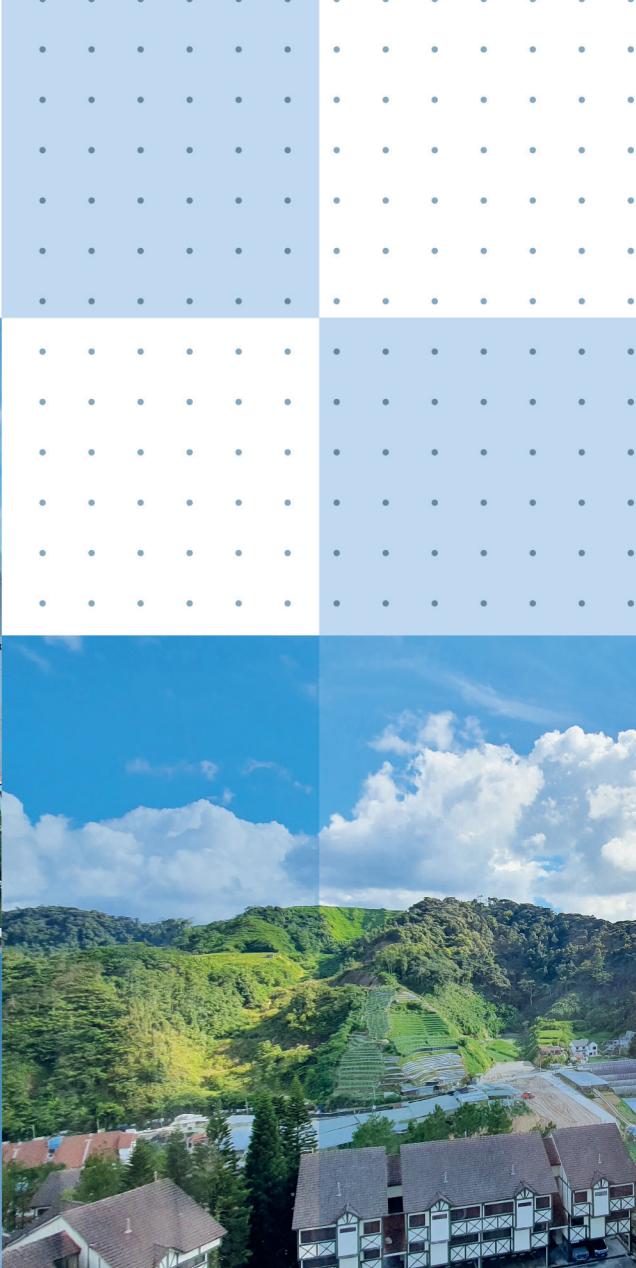
**Additional Details****Period Ended**

31/12/2022

**Attachments**

[HLGE AR 2022.pdf](#)

Total size =3821K MB

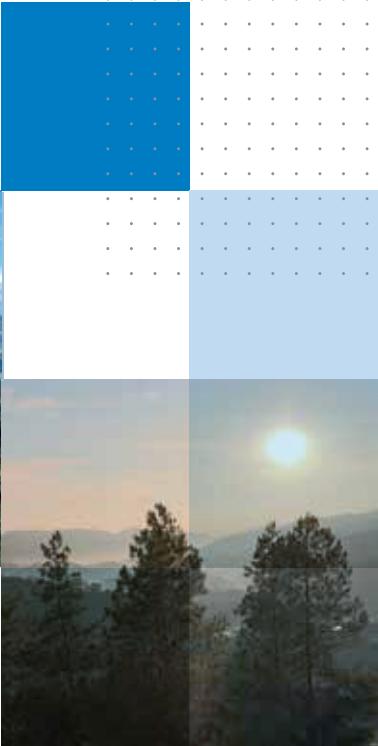


**2022**  
ANNUAL  
REPORT

**HL GLOBAL ENTERPRISES LIMITED**

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## BOARD OF DIRECTORS

### Chairman

Dato' Gan Khai Choon - *Non-executive*

### Lead Independent Director

Andrew Goh Kia Teck

### Non-Executive Directors

Hoh Weng Ming

Goh Kian Chee - *Independent*

Chew Heng Ching - *Independent*

## EXECUTIVE COMMITTEE

Dato' Gan Khai Choon - *Chairman*

Andrew Goh Kia Teck

Hoh Weng Ming

## AUDIT AND RISK COMMITTEE

Andrew Goh Kia Teck - *Chairman*

Goh Kian Chee

Chew Heng Ching

## NOMINATING COMMITTEE

Goh Kian Chee - *Chairman*

Andrew Goh Kia Teck

Chew Heng Ching

## REMUNERATION COMMITTEE

Andrew Goh Kia Teck - *Chairman*

Goh Kian Chee

Chew Heng Ching

## HL GLOBAL ENTERPRISES SHARE OPTION SCHEME 2006 COMMITTEE

Andrew Goh Kia Teck - *Chairman*

Goh Kian Chee

Chew Heng Ching

## SECRETARIES

Nor Aishah Binte Nasit

Foo Yang Hym

## 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 REGISTRAR & SHARE TRANSFER OFFICE

KCK CorpServe Pte. Ltd.

1 Raffles Place

#04-63 One Raffles Place (Tower 2)

Singapore 048616

Tel: (65) 6430 8217

Fax: (65) 6334 2708

## AUDITOR

Ernst & Young LLP

Public Accountants and

Chartered Accountants, Singapore

One Raffles Quay

Level 18 North Tower

Singapore 048583

(Partner-in-charge: Chan Yew Kiang, appointed from financial year ended 31 December 2021)

## 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

## 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 launched the first fast charging facility for electric vehicle ("EV") in Cameron Highlands in February 2023. At CHCH, there are 6 parking bays for charging EV, making us the largest EV charging facility and also the only such facility in

Cameron Highlands. The availability of this facility at CHCH has made it possible for EVs to come up to Cameron Highlands. Our objective is to create a new market segment for CHCH. This is also part of our green initiative projects towards a more sustainable world.

CHCH has continued to launch 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.

Guests are also welcome to stay in the Tudor-styled resort located next to the hotel, where 66 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.



First and largest electric vehicle charging facility in Cameron Highlands, Malaysia

## 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

Malaysia's economy has posted a steady recovery after the Government started easing movement restrictions and reopened more economic and other sectors, as well as the country's borders in April 2022. The Group's hotel operations in Copthorne Hotel Cameron Highlands ("CHCH") have also gradually returned to normalcy following the lifting of the ban on interstate travel by Malaysian Government since October 2021. Whilst CHCH's post-COVID recovery continues, the landslide which occurred in Genting Highlands in December 2022 had inadvertently slowed down the tourism traffic in Cameron Highlands. Nevertheless, the Group's revenue increased by \$4.2 million to \$6.7 million, more than double of the revenue in 2021.

Consequently, the Group's hospitality segment saw an operating profit of \$1.5 million in 2022 compared to an operating loss of \$1 million in 2021. However, the property development segment incurred a higher loss of \$0.4 million in 2022 *vis-a-vis* a loss of \$0.3 million a year ago. This was mainly due to exchange loss attributable to weakening of the Malaysian Ringgit against the Singapore Dollar arising from the translation of foreign currency asset. With the corporate overhead costs of \$1 million recorded by the investments and others segments (consisted of investment property operations and corporate overhead costs), the Group registered an overall operating profit of \$107,000 for 2022 before the share of results of joint ventures and associate, other income and finance costs against an operating loss of \$2.3 million for 2021.

For the year under review, other income included interest income, licence fee and subsidies from the Singapore and Malaysian Governments. With the rise of interest rates, the Group earned substantial interest income of \$592,000 in 2022 versus \$284,000 in 2021. However, licence fee which is charged at a percentage of Hotel Equatorial Shanghai ("HES")'s revenue, had reduced from \$230,000 in 2021 to \$145,000 in 2022 arising from the lock down in Shanghai which adversely impacted the revenue of HES. Accordingly, the Group's share of results in the Shanghai joint venture declined from \$162,000 to \$97,000 in 2022.

The Group registered a net profit of \$1.1 million in 2022 compared to a net loss of \$1.4 million in 2021.

## CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group continues to commit its resources in meaningful CSR initiatives for the communities, albeit at a relatively smaller scale as CHCH continues to navigate challenges stemming from the pandemic.

In collaboration with Solid Waste Management and Public Cleansing Corporation ("SW Corp") to create a comprehensive, integrated, cost-effective and sustainable solid waste management system for environmental conservation and public well-being, CHCH has collected food waste from all meals served at the hotel and contributed them to SW Corp to process them into compost to be used as fertiliser by farmers in Cameron Highlands. The amount of food waste contributed by CHCH is about 21 tons per year.



# CHAIRMAN'S STATEMENT

In December 2022, CHCH collaborated with Tunku Abdul Rahman University of Management and Technology, Perak Branch, and baked Christmas butter cookies for sale as a Christmas CSR project. RM1 was donated to the National Autism Society of Malaysia (“NASOM”) for each packet of cookie sold. CHCH also contributed RM3 and RM5 to NASOM for each Christmas pudding and log cake sold respectively during the Christmas festive period.

CHCH looks forward to organising more programs in support of its charitable causes, and to better engage its guests and surrounding communities in its CSR practices and experience.

## OUTLOOK

Although hotel bookings have generally been on the rise after the Malaysian Government eased health restrictions on interstate travel, challenges remain for the operations of CHCH. Rising interest rates and inflation concerns are expected to lower consumers' purchasing power. Hotel operators in Malaysia are struggling to maintain good service amidst staff shortages, especially in the housekeeping department. CHCH is also under pressure to fill up vacancies in the housekeeping department.

The layout plan of the development of the 48 high-rise apartment units has been approved by the Cameron Highlands District Council (“CHDC”). The Group is now proceeding to submit detailed building plan and other documents to various technical departments of CHDC for approval. The layout plan of the

refurbishment of the old commercial complex into hotel and function rooms is still pending the approval from CHDC.

As the Group's assets and operations are substantially located in Malaysia, it will be exposed to currency fluctuation risks. The Group will continue to source for sustainable and viable growth expansion and will exercise prudence in its review when such business opportunities arise.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend 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 whole year.

## DATO' GAN KHAI CHOON

Chairman

16 March 2023





## BOARD OF DIRECTORS

**DATO' GAN KHAI CHOON** (Age 76) | 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**  
28 April 2022

**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 three years**

- 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.

**Note:**

<sup>1</sup> 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 16 March 2023



## ANDREW GOH KIA TECK (Age 73) | NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

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

**Last re-election as Director**  
28 April 2022

### 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 three 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.

### Note:

<sup>1</sup> Mr Goh was appointed the Lead Independent Director of the Company on 1 March 2018.

## GOH KIAN CHEE (Age 69) | NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**First appointment as Director**  
1 March 2018

**Last re-election as Director**  
29 April 2021  
Will be seeking re-election at the 2023 Annual General Meeting

### Board committees

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

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

- Indofood Agri Resources Ltd.\* (Non-Executive and Independent Director)

### Other appointments

Nil

Information as at 16 March 2023

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

- AsiaMedic Limited\* (Non-Executive and Independent Director)

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.



## BOARD OF DIRECTORS

### HOH WENG MING (Age 61) | NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

**First appointment as Director**  
3 August 2020

**Last re-election as Director**  
29 April 2021  
Will be seeking re-election at the 2023 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 three 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 a Fellow Member of the Hong Kong Institute of Certified Public Accountants.

**Note:**

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

### CHEW HENG CHING (Age 71) | NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**First appointment as Director**  
1 November 2021

**Last re-election as Director**  
28 April 2022

**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**

- AusGroup Limited\* - under judicial management (Independent Non-Executive Director)

- Bonvests Holdings Limited\* (Lead Independent Non-Executive Director)
- Pharmesis International Ltd.\* (Non-Executive Chairman and Independent Director)

**Other appointments**

- Nil

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

- Huan Hsin Holdings Ltd (now known as Huan Hsin Holdings Pte. Ltd.) – Struck Off (Independent Non-executive Director)
- Sinopipe Holdings Limited - Delisted (Deputy Non-Executive Chairman and Independent Director)

Information as at 16 March 2023

## BOARD OF DIRECTORS

Mr Chew is the founding President of the Singapore Institute of Directors and was Chairman of its Governing Council from 1998 to 2009. He served on the Corporate Governance Committee and the Council on Corporate Disclosure and Governance. He is a former Chairman of the Singapore International Chamber of Commerce and was its Board member from 1996 to 2015. He was also a Council Member of Singapore Business Federation.

Mr Chew has more than 35 years of senior management experience in both the public and private sectors. He now sits on the Board of public listed companies and chairs their various board committees. He had also served on the Board of Thye Hua Kwan Moral Charities Limited and Ang Mo Kio - Thye Hua Kwan Hospital.

Mr Chew is a former Deputy Speaker of the Singapore Parliament and was a Member of Parliament from 1984 to 2006. He was Chairman of the Estimates (Budget) Committee and sat on the Public Accounts Committee. He was the co-ordinating Chairman of all PAP Town Councils in Singapore.

Mr Chew, who started his career in the Government Administrative Service, graduated under a Colombo Plan Scholarship, in Industrial Engineering (First Class Honours) and Economics from the University of Newcastle, Australia. A university gold medallist, he also holds an Honorary Doctorate in Engineering from the same university. He is a fellow of the Singapore Institute of Directors and CPA Australia.

Information as at 16 March 2023

## 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. She was also appointed as Company Secretary of the Company on 7 May 2021. 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 16 March 2023

# 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 (“SGX-ST”) (“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, 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 39 to 58 of this Annual Report 2022 (“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 are fiduciaries who exercise due diligence and 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, declare the nature of their interests in accordance with the Company’s Constitution and provisions of the Companies Act 1967 (the “Companies Act”), and in the case of any conflict of interests (actual or potential), recuse themselves from any discussions and abstain from 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 applicable laws and regulatory requirements. The Company has established a corporate policy which provides a communicable and understandable framework for employees 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 and regulations. 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, as a member of the relevant Board Committees, the Group's businesses, the Company's 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, the Company's board processes, internal controls and governance practices and in the case of appointments to any of the Board Committees, the role and areas of 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. The key management personnel ("KMP") of the Group currently comprises the CFO, Ms Foo Yang Hym and Mr Tee Puat Heng (Patrick), the General Manager of Copthorne Hotel Cameron Highlands.

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") 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.

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 and regulations, 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.

# CORPORATE GOVERNANCE REPORT

During the year, some of the trainings attended by the Directors included the ACRA-SGX-SID Audit Committee Seminar 2022, SID Directors Conference 2022, briefings and seminars organised by SID and other consultants in relation to board, audit and nominating committees matters, and sustainability matters. Three in-house seminars/webinars were conducted by invited external speakers in 2022, on the following topics:

1. Zero in on Future Value: Turning Risks to Growth Opportunities;
2. Geopolitical Risks; and
3. Sustainability: Get Ready for IFRS Sustainability Disclosure Standards

In addition, all the Board members have undergone the mandatory sustainability training courses as prescribed by SGX-ST. Members of the ARC were also provided with regular briefings from the Company's external auditors on applicable Accounting Standards, mandatory climate-reporting and board diversity disclosures, and regulatory updates during the year.

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

## **Board Approval (Provision 1.3)**

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

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

## **Delegation by the Board (Provision 1.4)**

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board with clear written terms of reference setting out their composition, authority and responsibilities, including reporting back to the Board. The committees established by the Board are the Executive Committee ("Exco"), the ARC, the NC, the Remuneration Committee ("RC") and the HL Global Enterprises Share Option Scheme 2006 ("SOS") Committee ("SOSC"), all collectively referred to hereafter as the "Board Committees".

Except for the SOSC which purpose is to grant options to eligible participants to subscribe for shares in the Company pursuant to the rules of the SOS, specific written terms of reference for each of the Board Committees set out the required composition, authority and responsibilities of the Board Committees and provide each Board Committee to submit at least an annual report of its activities to the Board. 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.

# CORPORATE GOVERNANCE REPORT

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) Mr Goh Kian Chee Mr Chew Heng Ching
Nominating Committee	Mr Goh Kian Chee (Chairman) Mr Andrew Goh Kia Teck Mr Chew Heng Ching
Remuneration Committee	Mr Andrew Goh Kia Teck (Chairman) Mr Goh Kian Chee Mr Chew Heng Ching
HL Global Enterprises Share Option Scheme 2006 Committee	Mr Andrew Goh Kia Teck (Chairman) Mr Goh Kian Chee Mr Chew Heng Ching

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, and yet 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, 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 59 and 60 and in the Financial Statements on pages 114 and 115 of this AR.

## Board and Board Committee Meetings (Provision 1.5)

Board and Board Committee meetings are held regularly, with the Board meetings no less than four times a year. At the regular quarterly Board meetings, the agenda includes updates by Management on the performance and operations of the Group, and the Group's periodic financial performance. Four Board meetings were held in 2022.

# CORPORATE GOVERNANCE REPORT

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 2022.

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 2022, are disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his or her attendance at the AGM and at meetings of the Board 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.

## **Directors’ Attendance (including *via* electronic means) at the AGM and Meetings of the Board and Board Committees in 2022 (Provision 1.5)**

	Board	ARC	NC	RC	AGM
<b>Number of Meetings held in 2022:</b>	4	2	2	1	1
<b>Name of Directors</b>	<b>Number of Meetings Attended in 2022</b>				
Dato’ Gan Khai Choon	4	N.A.	N.A.	N.A.	1
Mr Andrew Goh Kia Teck	4	2	2	1	1
Mr Goh Kian Chee	4	2	2	1	1
Mr Hoh Weng Ming	4	N.A.	N.A.	N.A.	1
Mr Chew Heng Ching	4	2	2	1	1

N.A. – Not applicable

Note:

- All Directors including Dato’ Gan Khai Choon, the Chairman of the Board, were in attendance at the Company’s AGM in 2022 together with the Company’s external auditors (“EA”). The 2022 AGM was held *via* electronic means.

The SOSC did not convene any meeting in 2022. Although no formal meetings of the Exco were held in 2022, regular informal discussions were held by its members to discuss, amongst other matters, the Group’s operations and potential investment opportunities.

# CORPORATE GOVERNANCE REPORT

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

When considering the 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.

On the NC's recommendation, the Board has approved that the maximum number of listed company board representations which a Director of the Company may hold be set at six, with a view to providing a guide to address potential competing time commitments that may be faced by Directors serving on multiple listed company boards. The NC may review this guideline from time to time, and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to 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 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 and the IDs are circulated to all Board members.

# CORPORATE GOVERNANCE REPORT

## **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 with 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.

## **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 judgement 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, namely, Mr Andrew Goh Kia Teck, Mr Goh Kian Chee and Mr Chew Heng Ching, 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 and its accompanying Practice Guidance. As part of the consideration of their independence, the NC also took into account the following:

- other directorships;
- annual declarations regarding their independence;
- disclosures of interests in transactions in which they have a direct/indirect interest (if any);
- their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation and decision-making on such transactions;
- their ability to maintain objectivity in their conduct as Directors of the Company; and
- their ability to objectively raise issues and seek clarification as and when necessary from the Board, Management and the Company's external advisers on matters pertaining to their area of responsibilities whether on the Board or on the Board Committees.

Each of the Three IDs recused himself from the NC's deliberations on his own independence. None of the Three IDs is currently employed or has been employed at any time during the past three financial years by the Company or any of its related corporations. These IDs also do not have immediate family members who are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations, and whose remuneration is determined by the RC. For purposes of determining independence, the Three IDs have also provided confirmation that they are not related to the Directors and substantial shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence. The Board undertook a review of the independence of the Three IDs with each ID abstaining from participating in his own review, and the Board concurred with the NC's determination of the independence of the Three IDs.

The Three IDs had also avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which they had a direct/indirect interest, and were able to maintain objectivity in their conduct as Directors of the Company. They have objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisors on matters pertaining to their area of responsibilities whether on the Board or on the Board Committees. 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 judgement with a view to the best interests of the Company.

One of the Three IDs, namely Mr Andrew Goh Kia Teck, would reach his nine years' tenure on 31 August 2023. As recommended by the NC and approved by the Board, Mr Andrew Goh has agreed to stay on as an ID until no later than 31 August 2023. 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.

Of the Three IDs, Mr Goh Kian Chee will be seeking re-election at the Company's AGM in April 2023. 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 and makes recommendations to the Board. The Company has in place a Board Diversity Policy ("BDP") which sets out the framework for promoting diversity on the Board. The Company 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 and other aspects of diversity (such as gender and age) of the Directors.

The BDP which is available on the Company's corporate website, provides that the NC shall consider all aspects of diversity when reviewing and assessing the composition of the Board and when making recommendations to the Board for the appointment of Directors in order to arrive at an optimal balanced composition of the Board. The BDP also provides for the NC to discuss and to recommend annually to the Board measurable targets and timelines for promoting and achieving diversity on the Board as well as report to the Board on the progress made towards achieving the targets within the timelines set.

# CORPORATE GOVERNANCE REPORT

The Company has put in place a skills matrix to help identify gaps in the Board and the Board Committees. The skills matrix classifies skills, experience and knowledge of the existing Directors into the following several broad categories such as industry knowledge namely, investment holding and hospitality-related businesses, real estate investment and hotel management and consultancy; management expertise, for example, leadership and management, and strategic planning; and professional or skills in specific areas such as finance/accounting, risk management, legal, sustainability, corporate finance/mergers and acquisitions and digital/technology.

When reviewing and assessing the size and composition of the Board and Board Committees, and making recommendations to the Board annually including the re-election/election of Directors, the NC takes into consideration factors under the BDP with a view to arriving at an optimal balanced composition of the Board and Board Committees. As prescribed under the BDP, the final decision on the selection of Directors are based on merits against objective criteria and targets considered by the NC annually and recommended to the Board for approval.

## Diversity Targets and Progress in the financial year ended 31 December (“FY”) 2022

Targets	Progress
Expand the Board skills set to achieve the Company's strategic objectives	<p>Except for the resignation of Ms Loo Hwee Fang on 1 January 2022, there were no changes in the Board and Board Committees in FY 2022.</p> <p>The Board currently comprises business leaders and professionals with financial (including audit and accounting), legal and business management backgrounds, with ages ranging from 60s to 70s. The Board will however continue to review opportunities to refresh the Board with a view to expanding its skills set in the Group's business activities and/or in other disciplines such as legal.</p>
Ensuring gender diversity on the Board with not less than 20% female representation on the Board	<p>Following the resignation of Ms Loo Hwee Fang on 1 January 2022, the Company currently does not have any female Director on its Board. In this regard, the Board had adopted the NC's recommended target to achieve a level of at least 20% female representation on the Board as recommended by the Council for Board Diversity (“CBD”) for listed companies.</p> <p>The NC noted that CBD has recommended for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. When considering gender diversity, the NC shall consider:</p> <ul style="list-style-type: none"><li>(a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to present female candidates;</li><li>(b) when seeking to identify a new Director for appointment to the Board, the NC will request for female candidates to be fielded for consideration;</li><li>(c) female representation on the Board be continually improved over time based on the set targets of the Board; and</li><li>(d) at least one female Director be appointed to the NC.</li></ul>

The NC and the Board also agreed that there was no need to set a specific target for ethnicity/nationality so long as the candidates provide distinguishing qualities that complement and expand the skills and experience of the Board as a whole. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in this AR.

Having considered the current scope and nature of the operations of the Group, the Board, taking into account the view of the NC, believes that the size and composition of the Board and Board Committees provide for diversity in line with the BDP and allow for informed and constructive discussions and effective decision-making at meetings of the Board and Board Committees.

### **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. The Board sets out clear division of his responsibilities as the Board Chairman. 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. 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 is 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 2022. No separate meeting of the IDs without the presence of Management was convened in 2022.

## **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 this 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.

Two NC meetings were held in 2022. 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.

The Group has currently identified Ms Foo Yang Hym, the CFO and Mr Tee Puat Heng (Patrick), the General Manager of Copthorne Hotel Cameron Highlands, the Group's hospitality operations in Malaysia, as its KMP.

In line with the Company's Board diversity targets, the Board would be looking for suitable candidate for appointment as a new ID to succeed Mr Andrew Goh Kia Teck before the expiry of his nine-year independence term on 31 August 2023.

## **Nomination of Directors and Determination of Independence (Provisions 4.3 and 4.4)**

The NC reviews the nomination of the relevant Directors for re-election/election as well as the independence of Directors annually. When considering the nomination of Directors for re-election/election, the NC takes into account their contribution to the effectiveness of the Board (which include their participation and candour at Board and Board Committees' meetings) 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 as well as factors considered under Principle 2 above in relation to Board independence. The recommendation of the NC on the annual nomination of the Directors for re-election/election is submitted to the Board for decision and thereafter put to the shareholders for approval at the AGM.

The Constitution of the Company provides that at least one-third of the Directors for the time being, shall retire as Directors at each AGM of the Company. All new Directors appointed by the Board shall hold office until the next AGM, and be eligible for election at the said AGM. 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 at least once in every three years.

In accordance with the Constitution of the Company, Mr Goh Kian Chee and Mr Hoh Weng Ming will be retiring by way of rotation at the 2023 AGM. The retiring Directors being eligible, have offered themselves for re-election. The NC has considered their contribution and performance, and recommended to the Board to nominate their re-election of at the 2023 AGM. Detailed information on the Directors who are proposed to be re-elected at the 2023 AGM can be found under the sections on 'Board of Directors' and 'Additional Information on Directors Seeking Re-election at the 60<sup>th</sup> Annual General Meeting' of this AR.

# CORPORATE GOVERNANCE REPORT

## 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. 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, including appointments to the appropriate Board Committee(s), the NC considers the following as well as factors prescribed under the Company's BDP, details of which are set out under the sub-header 'Board Composition, Size and Diversity (Provision 2.4)':

- (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) 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);
- (c) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments; and
- (d) the candidate's independence, in the case of the appointment of an ID.

## Key Information on Directors (Provision 4.5)

Please refer to the 'Board of Directors' section in this AR for key information on the Directors including their date of first appointment and last re-election/election to the Board (if applicable), their academic/professional qualifications, directorships held in listed companies and principal commitments for both the current and the preceding three years and other relevant information; 'Notice of Annual General Meeting' and the 'Additional Information on Directors Seeking Re-election at the 60<sup>th</sup> Annual General Meeting' for information on Directors proposed for re-election at the 2023 AGM.

## Board Development (Provision 4.5)

The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Board Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. Further training for the Directors in specific areas are also being recommended by the NC, where required, based on the NC's review of the annual evaluation checklists from the Board and the Board Committees. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which as well as the internal briefing and updates provided for the Directors in 2022 are set out in the paragraph above under the subject heading 'Board Orientation and Training (Provision 1.2)'.

# CORPORATE GOVERNANCE REPORT

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, the feedback from individual Directors on areas relating to the Board's strategy and performance, The Board's process and 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 recommendations for improvements, if any, are presented to the Board.

The NC also undertook an evaluation of performance of the Board Committees, specifically the NC, the RC and the 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) the NC's evaluation based on certain assessment parameters. The assessment parameters were recommended by the NC and approved by the Board.

When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests. The results of the individual evaluation of each of the Directors are also used by the NC, in its consultation with the Board Chairman, to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-election/election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

### **Board Evaluation Criteria (Provision 5.2)**

The qualitative criteria used by the NC to evaluate the Board cover five main areas relating to Board structure, 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.

# CORPORATE GOVERNANCE REPORT

## Individual Director Evaluation Criteria (Provisions 5.1 and 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-election/election 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. 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'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 Group has identified its CFO and the General Manager of Copthorne Hotel Cameron Highlands as the Group's KMP for FY 2022. On an annual basis, the RC reviews and recommends fees payable to the Directors for the Board's consideration before approval is sought from the shareholders at the AGM. The RC also reviews and recommends annually the specific remuneration packages for the Directors and the KMP, including annual increments and year-end bonuses to be granted to the KMP for the Board's approval. The KMP's contracts of service which have been reviewed by the RC do not contain any unfair or unreasonable termination clauses.

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 in 2022.

One RC meeting was convened in 2022. The Company Secretaries maintain records of all RC meetings including records of discussions on key deliberations and decisions taken.

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

# CORPORATE GOVERNANCE REPORT

## 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 2022 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

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.

# CORPORATE GOVERNANCE REPORT

Based on the remuneration framework, the remuneration 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 judgement 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 2022.

### Directors' Remuneration for FY 2022 (Provision 8.1(a))

All the Directors of the Company are NEDs. Details of the Board and Board Committee fees for FY 2022 are set out below:

Directors	Board/Board Committee Fees <sup>(a)</sup> \$
1. Dato' Gan Khai Choon	30,000
2. Mr Andrew Goh Kia Teck	63,000
3. Mr Goh Kian Chee	43,000
4. Mr Hoh Weng Ming	15,000
5. Mr Chew Heng Ching	41,000

Note:

(a) These fees comprise Board and Board Committee fees for FY 2022, which are subject to approval by shareholders as a lump sum at the 2023 AGM.

None of the Directors receive any other remuneration in FY 2022 other than the Board and Board Committee fees.

# CORPORATE GOVERNANCE REPORT

## Remuneration of KMP (not being a Director or Chief Executive Officer) for FY 2022 (Provisions 8.1(b) and 8.3)

The Company does not have a Chief Executive Officer. For FY 2022, the Group identified Ms Foo Yang Hym, the CFO and Mr Tee Puat Heng (Patrick), the General Manager of Copthorne Hotel Cameron Highlands, the Group's hospitality operations in Malaysia, as its KMP.

The KMP's remuneration for FY 2022 in bands of \$250,000 is set out below.

	Base Salary <sup>1</sup> %	Bonuses/ Allowances <sup>1</sup> %	Other Benefits %	Total %
<b>\$250,000 and below</b>				
<b>KMP</b>				
1. Ms Foo Yang Hym	85	12	3	100
2. Mr Tee Puat Heng (Patrick)	85	12	3	100

Note:

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

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

## Remuneration of Director's or Substantial Shareholder's Immediate Family Members for FY 2022 (Provision 8.2)

There were no employees of the Company who were substantial shareholders of the Company or immediate family members of a Director or a substantial shareholder of the Company, 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 59 and 60 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 judgement 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)

In relation to Provision 9.2 of the 2018 Code and Rule 1207(10) of the Listing Manual, the ARC and the Board received written assurance 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 observations shared by the EA, Ernst & Young LLP ("EY") during the course of their audit, 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 2022 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. All members including the ARC Chairman possess the relevant accounting or related financial management expertise and experience.

Based on the terms of reference of the ARC, a former partner or director of the Company's existing auditing firm or auditing corporation should not act as a member of the ARC: (a) within a period of two years commencing on the date of his or her ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he or she has any financial interest in the auditing firm or auditing corporation. 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.

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.

# 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 adequacy and 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 judgements 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 policy and arrangements in place for raising, in confidence, concerns about possible improprieties on matters of financial reporting or any other matters in the Group; and
- to provide oversight on the Group's compliance relating to sustainability governance and reporting issues including reviewing the framework put in place by Management for the identification, assessment, management and monitoring of the material ESG factors, and setting of the targets and key performance indicators for the achievement of the Group's sustainability strategy.

# CORPORATE GOVERNANCE REPORT

## ARC's Commentary on Significant Financial Reporting Matter

In the review of the financial statements for FY 2022, the ARC had discussed with both the Management and the EA the accounting principles that were applied and their judgement 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	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 inflationary pressure, rising interest and geopolitical situation. The ARC also compared the Estimated Market Value with the carrying amount recorded in the accounts. The ARC received the report from the EA, who was assisted by their internal valuation specialist. This report presented, amongst other matters, EA’s assessment of the Estimated Market Value. 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.

The ARC held two meetings during the year and carried out its duties as set out within its terms of reference. For details of the activities performed by the ARC during the year, please refer to the ‘Directors’ Statement’ section on pages 61 and 62 of the AR. 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 considered the contribution of the 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 2022.

In determining the independence of EY, the ARC reviewed the Group's relationships 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 2022, 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 119 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 2022.

In reviewing the nomination of EY for re-appointment as the Company's EA for the financial year ending 31 December 2023, 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 2023 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 2022, 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.

## **Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## **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, auditing matters and other malpractices and misconduct 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 by the ARC chairman or using internal and/or external resources, of such matters raised in good faith (where appropriate) and for appropriate follow up action to be taken.

# CORPORATE GOVERNANCE REPORT

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 corporate website and is easily accessible by all employees of the Group and other persons. The ARC monitors the whistle-blowing complaints received and ensures appropriate follow up actions are taken.

The Company is committed to ensure the identity of the whistle-blower is kept confidential and to protect the whistle-blower from any detrimental or unfair treatment as a result of his or her 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 corporate 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 2022 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. In FY 2022, the IA work was headed by Mr Amos Law Chih Chien, the Executive Director, Risk Advisory of Crowe Governance. Mr Law is a Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors Malaysia and holds a Certification in Risk Management Assurance. He has many years of internal audit, information technology audit, risk management and corporate governance advisory experience that spans across various industries including, *inter alia*, hospitality and hotels. For the IA services provided to the Group, Mr Law was supported by three personnel from Crowe Governance, all of whom have the internal audit experience and qualifications. None of the personnel from Crowe Governance has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit function. Crowe Governance is part of Crowe Malaysia, the fifth largest accounting and consulting firm in Malaysia and is a corporate member of the Malaysian Institute of Internal Auditors. 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.

# CORPORATE GOVERNANCE REPORT

For the financial year under review, the ARC is satisfied with the quality and effectiveness of the IA function performed by Crowe Governance and that the IA function is independent and is adequately resourced.

## 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)

Shareholders are informed of general meetings through notices sent to them. All shareholders are entitled to attend and vote at general meetings in person or by proxy or in the case of a corporate shareholder, through its appointed representative. They are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters concerning the Company.

The rules for the appointment of proxies, including information that the voting will be conducted by way of poll, are set out in the notice of general meetings. In accordance with the Company's Constitution, shareholders who are not relevant intermediaries may appoint not more than two proxies each to attend, speak and vote at general meetings in their absence. In the case of shareholders who are relevant intermediaries, more than two proxies each may be appointed. The proxy forms must be deposited at such place or places specified in the notice or documents accompanying the notice convening the general meetings at least forty-eight (48) hours before the time set for the general meetings.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election/election of each Director as a separate resolution. Should the resolutions be 'bundled', the Company will explain the reasons and material implications for doing so in the notice of the general meeting. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in this AR.

All Directors, including the Lead ID, the chairmen of the respective Board Committees, Management, the EA and legal advisors (where necessary) are present at general meetings to address queries from the shareholders. Questions relating to the conduct of the audit and the preparation and content of the EA's report may be addressed by the EA.

However, due to the COVID-19 situation in Singapore, the 2020, 2021 and 2022 AGMs were convened and 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 ("Temporary Order") and the checklist issued by ACRA, MAS and SGX RegCo ("Checklist"). For more details on the 2022 AGM and the forthcoming 2023 AGM, see sections below on the '2022 AGM' and '2023 AGM'.

# CORPORATE GOVERNANCE REPORT

## 2022 AGM

In view of the COVID-19 situation, the 2022 AGM was convened and held by electronic means on 28 April 2022 pursuant to the Temporary Order and the Checklist.

The alternative arrangements under the Temporary Order and the Checklist put in place for the 2022 AGM included making available the Annual Report, the Notice of AGM, accompanying proxy form and other related AGM documents on the SGX website and the Company's corporate website. Attendance at the 2022 AGM was *via* electronic means where shareholders could observe and/or listen to the 2022 AGM proceedings *via* 'live' audio-visual webcast or 'live' audio-only stream and submits questions to the Chairman of the Meeting in advance of the 2022 AGM. Substantial and relevant questions submitted were addressed and released *via* SGXNet prior to the 2022 AGM and voting was carried out by appointing the Chairman of the Meeting as proxy at the 2022 AGM.

All the Directors including the Board Chairman, the CFO and the EA were in attendance at the 2022 AGM which was conducted electronically.

## 2023 AGM

The forthcoming 2023 AGM will be held, in a wholly physical mode, at M Hotel Singapore City Centre on 25 April 2023. There will be no option for shareholders to participate virtually. Shareholders will be informed of the 2023 AGM through a notification by post.

As part of the Company's commitment towards environmental sustainability, the Notice of AGM, accompanying proxy form and other AGM related documents will only be made available on the SGX website and the Company's corporate website. Arrangements relating to attendance at the 2023 AGM, submission of questions in advance of, or at the 2023 AGM and voting at the 2023 AGM by shareholders or their duly appointed proxy(ies) or representative in the case of corporate shareholder, are set out in a separate announcement to be released by the Company on SGXNet.

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

The Company's Constitution does not provide for voting in absentia (such as voting by mail or electronic means). 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 propose the relevant amendments to its Constitution to provide for absentia voting. Shareholders nevertheless are given the opportunity to vote at general meetings even when they are not in attendance as they may appoint proxy(ies) to vote on their behalf.

In support of greater transparency, the Company had been conducting poll voting since its 2016 AGM up to the 2019 AGM. With poll voting, shareholders present in person or represented by proxy at the AGM will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be announced at the AGM. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages would be announced *via* SGXNet after the AGM. Voting procedures for the poll voting will be explained at the AGM and an external firm which is independent of the firm appointed to undertake the poll voting process, will be appointed as scrutineers for the AGM voting process. The Company will resume the poll voting at the 2023 AGM.

# CORPORATE GOVERNANCE REPORT

For the 2020 to 2022 AGMs which were held by electronic means, the Chairman of the Meeting was appointed as proxy to vote on behalf of all shareholders. Proxy forms submitted by shareholders were independently verified by the independent scrutineers. Results of the valid votes submitted, showing the number of votes cast for and against each resolution and the respective percentages, were announced by the Chairman at the AGM and thereafter, via SGXNet.

## **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 corporate website and the SGX website as soon as practicable after the meetings.

## **Dividend Policy (Provision 11.6)**

The Company has a formalised dividend policy wherein the Group remains committed in its focus to strengthen its core capabilities and to explore growth opportunities with prudent management and a long-term view towards sustainability. Before proposing any dividends, the Board will consider a range of factors, including the Group's results of operations, long-term and short-term capital requirements, current balance sheet, future investment plans and general business conditions and other macro environment factors. The Board will review the dividend policy from time to time and reserves the right to modify, amend and update the policy.

The Company has not recommended any dividend for FY 2022 as it intends to conserve cash for operations and future investment opportunities.

## **Principle 12: Engagement with Shareholders**

The Board provides shareholders with periodic financial results in accordance with the timelines prescribed in the Listing Manual. For FY 2022, the Company's 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 investors 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 and the General Manager of Copthorne Hotel Cameron Highlands 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 2022 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 are notified of general meetings and the documents relating thereto which are made available to shareholders on the Company's corporate website and the SGX website.

# CORPORATE GOVERNANCE REPORT

## Shareholder Communication (Provision 12.1)

Shareholders and investors can contact the Company or access information on the Company at its corporate 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.

The lifting of COVID-19 safe management measures and the return to normalcy have made possible the resumption of general meetings in the physical face-to-face format practised pre COVID-19. As such, the forthcoming 2023 AGM will be held in a wholly physical format to allow shareholders to attend the AGM in person with the ability to engage with the Board directly. Shareholders are therefore encouraged to attend the 2023 AGM.

## 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.

## MANAGING STAKEHOLDER RELATIONSHIPS

### Principle 13: Engagement with Stakeholders

The Company has in place arrangements through a variety of channels including *via* the Company's corporate website to engage with the stakeholders 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 42 to 44 of this 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 employees 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.



# CORPORATE GOVERNANCE REPORT

## **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 in advance prior to the commencement of the "closed periods" relating to dealing in the Company's securities.

## 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.

In the past two years, the COVID-19 pandemic has continued to affect our business as a result of local movement restrictions and a decline in international travel. Despite seeing a decline in the number of hotel guests, we saw our management team take the opportunity to focus on adding value to the guest experience. This includes the continuous upgrade of hotel facilities to address customer feedback. New initiatives were also developed to reduce our environmental impact such as to introduce the testing of electric bicycles for guest use, introducing electric vehicle charging bays as well as to support the communities around us through fund raising activities. These collaborative and innovative efforts have helped to raise the spirit and resolve of our hotel staff during these challenging times and we look forward to its further developments.

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.

In this report, we have made improvements to our framework by describing clearer goals / targets for each material issue, review the completeness of the reporting under each material issues, expand on the non-material topics to include Energy & Carbon emissions and present information for the current year performance and the previous two years.

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 sixth 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. The GRI standard was chosen as it is the most widely used reporting standard in the industry and it is relevant for our business.

<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

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 2022 to 31 December 2022, 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).

## Sustainability Framework and Governance

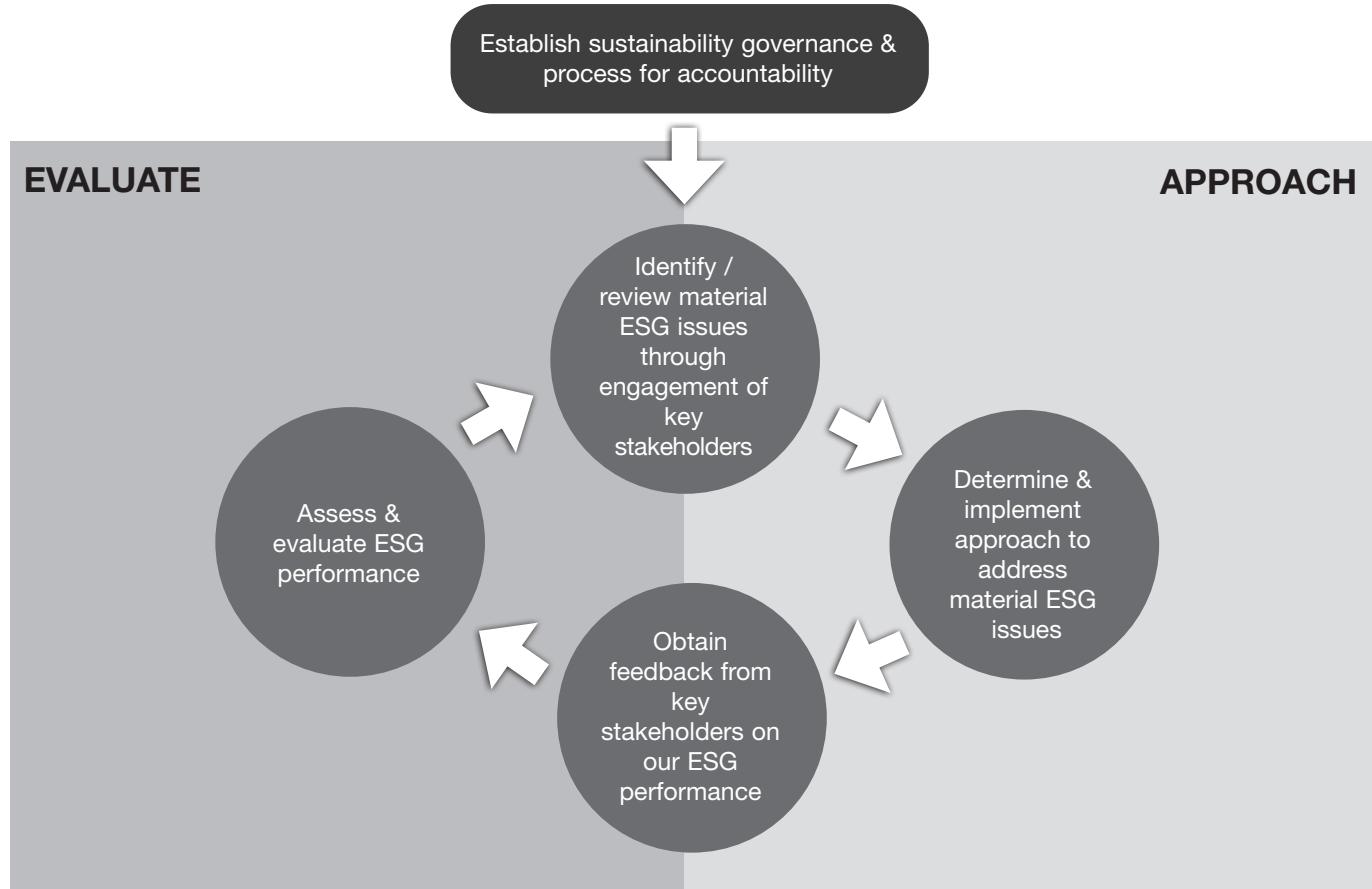
The Group has developed a framework to formalise the oversight procedures (Figure 1) to ensure reliability, adequacy and effectiveness of the internal controls and risk management processes over our sustainability practices and reporting standards. The Sustainability Committee has been established since 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 & Environmental Compliance	Zero significant fines
	Ethical Conduct & Anti-Corruption	Zero incident
<b>Understanding Our Guests' Needs</b>	Guest Wellness & Safety	Zero fatality / serious injuries to Guest
	Service Quality and Guest Experience	Target set is 7.5
<b>Looking After Our People &amp; Community</b>	Employee Health and Safety	Zero fatality / serious injuries to Employees
	Creating a Positive Working Environment	Workplace flexibility and employee recognition

# SUSTAINABILITY REPORT

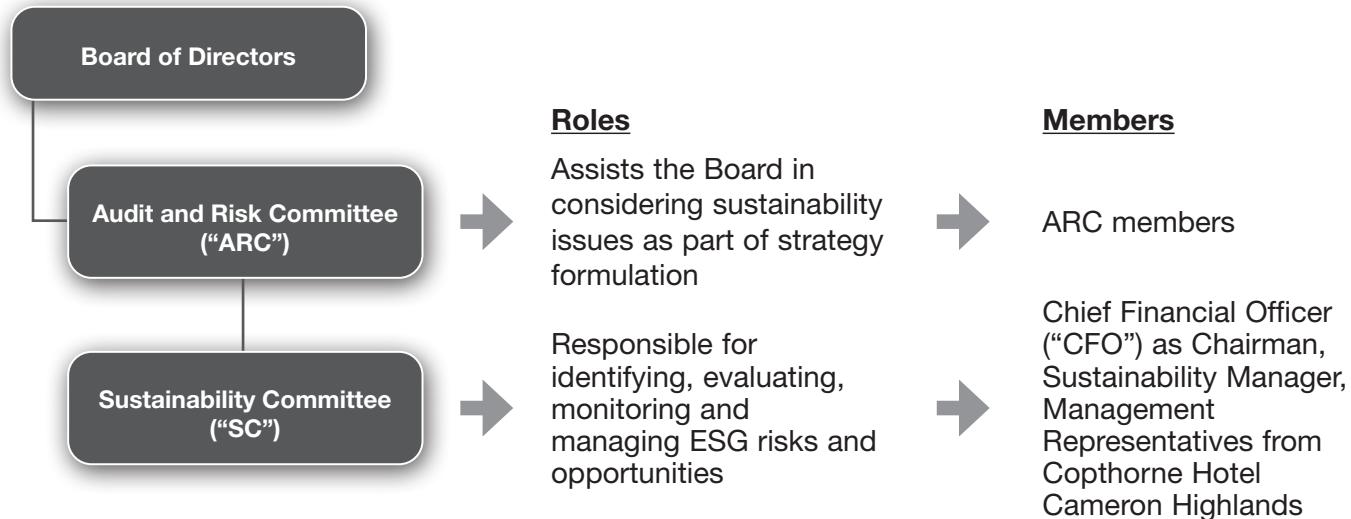
**Figure 1: Sustainability Framework**



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

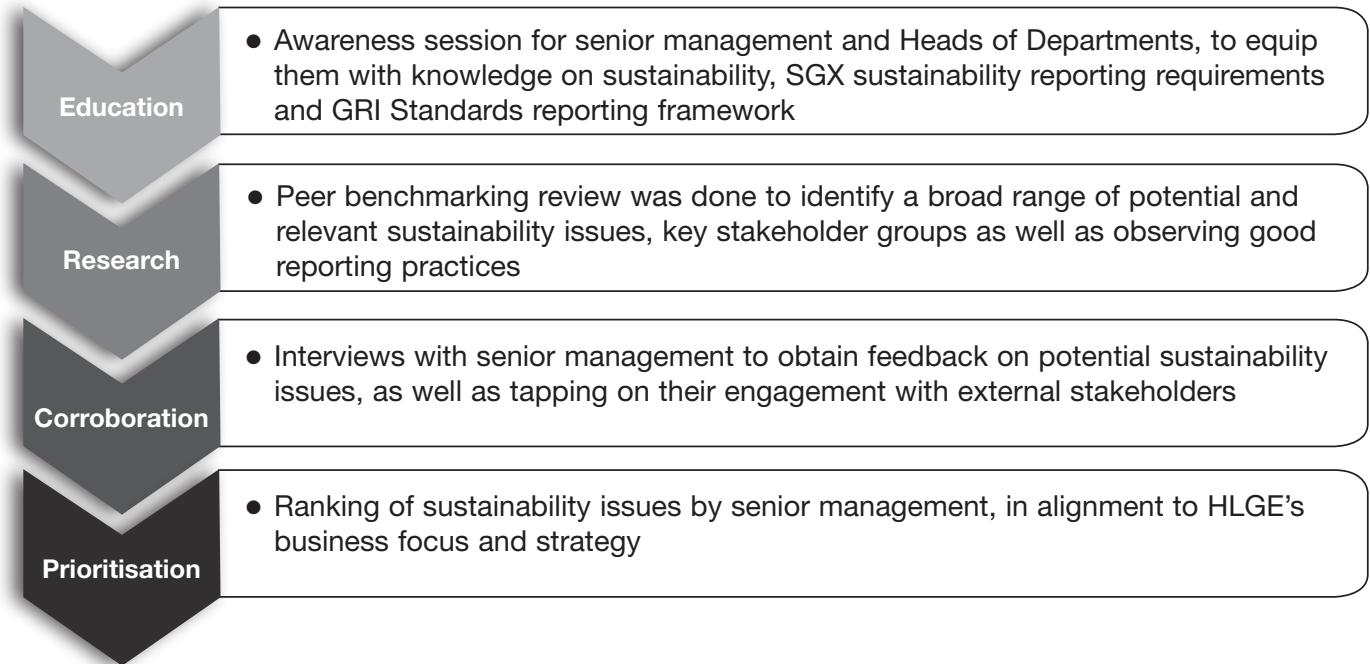
Business begins with value creation for its key stakeholders through the provision of products and/or services, supported by employees and suppliers of the business. Furthermore, the nature of our business activities may impact other key stakeholders that include nearby local communities which are managed 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).

**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 action 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>Employee 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.

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 2022. There have also been no cases of legal actions for non-competitive behaviour, anti-trust and monopoly practices in 2022.

**Table 3: Incidents of unethical business conduct involving our employees and business partners**

	2020	2021	2022	Target
No. of incidents / cases	0	0	0	Zero incidents

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 2022, 122 active suppliers have formally acknowledged the COBC. The remaining suppliers did not acknowledge the COBC, as their purchase volume was minimal, and the transactions were on cash terms or on 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.

<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 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 authorities like The Fire and Rescue Department of Malaysia, commonly known as BOMBA and The Department of Occupational Safety and Health (DOSH) also conduct yearly inspections or audits on our hotel premises as part of regulatory / permit requirements. The main focus in 2022 has been on ensuring our operations are fully aligned to the relaxation of restrictions related to co-vid as the country enter the transition phase.

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. There were no major findings of non-compliance from authorities visits / inspections in 2022. We continue to uphold such standards in our monitoring of compliance matters.

***Table 4: Number of significant fines or sanctions received***

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Target</b>
No. of *significant fines, sanctions received	0	0	0	Zero fines

\* 5% of Profit after tax

## Understanding Our Guests' Needs

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

#### **Management Approach**

The Hotel's business is committed to providing 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 a concerted effort across various departments. The HODs of our Front Office, Housekeeping and Food & Beverage ("F&B") departments are in-charge of 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 acknowledge areas where they have performed well and to identify areas to improve upon. Guest feedback is collected via an online application – SANARP at any point during their stay well as from our staff who have direct interaction with the guests. This application is also used by guests to input requests for any services and in addition is being used by the maintenance department to speed up the response time. We also proactively review and assess guest comments posted online via 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.

In recognition of service excellence displayed by employees, management practice is to share encouraging letters of commendation based on positive feedback received by guests. Staff who were given positive feedback by guests will also be given a commendation letter. Employee trainings are also regularly refreshed and processes reinforced to address any areas in need for improvement towards ensuring guest satisfaction targets.

The "Nature & Farmland" concept was created as a theme for the hotel for product differentiation from competitor hotels and to provide a unique and memorable guest experience. Under this concept, part of the landscape of the hotel are planted with vegetables which are grown "organic" without the use of pesticide. Guests who had purchased the "7 Wonders Copthorne - In Pursuit of Nature" package for a 3 days 2 nights stay are able to participate in a guided "farm walk" which is a 2.5km walk across the farmland located in the vicinity of the hotel at Kea Farm and also a tour to visit 5 of the 7 Wonders of Copthorne.

In addition, the in-house Gardening Task Force was formed where various activities conducted include weeding, pruning and planting to beautify, maintain and enhance greenery within hotel grounds to contribute towards the well-being of both staff and guests.

# SUSTAINABILITY REPORT

As part of our sustainability initiative towards reducing our carbon footprint, the hotel has provided three electric vehicle (EV) charging bays with 11kW charging capacity. It is listed on Plugshare and the charging bays are open to the public for a nominal fee. The PURO Organic Brew Coffee is also served to guests at 18° Celsius Café. PURO is a fair trade organic coffee brand who is currently in partnership with World Land Trust to buy and protect areas of rainforest in coffee producing countries.

## Performance

We are committed to provide quality services to our guests throughout their entire stay with us. In referring to feedback obtained from OTA channels including 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. The most common compliment from our guests is that our hotel staff are friendly, polite and helpful. Other positive comments often include good location, great view and spacious room.

**Table 5: Guest feedback and experience rating**

Guest feedback / experience	2020	2021	2022	Target
Booking.com (max 10)	7.17	7.75	7.11	7.5
Agoda.com (max 10)	7.44	8.02	7.68	

We received constructive feedback with regards to hotel maintenance including some on our aging facilities. As a result of addressing these matters, we have started and completed our hotel improvement programme since 2019 which saw the upgrading of lift facilities, renovation of superior rooms and painting of exterior walls. Guest satisfaction target of more than 7.5 was not achieved in 2022. The hotel industry grappled with manpower shortages throughout the year to meet increased guest travel demands after lifting of all covid travel restrictions and during this period, management staff have stepped in to assist in room housekeeping activities.

## 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.

# SUSTAINABILITY REPORT

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 to avoid food wastage.

The Hotel embarked on a vegetable planting project during the various MCOs. This has since blossomed into a "Farm to Table" concept where guests can harvest the organically grown herbs and vegetables on their own and have the Chef cook them to their taste. A rain water harvesting system was also implemented to water the herbs and vegetables with natural rain water.

## Performance

We are pleased to report that we have zero fatalities / serious injuries recorded for the year 2022 in receiving all hotel guests and visitors. However, there is one recorded minor injury in December 2022 where one of our guests suffered a fractured hand due to slip and fall in the bathroom. 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 2022. Our team is committed to ensure that we are compliant with all SS requirements.

**Table 6: Number of fatalities/serious injuries/reportable incidents/minor injuries (Guests/Visitors)**

Guest Wellness & Safety	2020	2021	2022	Target
No. of fatalities / serious injuries	0	0	0	Zero fatality / serious injuries to Guests
Recordable incidents / minor injuries	2	0	1	-

# SUSTAINABILITY REPORT

## Looking After Our People & Community

### ***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.

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.

In terms of community related activities, we successfully organised a corporate social responsibility programme called "Copthorne 126 Drive Through Car Wash" on 18<sup>th</sup> January 2022. For every vehicle washed, RM 1 was donated to MyFundAction to provide aid to flood victims.

On 14<sup>th</sup> April 2022, the team at Copthorne Hotel Cameron Highlands held a Charity Night ("Malam Amal") and feted children from Cameron Highlands District Social Welfare Office with a sumptuous dinner and they were also given pocket money. In conjunction with International Nurses Day on 12 May 2022, the management of Copthorne Cameron Highlands presented the nurses of Hospital Sultanah Hajjah Kalsom with homemade cakes from its own pastry kitchen as a gesture of appreciation towards the community of Cameron Highlands.

Career talk was given to first-year students in Hotel Management, Events Management and Culinary Arts from Tunku Abdul Rahman University College (TAR UC) on 17<sup>th</sup> August 2022. The Hotel also organized sale of cookies, pudding or yule log cake during December 2022 where part of the sales was donated to National Autism Society of Malaysia (NASOM). Also, there was collaboration with Tunku Abdul Rahman University of Management and Technology (TAR UMT), Perak Branch to produce 500 pieces of Christmas Butter Cookies as a Christmas CSR project for orphanage homes in Ipoh, Perak.



*“Copthorne 126 Car Wash” was organized on 18 January 2022*



*Charity Night (“Malam Amal”) on 14 April 2022*



*Career talk to first-year students of TAR UC on 17 August 2022*



*500 pieces of Christmas Butter Cookies as a Christmas CSR project for orphanage homes in Ipoh, Perak.*

## Performance

In 2022, the Hotel employed 118 employees (Table 8), all of whom were working full-time with 94% on a permanent contract, while the remaining 6% were employees on employment contract for periods ranging between 3 to 6 months. There are challenges to increase manpower back to pre-covid levels due to industry wide shortage as seen in the increase of employee turnover rate.

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

We have organised more than 138 training sessions, equivalent to 963 hours throughout the year 2022. 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.

# SUSTAINABILITY REPORT

**Table 7: Training sessions conducted at Copthorne Hotel Cameron Highlands**

Training	2020	2021	2022
No. of Sessions	242	294	138
Total hours	3,508	1,451	963

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.

**Table 8: Employee Profile and Movement at Copthorne Hotel Cameron Highlands**

Employee Profile				
Employment type		Male	Female	Total
Permanent		67	44	111
Temporary		6	1	7
		73	45	118

Age Group	New Hires				Departures			
	Male	Rate <sup>4</sup>	Female	Rate <sup>4</sup>	Male	Rate <sup>4</sup>	Female	Rate <sup>4</sup>
<30	67	57%	58	49%	64	54%	68	58%
30-50	5	4%	2	2%	10	8%	4	3%
>50	2	2%	0	0%	1	1%	0	0%
	74		60		75		72	

## Employee 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.

<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

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.

## Performance

We are pleased to announce that we have zero fatalities, serious work-related injuries and minor injuries recorded for the year 2022 amongst our employees or contractors. Both noise risk and chemical health risk assessments were conducted in October 2022 at certain operating sections of the hotel and there were no major issues or findings.

**Table 9: Number of fatalities/serious injuries/reportable incidents/minor injuries (Employees/contractors)**

	2020	2021	2022	Target
No. of fatalities / serious injuries	0	0	0	Zero fatality / serious injuries to Employees/ Contractors
Recordable incidents / minor injuries	1	2	0	-

Under the Systematic Occupational Health Enhancement Level Program (SoHelp) which was implemented in 2019, 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.

# SUSTAINABILITY REPORT

## Other non-material issues

### ***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 2022. 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.

***Table 10: Number of suppliers/vendors evaluated***

	<b>2020</b>	<b>2021</b>	<b>2022</b>
No. of suppliers/vendors evaluated	129	142	105

We are committed to establish mutually beneficial long-term 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.

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.

## Energy and Carbon Emissions

### Management Approach

The hotel had set-up two “Rainwater Harvest System” that are able to collect and store up to a combined total of 720 gallons of water which are used to water plants and vegetables grown in the compound of the hotel.

Currently we are tracking our energy consumption and carbon footprint (Scope 1 & 2) across the hotel operations. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Our main source of energy consumption is related to electricity for our hotel operations, diesel for the boiler operations and liquefied petroleum gas (LPG) for the kitchen operations. Almost 60% of the energy consumption in 2022 is for electricity while the remaining 40% is for diesel and LPG. With regards to greenhouse gas (GHG) Emission in 2022, Scope I emission from LPG and diesel accounts for 19% while Scope II re purchased electricity accounts for the remaining 81%

### Performance

We are pleased to report our energy consumption and carbon emission including their respective intensities for 2022 and from 2019 to 2022. Overall, there is an increasing trend as the hospitality industry recovers from the impact of COVID-19 where the various movement controls and lockdowns in 2020 and 2021 impacted guest arrivals and hotel operations. Comparing 2022 with 2019 (pre-covid), the energy and carbon intensity in 2022 is lower. The previous challenging years has compelled the hotel to optimize its operations and consumption of fuels and energy.

**Table 11: Energy consumption and carbon emission**

Energy Consumption (By Source)	Unit Measurement	2019	2020	2021	2022
Total Energy Consumption	TJ	12.47	9.70	5.08	10.60
Overall Energy Intensity	MJ / sq m	588.3	457.6	239.8	500.0
CO <sub>2</sub> Emission (By Scope)	Unit Measurement	2019	2020	2021	2022
Total CO <sub>2</sub> Emission (Scope I & II)	t CO <sub>2</sub>	1,775	1,361	806	1,535
Overall CO <sub>2</sub> Emission Intensity	kg CO <sub>2</sub> e / sq m	83.7	64.2	38.0	72.4

Note : CO<sub>2</sub> calculation is as per 2006 IPCC Guidelines for National Greenhouse Gas Inventories and 2017 CDM Electricity Baseline for Malaysia



# SUSTAINABILITY REPORT

## 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.

16 March 2023

# 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	Corporate Directory - 1
102-4	Location of operations	2-3
102-5	Ownership and legal form	Corporate Information-75
102-6	Markets served	2-3
102-7	Scale of the organization	2-3, 52, Balance Sheet-68, Income Statement-69
102-8	Information on employees and other workers	50-52
102-9	Supply chain	54
102-10	Significant changes to the organization and its supply chain	39-40
102-11	Precautionary Principle or approach	Principles 9 & 10; 28-34
102-12	External initiatives	None
102-13	Membership of associations	Malaysian Association of Hotels
<b>Strategy</b>		
102-14	Statement from senior decision-maker	39
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report
<b>Governance</b>		
102-18	Governance structure	40-42
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	44 – Table 2
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	42-44
102-43	Approach to stakeholder engagement	42-44
102-44	Key topics and concerns raised	44
<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	39-44 & Table 2
102-47	List of material topics	40-Table 1, 44-Table 2
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	40
102-51	Date of most recent report	56
102-52	Reporting cycle	40
102-53	Contact point for questions regarding the report	sustainability@hlge.com.sg
102-54	Claims of reporting in accordance with the GRI Standards	39
102-55	GRI content index	57-58
102-56	External assurance	We have not sought external assurance for our 2022 sustainability report

# SUSTAINABILITY REPORT

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	Management Approach (including 103-1,103-2 & 103-3)	44-46
201-1	Direct economic value generated and distributed	Financial Statements
205-3	Confirmed incidents of corruption and actions taken	45-Table 3
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	46
<b>Regulatory and Environmental Compliance</b>		
103	Management Approach (including 103-1,103-2 & 103-3)	46
307-1	Non-compliance with environmental laws and regulations	46-Table 4
419-1	Non-compliance with laws and regulations in the social and economic area	46
<b>Service Quality and Guest Experience / Guest Wellness &amp; Safety</b>		
103	Management Approach (including 103-1,103-2 & 103-3)	47-49
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	49-Table 6
<b>Creating a Positive Working Environment / Occupational Health and Safety</b>		
103	Management Approach (including 103-1,103-2 & 103-3)	50-54
401-1	New employee hires and employee turnover	52-Table 8
403-9	Work-related injuries	53-Table 9
<b>Engaging Our Suppliers &amp; Contractors / Energy &amp; Carbon Emissions</b>		
103	Management Approach (including 103-1,103-2 & 103-3)	54-55
302-1	Energy consumption within the organization	55-Table 11
302-3	Energy intensity	55-Table 11
305-1	Direct (Scope 1) GHG emissions	55-Table 11
305-2	Energy indirect (Scope 2) GHG emissions	55-Table 11
305-4	GHG emissions intensity	55-Table 11

# 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 2022.

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 2022 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 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Dato' Gan Khai Choon  
Hoh Weng Ming  
Andrew Goh Kia Teck  
Goh Kian Chee  
Chew Heng Ching

## Directors' interests

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

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

## Share options

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

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

# 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)  
Goh Kian Chee  
Chew Heng Ching

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

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

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

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

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

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

## Share options (continued)

### **(b) HL Global Enterprises Share Option Scheme 2006 Trust**

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

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

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

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

## Audit and Risk Committee

The Audit and Risk Committee (the “ARC”) comprises three independent non-executive members of the Board of Directors:

Andrew Goh Kia Teck (Chairman)  
Goh Kian Chee  
Chew Heng Ching

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

16 March 2023

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

## 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 2022, 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 Singapore Companies Act 1967 (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 2022 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 2022

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

### Key Audit Matter (continued)

#### ***Recoverable amount of an uncompleted development property***

As at 31 December 2022, the Group has development properties amounting to \$3,240,000 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 recoverable amount of an uncompleted development property in Malaysia with carrying amount of \$3,160,000, 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 2022. 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 2022 arising from the changes in market and economic conditions brought on by inflationary pressure, rising interest rates and geopolitical tensions.

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 note 12 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 2022

## 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), 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 2022

## 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 2022

## 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 Chan Yew Kiang.

**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
16 March 2023

# BALANCE SHEETS

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	<b>15,231</b>	16,506	<b>8</b>	15
Investment property	4	<b>1,581</b>	1,753	—	—
Subsidiaries	5	—	—	<b>45,650</b>	40,887
Associate	6	<b>50</b>	54	—	—
Joint ventures	7	<b>864</b>	846	—	—
Other receivables	8	<b>85</b>	84	<b>28</b>	22
Right-of-use assets	9	<b>262</b>	287	<b>205</b>	248
Deferred tax asset	10	<b>192</b>	182	—	—
		<b>18,265</b>	19,712	<b>45,891</b>	41,172
<b>Current assets</b>					
Inventories	11	<b>109</b>	88	—	—
Development properties	12	<b>3,240</b>	3,429	—	—
Trade and other receivables	8	<b>801</b>	463	<b>421</b>	190
Prepayment		<b>123</b>	24	<b>26</b>	6
Cash and bank balances	13	<b>56,338</b>	55,084	<b>36,355</b>	37,062
		<b>60,611</b>	59,088	<b>36,802</b>	37,258
<b>Total assets</b>		<b>78,876</b>	78,800	<b>82,693</b>	78,430
<b>Equity</b>					
Share capital	14	<b>129,793</b>	129,793	<b>129,793</b>	129,793
Equity capital contributed by parent	14	<b>3,980</b>	3,980	<b>3,980</b>	3,980
Reserves	15	<b>(57,223)</b>	(57,125)	<b>(52,163)</b>	(56,467)
<b>Total equity attributable to owners of the Company</b>		<b>76,550</b>	76,648	<b>81,610</b>	77,306
<b>Non-current liabilities</b>					
Lease liabilities	9	<b>133</b>	168	<b>109</b>	159
		<b>133</b>	168	<b>109</b>	159
<b>Current liabilities</b>					
Trade and other payables	16	<b>2,046</b>	1,852	<b>864</b>	865
Lease liabilities	9	<b>135</b>	121	<b>100</b>	89
Current tax payable		<b>12</b>	11	<b>10</b>	11
		<b>2,193</b>	1,984	<b>974</b>	965
<b>Total liabilities</b>		<b>2,326</b>	2,152	<b>1,083</b>	1,124
<b>Total equity and liabilities</b>		<b>78,876</b>	78,800	<b>82,693</b>	78,430

*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 2022

		Group	
	Note	2022 \$'000	2021 \$'000
Revenue	17	6,705	2,458
Cost of sales		(3,261)	(1,652)
<b>Gross profit</b>		<b>3,444</b>	806
Other income	18	868	846
Selling and marketing expenses		(237)	(190)
Administrative expenses		(295)	(292)
Finance costs	19	(10)	(4)
Other expenses		(2,805)	(2,637)
Share of results of associate (net of tax)	6	(1)	(1)
Share of results of joint ventures (net of tax)	7	95	160
<b>Profit/(loss) before tax</b>		<b>1,059</b>	(1,312)
Income tax expense	20	(8)	(66)
<b>Profit/(loss) for the year attributable to owners of the Company</b>	21	<b>1,051</b>	(1,378)
<b>Earnings/(loss) per share (cents per share)</b>			
- Basic	22	<b>1.12</b>	(1.47)
- Diluted	22	<b>1.12</b>	(1.47)

*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 2022

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit/(loss) for the year</b>	<b>1,051</b>	(1,378)
<b>Other comprehensive loss</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for foreign operations	(1,149)	(250)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(1,149)</b>	(250)
<b>Total comprehensive loss for the year attributable to owners of the Company</b>	<b>(98)</b>	(1,628)

*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 2022

	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>Group</b>							
<b>At 1 January 2022</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>67</b>	<b>(65,529)</b>	<b>76,648</b>
Profit for the year	—	—	—	—	—	1,051	1,051
<u>Other comprehensive loss, net of tax</u>							
Foreign currency translation differences for foreign operations	—	—	—	—	—	(1,149)	—
<b>Total comprehensive (loss)/income for the year, net of tax</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,149)</b>	<b>(1,149)</b>
<b>At 31 December 2022</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>(1,082)</b>	<b>(64,478)</b>	<b>76,550</b>
<b>At 1 January 2021</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>
Loss for the year	—	—	—	—	—	(1,378)	(1,378)
<u>Other comprehensive loss, net of tax</u>							
Foreign currency translation differences for foreign operations	—	—	—	—	—	(250)	—
<b>Total comprehensive loss for the year, net of tax</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(250)</b>	<b>—</b>	<b>(250)</b>
<b>At 31 December 2021</b>	<b>129,793</b>	<b>3,980</b>	<b>8,529</b>	<b>(192)</b>	<b>67</b>	<b>(65,529)</b>	<b>76,648</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 2022

	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 2022</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,938)</b>	<b>77,306</b>
Profit for the year, representing total comprehensive income for the year	—	—	—	4,304	4,304
<b>At 31 December 2022</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(64,634)</b>	<b>81,610</b>
<b>At 1 January 2021</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,451)</b>	<b>77,793</b>
Loss for the year, representing total comprehensive loss for the year	—	—	—	(487)	(487)
<b>At 31 December 2021</b>	<b>129,793</b>	<b>3,980</b>	<b>12,471</b>	<b>(68,938)</b>	<b>77,306</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 2022

	Group	
	2022	2021
	\$'000	\$'000
<b>Operating activities</b>		
Profit/(loss) before tax	1,059	(1,312)
Adjustments for:		
Bad debts recovered	-	(1)
Depreciation of investment property	71	74
Depreciation of property, plant and equipment	770	859
Depreciation of right-of-use assets	132	155
Gain on disposal of property, plant and equipment	(18)	-
Impairment loss on trade receivables	-	1
Interest expense related to lease liabilities	10	4
Interest income	(592)	(284)
Property, plant and equipment written off	-	34
Share of results of associate (net of tax)	1	1
Share of results of joint ventures (net of tax)	(95)	(160)
Unrealised currency exchange losses - net	183	46
Write-back of impairment on trade and other receivables	-	(8)
<b>Operating cash flows before changes in working capital</b>	<b>1,521</b>	<b>(591)</b>
Development properties	(5)	(42)
Inventories	(21)	(3)
Trade and other payables	194	13
Trade and other receivables	(137)	153
<b>Cash generated from/(used in) operating activities</b>	<b>1,552</b>	<b>(470)</b>
Income tax paid	(31)	(136)
Interest expense related to lease liabilities	(10)	(4)
Interest received	286	244
<b>Net cash generated from/(used in) operating activities</b>	<b>1,797</b>	<b>(366)</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 2022

	Group	
	2022	2021
	\$'000	\$'000
<b>Investing activities</b>		
(Placement of long term fixed deposits)/withdrawal of fixed deposits matured	(499)	667
Proceeds from disposal of property, plant and equipment	18	–
Purchase of property, plant and equipment (note 3)	(115)	(898)
<b>Net cash used in investing activities</b>	<b>(596)</b>	<b>(231)</b>
<b>Financing activity</b>		
Repayment of principal portion of lease liabilities	(129)	(160)
<b>Net cash used in financing activity</b>	<b>(129)</b>	<b>(160)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	1,072	(757)
Effect of exchange rate changes on balances held in foreign currencies	5,179	6,016
<b>Cash and cash equivalents at end of the year (note 13)</b>	<b>(317)</b>	<b>(80)</b>
	<b>5,934</b>	<b>5,179</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 2022

## 1. CORPORATE INFORMATION

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
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>	Date to be determined

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.2 Standards issued but not yet effective (continued)

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

### 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 2022.

### 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 2022

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

### 2.4 Basis of consolidation and business combinations (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(l).

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.5 Foreign currency (continued)

#### (a) *Transactions and balances (continued)*

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

#### (b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the 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 2022

## 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>
Buildings and improvements on freehold land	- 50 years
Leasehold land, buildings and improvements	- 50 years or period of lease, whichever is shorter
Plant and machinery	- 3 to 20 years
Furniture, fittings and office equipment	- 3 to 20 years
Motor vehicles	- 5 to 6 years

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

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

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

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

### 2.7 Investment property

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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 2022

## 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 2022

## 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”).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.11 Impairment of financial assets (continued)

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

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.12 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.14 Inventories (continued)

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

### 2.15 Provisions

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

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

### 2.16 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.18 Employee benefits (continued)

#### (a) *Defined contribution plans (continued)*

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

#### (b) *Employee leave entitlement*

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

### 2.19 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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.19 Leases (continued)

#### *As lessee (continued)*

##### **(a) Right-of-use assets (continued)**

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

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

##### **(b) Lease liabilities**

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

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

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.20 Revenue (continued)

#### (d) *Rental income*

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

#### (e) *Licence fee*

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

#### (f) *Interest income*

Interest income is recognised using the effective interest method.

### 2.21 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.22 Taxes (continued)

#### (b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 2.22 Taxes (continued)

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

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

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

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

#### (c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.23 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”).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022



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

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

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

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

The Company will be entitled, from time to time, during the period commencing from the date of the Trust Deed and ending upon the termination of the Trust, to appoint a new trustee in substitution of the existing Trustee. The Company is entitled to the benefit of any remaining funds, investments or assets which are placed under the control of the Trustee upon termination of the Trust. Based on the foregoing provisions, the Company therefore consolidates the Trust as part of the Company in its separate and consolidated financial statements. The Trust Shares are accounted for as treasury shares as they are issued by the Company and held by the Trust, which is considered as part of the Company. However, the Trust Shares are not regarded as treasury shares pursuant to the Singapore Companies Act 1967 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### 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 2022

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land*	Buildings and improvements on freehold land		Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Capital work-in-progress \$'000	Total \$'000
		Cost	Cost					
At 1 January 2021	2,865	14,787	1,764	3,085	70	720	23,291	
Additions	–	–	88	654	–	156	898	
Write-off	–	–	(106)	(13)	–	–	(119)	
Transfer	–	–	547	136	–	(683)	–	
Translation adjustments	(9)	(157)	(25)	(44)	(1)	(11)	(247)	
At 31 December 2021 and 1 January 2022	2,856	14,630	2,268	3,818	69	182	23,823	
Additions	–	–	11	38	39	27	115	
Disposals	–	–	–	–	(16)	–	(16)	
Transfer	–	–	150	–	–	(150)	–	
Translation adjustments	(32)	(599)	(138)	(219)	(4)	(8)	(1,000)	
At 31 December 2022	<b>2,824</b>	<b>14,031</b>	<b>2,291</b>	<b>3,637</b>	<b>88</b>	<b>51</b>	<b>22,922</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 2022

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

	Buildings and improvements on freehold land \$'000	Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Capital work-in-progress \$'000	Total \$'000
<b>Group</b>						
<b>Accumulated depreciation and impairment loss</b>						
At 1 January 2021	99	2,945	1,092	2,424	66	6,626
Depreciation for the year	–	448	119	291	1	859
Write-off	–	–	(79)	(6)	–	(85)
Translation adjustments	(2)	(30)	(15)	(34)	(2)	(83)
At 31 December 2021 and 1 January 2022	97	3,363	1,117	2,675	65	7,317
Depreciation for the year	–	434	104	230	2	770
Disposals	–	–	–	–	(16)	(16)
Translation adjustments	(5)	(142)	(68)	(161)	(4)	(380)
At 31 December 2022	<b>92</b>	<b>3,655</b>	<b>1,153</b>	<b>2,744</b>	<b>47</b>	<b>7,691</b>
<b>Net carrying amount</b>						
At 31 December 2021	2,759	11,267	1,151	1,143	4	182
At 31 December 2022	<b>2,732</b>	<b>10,376</b>	<b>1,138</b>	<b>893</b>	<b>41</b>	<b>15,231</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

Company	Furniture, fittings and office equipment	Total
	\$'000	\$'000
<b>Cost</b>		
At 1 January 2021		
At 1 January 2021	70	70
Additions	5	5
At 31 December 2021	75	75
Additions	1	1
At 31 December 2022	<b>76</b>	<b>76</b>
<b>Accumulated depreciation</b>		
At 1 January 2021		
At 1 January 2021	53	53
Depreciation charge for the year	7	7
At 31 December 2021	60	60
Depreciation charge for the year	8	8
At 31 December 2022	<b>68</b>	<b>68</b>
<b>Net carrying amount</b>		
At 31 December 2021		
At 31 December 2021	<b>15</b>	<b>15</b>
At 31 December 2022	<b>8</b>	<b>8</b>

The recoverable amounts of the property, plant and equipment being the higher of the fair value less costs to sell and value-in use, were determined using fair value less costs to sell approach, and were estimated using comparison methods. Management has carried out the impairment assessment to assess if there is any indication that the hotel and property assets may be impaired. If an indication exists, the recoverable amounts are estimated based on external valuations undertaken by the Group.

Based on the valuation performed by an external independent professional valuer, there is no impairment loss for the Group's property, plant and equipment as the estimated recoverable amount exceeded the carrying value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 4. INVESTMENT PROPERTY

	Group \$'000
<b>Cost</b>	
At 1 January 2021	2,155
Translation adjustments	<u>(32)</u>
At 31 December 2021	2,123
Translation adjustments	<u>(125)</u>
At 31 December 2022	<u><b>1,998</b></u>
<b>Accumulated depreciation</b>	
At 1 January 2021	300
Depreciation charge for the year	74
Translation adjustments	<u>(4)</u>
At 31 December 2021	370
Depreciation charge for the year	<b>71</b>
Translation adjustments	<u>(24)</u>
At 31 December 2022	<u><b>417</b></u>
<b>Net carrying amount</b>	
At 31 December 2021	<u>1,753</u>
At 31 December 2022	<u><b>1,581</b></u>

	Group 2022 \$'000	2021 \$'000
<b>Income statement</b>		
Rental income from an investment property		
- Minimum lease payments	<u>36</u>	16
Direct operating expenses (including repairs and maintenance) arising from rental generating property	<u>(24)</u>	(17)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 4. INVESTMENT PROPERTY (continued)

Details of the investment property as at 31 December 2022 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. The Group is in the process of planning to carry out major refurbishment of the entertainment complex for conversion into additional hotel and function rooms. The relevant documents for the said conversion had been submitted to the Planning Department for their review, comments and approval.

### Fair value of investment property

As at 31 December 2022, the fair value of the investment property has been determined to be \$2,257,000 (2021: \$2,397,600).

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	
	2022 \$'000	2021 \$'000
Unquoted shares, at cost	211,093	211,093
Allowance for impairment	(165,443)	(170,206)
	<u>45,650</u>	<u>40,887</u>

### Allowance for impairment

At 1 January	170,206	170,206
Written back	(4,763)	—
At 31 December	<u>165,443</u>	<u>170,206</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. SUBSIDIARIES (continued)

The Company recognised a write-back of impairment loss of \$4,763,000 as the Company had assessed that impairment loss previously recognised for the subsidiary, LKN Development Pte. Ltd. ("LKND") has decreased as the recoverable amount of the assets in LKND Group exceeded its carrying amount.

Details of the subsidiaries are as follows:

Name of company	Principal activities	Place of incorporation	Group's effective equity interest	
			2022	2021
<b>Held by the Company:</b>				
LKN Development Pte. Ltd. <sup>(i)</sup>	Property development and investment, project and property management	Singapore	<b>100</b>	100
Equatorial Hotel Management Pte. Ltd. <sup>(i)</sup>	Hotel management and consultancy	Singapore	<b>100</b>	100
Equality Hotel Management Sdn. Bhd. <sup>(ii)</sup>	Hotel management and consultancy	Malaysia	<b>100</b>	100
Whitebox Computer Pte Ltd <sup>(iii)</sup>	Dormant	Singapore	<b>100</b>	100
<b>Held by LKN Development Pte. Ltd.:</b>				
Mallink Realty Pte Ltd <sup>(iii)</sup>	Dormant	Singapore	<b>100</b>	100
Sims Development Pte Ltd <sup>(iii)</sup>	Dormant	Singapore	<b>100</b>	100
Augustland Sdn. Bhd. <sup>(ii)</sup>	Property investment and development	Malaysia	<b>100</b>	100
Nirwana Properties Sdn. Bhd. <sup>(ii)</sup>	Investment holding	Malaysia	<b>100</b>	100
Shanghai Yu Rong Hotel Equipment and Supplies Co., Ltd <sup>(iii)</sup>	Dormant	The People's Republic of China (the "PRC")	<b>100</b>	100
Victory Heights Sdn. Bhd. <sup>(ii)</sup>	Property investment and development	Malaysia	<b>97*</b>	97*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. SUBSIDIARIES (continued)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal activities	Place of incorporation	Group's effective equity interest	
			2022	2021
			%	%
<b>Held by Augustland Sdn. Bhd.:</b>				
Augustland Hotel Sdn. Bhd. <sup>(ii)</sup>	Hotel development and operation	Malaysia	100	100
<b>Held by Nirwana Properties Sdn. Bhd.:</b>				
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% (2021: 100%) as 97% (2021: 97%) is held by LKN Development Pte. Ltd. and 3% (2021: 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	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	490	490
Share of post-acquisition accumulated losses	(301)	(300)
Translation adjustments	(139)	(136)
	<b>50</b>	<b>54</b>

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

	Group	
	2022	2021
	\$'000	\$'000
At 1 January	(300)	(299)
Share of results after tax	(1)	(1)
At 31 December	<b>(301)</b>	<b>(300)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 6. ASSOCIATE (continued)

Details of the associate are as follows:

Name of company	Principal activities	Place of incorporation	Group's effective equity interest	
			2022 %	2021 %

### Held through subsidiary:

Sinjori Sdn. Bhd. <sup>(i)</sup>	Property investment and development	Malaysia	<b>28</b>	28
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(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	
	2022 \$'000	2021 \$'000
<b>Summarised balance sheet</b>		
<b>Current assets</b>		
Current assets	<b>9</b>	9
Non-current assets	<b>309</b>	328
<b>Total assets</b>	<b>318</b>	337
<b>Current liabilities</b>		
Current liabilities	<b>101</b>	107
Non-current liabilities	<b>37</b>	36
<b>Total liabilities</b>	<b>138</b>	143
<b>Net assets</b>	<b>180</b>	194
Proportion of the Group's ownership		
Group's share of net assets, representing carrying amount of the investment	<b>28%</b>	28%
	<b>50</b>	54
<b>Summarised statement of comprehensive income</b>		
Loss after tax	<b>(3)</b>	(3)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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	
			2022	2021
			%	%
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% (2021: 49%) and 60% (2021: 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.

Equatorial Hotel Management Pte Ltd, a wholly owned subsidiary of the Group, owns 49% interests in SHEHM which provides hotel management services to Shanghai International Equatorial Hotel Co., Ltd (“SIEH”). The Group had entered into a trademark license agreement with SIEH on 1 April 2013 for a period of 10 years and it is expiring on 31 March 2023. The Group is in the process of negotiating the extension of the trademark license agreement with SIEH. In the event that the trademark license agreement expired or is terminated, in accordance with the joint venture contract, SHEHM shall be dissolved notwithstanding the joint venture contract is expiring on 9 January 2024.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 7. JOINT VENTURES (continued)

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:

	<b>SHEHM &amp; HL Heritage</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summarised balance sheet</b>		
Cash and cash equivalents	1,753	1,705
Trade receivables	75	104
Other current assets	209	212
<b>Total assets</b>	<b>2,037</b>	<b>2,021</b>
Current financial liabilities	275	288
Other current liabilities	2	8
<b>Total liabilities</b>	<b>277</b>	<b>296</b>
<b>Net assets</b>	<b>1,760</b>	<b>1,725</b>
Group's share of net assets, representing carrying amount of the investments	864	846
<b>Summarised statement of comprehensive income</b>		
Revenue	270	435
Cost of sales	-	-
<b>Gross profit</b>	<b>270</b>	<b>435</b>
Interest income	11	11
Operating expenses	(81)	(98)
Profit before tax	200	348
Income tax expense	(5)	(20)
<b>Profit for the year, representing total comprehensive income for the year</b>	<b>195</b>	<b>328</b>
Group's share of results of joint ventures, net of tax	95	160

No dividend was paid by SHEHM and HL Heritage in 2022 (2021: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>				
Deposits	<b>85</b>	84	<b>28</b>	22
<b>Current</b>				
Trade receivables				
- third parties	<b>118</b>	61	-	-
Allowance for impairment	-	(1)	-	-
Non-trade receivables				
- subsidiaries	-	-	<b>102</b>	60
- third parties	<b>509</b>	216	<b>368</b>	175
- joint ventures	<b>148</b>	158	-	-
- associate	<b>37</b>	36	-	-
Tax recoverable	<b>31</b>	30	-	-
Deposits	<b>7</b>	12	-	4
Allowance for impairment	<b>(49)</b>	(49)	<b>(49)</b>	(49)
	<b>801</b>	463	<b>421</b>	190
Total trade and other receivables (non-current and current)	<b>886</b>	547	<b>449</b>	212
Less: Tax recoverable	<b>(31)</b>	(30)	-	-
Total trade and other receivables, excluding tax recoverable (note 24)	<b>855</b>	517	<b>449</b>	212
Add: Cash and bank balances (note 13)	<b>56,338</b>	55,084	<b>36,355</b>	37,062
Total financial assets at amortised cost	<b>57,193</b>	55,601	<b>36,804</b>	37,274

The 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 2022

## 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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Corporate	60	57	44	57
Travel agents	20	7	—	—
Credit cards	37	36	—	—
Joint ventures	148	158	—	—
Subsidiaries	—	—	102	60
Associate	37	36	—	—
Others	461	127	275	69
	<b>763</b>	<b>421</b>	<b>421</b>	<b>186</b>

The ageing of trade and other receivables (excluding deposits and tax recoverable) at the reporting date is as follows:

Group	2022		2021	
	Gross receivables	Allowance for impairment	Gross receivables	Allowance for impairment
	\$'000	\$'000	\$'000	\$'000
Not past due	435	—	128	—
Past due 0 to 30 days	127	—	80	(1)
Past due 31 to 120 days	7	—	11	—
Past due 121 days to one year	6	—	3	—
More than one year	237	(49)	249	(49)
	<b>812</b>	<b>(49)</b>	<b>471</b>	<b>(50)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 8. TRADE AND OTHER RECEIVABLES (continued)

### Credit risk (continued)

	2022		2021	
	Gross receivables \$'000	Allowance for impairment \$'000	Gross receivables \$'000	Allowance for impairment \$'000
<b>Company</b>				
Not past due	275	–	69	–
Past due 0 to 30 days	67	–	76	–
Past due 31 to 120 days	49	–	41	–
Past due 121 days to one year	23	–	–	–
More than one year	56	(49)	49	(49)
	<b>470</b>	<b>(49)</b>	<b>235</b>	<b>(49)</b>

### Allowance for impairment

For trade and other 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	
	2022	2021
	\$'000	\$'000
At 1 January	50	58
Charge for the year – trade	–	1
Written back	–	(8)
Written off	(1)	–
Translation adjustments	–	(1)
At 31 December	<b>49</b>	<b>50</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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 2021	418	291
Additions	262	244
Write-off	(276)	(252)
Translation differences	(3)	–
At 31 December 2021	401	283
Additions	110	58
Write-off	(93)	(39)
Translation differences	(6)	–
At 31 December 2022	412	302
<b>Accumulated depreciation</b>		
At 1 January 2021	237	182
Depreciation for the year	155	105
Write-off	(276)	(252)
Translation adjustments	(2)	–
At 31 December 2021	114	35
Depreciation for the year	132	101
Write-off	(93)	(39)
Translation adjustments	(3)	–
At 31 December 2022	150	97
<b>Net carrying amount</b>		
At 31 December 2021	287	248
At 31 December 2022	262	205

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 9. LEASES (continued)

### As lessee (continued)

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

	Group \$'000	Company \$'000
At 1 January 2021	186	113
Additions	262	244
Lease payments	(164)	(111)
Accretion of interest	4	2
Translation adjustments	1	–
At 31 December 2021	289	248
Additions	110	58
Lease payments	(139)	(106)
Accretion of interest	10	9
Translation adjustments	(2)	–
At 31 December 2022	<b>268</b>	<b>209</b>
<b>2021</b>		
<b>Current</b>	<b>121</b>	<b>89</b>
<b>Non-current</b>	<b>168</b>	<b>159</b>
<b>2022</b>		
<b>Current</b>	<b>135</b>	<b>100</b>
<b>Non-current</b>	<b>133</b>	<b>109</b>

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

Group	At	Cash flows \$'000	Other* \$'000	At
	1 January \$'000			31 December \$'000
<b>2021</b>				
Lease liabilities	186	(160)	263	289
<b>2022</b>				
Lease liabilities	<b>289</b>	<b>(129)</b>	<b>108</b>	<b>268</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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>2021</b>		
Depreciation expense of right-of-use assets (note 21)	155	105
Interest expense on lease liabilities (note 19)	4	2
Expense relating to short-term lease	1	–
	<b>160</b>	<b>107</b>
<b>2022</b>		
Depreciation expense of right-of-use assets (note 21)	132	101
Interest expense on lease liabilities (note 19)	10	9
	<b>142</b>	<b>110</b>

In 2022, the Group had total cash outflows for leases of \$129,000 (2021: \$160,000) and non-cash additions to right-of-use assets and lease liabilities of \$110,000 (2021: \$262,000).

## 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				
2022	<b>182</b>	<b>21</b>	<b>(11)</b>	<b>192</b>
2021	200	(15)	(3)	182

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 10. DEFERRED TAX (continued)

### Unrecognised deferred tax assets

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

	Group	
	2022	2021
	\$'000	\$'000
Unutilised capital and investment tax allowances	19,394	21,953
Unutilised tax losses	60,002	60,753
	<b>79,396</b>	<b>82,706</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 2022, the temporary differences arising from subsidiaries in Singapore and Malaysia amounted to \$49,188,000 (2021: \$49,233,000) and \$30,208,000 (2021: \$33,473,000) respectively. In Malaysia, the carry forward period for tax losses has been revised to 10 years, with effect from year of assessment 2019 and unutilised losses from year of assessment 2018 can be carried forward until 2028. 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(b).

### Unrecognised deferred tax liability

In 2022 and 2021, 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

Income tax expenses, deferred tax assets and liabilities reflect the best estimate of current and future taxes to be paid. Significant judgments and estimates are required in the determination of the consolidated income tax expenses. Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 10. DEFERRED TAX (continued)

### Source of estimation uncertainty (continued)

Uncertainties also exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the 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.

In particular, deferred tax assets are recognised for unutilised tax losses and unutilised capital and investment tax allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. In projecting future taxable income, the Group begins with historical results and incorporate assumptions about the future taxable income for the next 12 months. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates used to manage the underlying business.

Given the uncertainty of the impact of rising interest rates and inflationary pressures, deferred tax assets had not been recognized in respect of certain temporary differences arising from subsidiaries in Singapore and Malaysia. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by \$15,612,000 (2021: \$16,404,000).

## 11. INVENTORIES

	Group	
	2022	2021
	\$'000	\$'000
Hotel supplies, at cost	109	88

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

## 12. DEVELOPMENT PROPERTIES

	Group	
	2022	2021
	\$'000	\$'000
Freehold land	2,709	2,878
Development costs	10,322	10,952
Allowance for anticipated losses	(9,791)	(10,401)
	3,240	3,429

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 12. DEVELOPMENT PROPERTIES (continued)

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

	Group	
	2022	2021
	\$'000	\$'000
At 1 January	3,429	3,438
Translation adjustments	(194)	(51)
Capitalisation of costs during the year	5	42
At 31 December	<u>3,240</u>	<u>3,429</u>

No borrowing cost has been capitalised in 2022 and 2021.

Movements in the allowance for anticipated losses are as follows:

	Group	
	2022	2021
	\$'000	\$'000
At 1 January	10,401	10,561
Translation adjustments	(610)	(160)
At 31 December	<u>9,791</u>	<u>10,401</u>

Details of the development properties are as follows:

Type of development	Location	Status of completion at 31 December 2022	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	In the process of planning to develop a block of high-rise apartments	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 2022

## 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 an uncompleted development property in Melaka, Malaysia performed by an external independent professional valuer. As the estimated net realisable value is higher than the carrying amount of the said uncompleted development property, there is no provision for impairment required on this property which the work on the development has been suspended since 1998.

## 13. CASH AND BANK BALANCES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and on hand	<b>2,362</b>	1,896	<b>843</b>	779
Bank deposits	<b>53,976</b>	53,188	<b>35,512</b>	36,283
Cash and bank balances	<b>56,338</b>	55,084	<b>36,355</b>	37,062
Less: Fixed deposits with tenures more than 3 months	<b>(50,404)</b>	(49,905)	<b>(35,512)</b>	(36,283)
Cash and cash equivalents in the Consolidated Cash Flow Statement	<b>5,934</b>	5,179	<b>843</b>	779

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	
	2022 %	2021 %	2022 %	2021 %
Singapore Dollar	<b>2.522</b>	0.415	<b>2.657</b>	0.416
Malaysian Ringgit	<b>2.500</b>	1.543	—	—

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. SHARE CAPITAL

	<b>Group and Company</b>	<b>No. of ordinary shares issued</b>	<b>Paid-up capital \$'000</b>
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022		<b>96,334,254*</b>	<b>133,773</b>
Less: Trust Shares		<b>(2,418,917)</b>	<b>(3,980)</b>
Total shares, excluding Trust Shares as at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022		<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 2022

## 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)  
Goh Kian Chee  
Chew Heng Ching

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 2022

## 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Special reserve	8,529	8,529	12,471	12,471
Premium paid on acquisition of non-controlling interests	(192)	(192)	–	–
Currency translation reserve	(1,082)	67	–	–
Accumulated losses	(64,478)	(65,529)	(64,634)	(68,938)
	<u>(57,223)</u>	<u>(57,125)</u>	<u>(52,163)</u>	<u>(56,467)</u>

### 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 2022

## 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current</b>				
Amounts due to related company (non-trade)	7	7	7	7
Trade payables	520	612	1	–
Other payables	146	99	2	6
Refundable deposits	48	65	–	–
Accrued expenses	850	785	593	619
Accrued employee benefits expense	474	282	261	233
Advances from customers	1	2	–	–
	<b>2,046</b>	<b>1,852</b>	<b>864</b>	<b>865</b>
Less: Advances from customers, sales and other tax payable	(72)	(20)	(2)	(4)
Total trade and other payables, excluding advances from customers, sales and other tax payable (note 24)	1,974	1,832	862	861
Add: Lease liabilities (note 9)	268	289	209	248
Total financial liabilities carried at amortised cost	<b>2,242</b>	<b>2,121</b>	<b>1,071</b>	<b>1,109</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 2022

## 17. REVENUE

	Group	
	2022	2021
	\$'000	\$'000
Revenue from hospitality and restaurant	6,669	2,442
Rental income from investment property	36	16
	<b>6,705</b>	<b>2,458</b>

## 18. OTHER INCOME

	Group	
	2022	2021
	\$'000	\$'000
Interest income	592	284
Sundry income	8	21
Licence fee	145	230
Write-back of impairment on trade and other receivables	–	8
Bad debts recovered	–	1
Gain on disposal of property, plant and equipment	18	–
Government grants	105	302
	<b>868</b>	<b>846</b>

## 19. FINANCE COSTS

	Group	
	2022	2021
	\$'000	\$'000
Interest expense:		
- lease liabilities	<b>10</b>	<b>4</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 20. INCOME TAX EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
<b>Consolidated income statement</b>		
Current income tax		
- current income taxation	<b>29</b>	32
- underprovision in respect of previous years	-	19
	<b>29</b>	51
Deferred income tax		
- origination of temporary differences	-	25
- recognition of previously unrecognised deferred tax assets	<b>(21)</b>	(10)
Income tax expense recognised in profit or loss	<b>8</b>	66

## 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 2022 and 2021 is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit/(loss) before tax	<b>1,059</b>	(1,312)
Income tax using the Singapore tax rate of 17% (2021: 17%)	180	(223)
Non-deductible expenses	<b>249</b>	241
Income not subject to tax	<b>(97)</b>	(88)
Effect of different tax rates in foreign jurisdictions	<b>117</b>	(56)
Utilisation of previously unrecognised tax losses and capital allowances	<b>(630)</b>	(3)
Deferred tax assets not recognised	<b>195</b>	163
Underprovision in respect of previous years	-	19
Withholding tax expense	<b>15</b>	23
Recognition of previously unrecognised deferred tax assets	<b>(21)</b>	(10)
Income tax expense recognised in profit or loss	<b>8</b>	66

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 21. PROFIT/(LOSS) FOR THE YEAR, NET OF TAX

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

	Group	
	2022	2021
	\$'000	\$'000
Depreciation of property, plant and equipment	770	859
Depreciation of investment property	71	74
Depreciation of right-of-use assets*	132	150
Currency exchange losses – net	194	48
Employee benefits expense:		
- directors' fees	192	195
- salaries and bonuses	1,923	1,608
- employer's contribution to defined contribution plans	221	215
- other short-term benefits	239	157
Gain on disposal of property, plant and equipment	(18)	–
Inventories recognised in cost of sales	897	374
Impairment loss on trade and other receivables	–	1
Audit fees to auditors of the Company	101	95
Write-back of impairment on trade and other receivables	–	(8)

\* Depreciation of right-of-use assets consists of depreciation expense of \$132,000 (2021: \$155,000 reduced by rental rebates of \$5,000 received from the lessors).

## 22. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing profit/(loss) 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/(loss) per share is calculated by dividing profit/(loss) 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 2022

## 22. EARNINGS/(LOSS) PER SHARE (continued)

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

	Group	
	2022	2021
	\$'000	\$'000
Profit/(loss) for the year attributable to owners of the Company used in the computation of basic and diluted earnings/(loss) per share	<u>1,051</u>	(1,378)
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at beginning of the year	<u>96,334</u>	96,334
Less: Trust Shares	<u>(2,419)</u>	(2,419)
Weighted average number of ordinary shares for basic earnings/(loss) per share computation*	<u>93,915</u>	93,915
<b>Earnings/(loss) per share attributable to owners of the Company (cents per share)</b>		
Basic	<u>1.12</u>	(1.47)
Diluted	<u>1.12</u>	(1.47)

\* Trust Shares (ordinary shares) held by the Trust, which is considered as part of the Company, were excluded for the earnings/(loss) per share computation as disclosed in note 2.24.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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 2022

## 23. SEGMENT INFORMATION (continued)

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
<b>2022</b>				
Revenue				
- external revenue	36	6,669	–	6,705
- inter-segment revenue	–	–	39	39
	<b>36</b>	<b>6,669</b>	<b>39</b>	<b>6,744</b>
Elimination				
				<b>(39)</b>
				<b>6,705</b>
Reportable segment results	(1,018)	1,549	(424)	107
Other income (excluding interest income)	150	122	4	276
Interest income	358	34	200	592
Interest expense	(9)	–	(1)	(10)
Share of results of associate and joint ventures	–	97	(3)	94
(Loss)/profit before tax	(519)	1,802	(224)	1,059
Income tax expense				<b>(8)</b>
<b>Profit for the year</b>				<b>1,051</b>
<b>Other segment items</b>				
Capital expenditure				
- property, plant and equipment	1	83	31	115
Depreciation for the year	<b>180</b>	<b>756</b>	<b>37</b>	<b>973</b>
<b>Reportable segment assets</b>	<b>38,522</b>	<b>18,950</b>	<b>20,490</b>	<b>77,962</b>
Investment in associate	–	–	50	50
Investment in joint ventures	–	858	6	864
<b>Consolidated total assets</b>	<b>38,522</b>	<b>19,808</b>	<b>20,546</b>	<b>78,876</b>
<b>Consolidated total liabilities</b>	<b>1,083</b>	<b>886</b>	<b>357</b>	<b>2,326</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 23. SEGMENT INFORMATION (continued)

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
<b>2021</b>				
Revenue				
- external revenue	16	2,442	–	2,458
- inter-segment revenue	–	–	15	15
	16	2,442	15	2,473
Elimination				(15)
				<u>2,458</u>
Reportable segment results	(994)	(1,037)	(282)	(2,313)
Other income (excluding interest income)	272	273	17	562
Interest income	177	10	97	284
Interest expense	(2)	–	(2)	(4)
Share of results of associate and joint ventures	–	162	(3)	159
Loss before tax	(547)	(592)	(173)	(1,312)
Income tax expense				(66)
<b>Loss for the year</b>				<u>(1,378)</u>
<b>Other segment items</b>				
Capital expenditure				
- property, plant and equipment	5	892	1	898
Depreciation for the year	186	880	17	1,083
<b>Reportable segment assets</b>	39,236	18,071	20,593	77,900
Investment in associate	–	–	54	54
Investment in joint ventures	–	839	7	846
<b>Consolidated total assets</b>	39,236	18,910	20,654	78,800
<b>Consolidated total liabilities</b>	1,124	657	371	2,152

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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	
	2022	2021
Group	\$'000	\$'000
Malaysia	6,705	2,458
<hr/>		
Non-current assets		
Group	2022	2021
	\$'000	\$'000
Malaysia	16,974	18,406
The PRC	858	839
Singapore	241	285
	18,073	19,530

## 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 2022

## 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:

	Singapore Dollar \$'000	Chinese Renminbi \$'000	Malaysian Ringgit \$'000
<b>Group</b>			
<b>2022</b>			
Trade and other receivables	–	42	–
Cash and bank balances	–	–	2,956
Trade and other payables	(23)	(497)	–
	<b>(23)</b>	<b>(455)</b>	<b>2,956</b>
<b>2021</b>			
Trade and other receivables	–	58	–
Cash and bank balances	–	–	3,041
Trade and other payables	(74)	(499)	–
	<b>(74)</b>	<b>(441)</b>	<b>3,041</b>
<b>Company</b>		Chinese Renminbi \$'000	
<b>2022</b>			
Trade and other receivables		42	
Trade and other payables		(497)	
	<b>(455)</b>		
<b>2021</b>			
Trade and other receivables		58	
Trade and other payables		(499)	
	<b>(441)</b>		

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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/(loss) 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% (2021: 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 (2021: decrease/(increase)) the loss 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 Chinese Renminbi \$'000
	Singapore Dollar \$'000	Chinese Renminbi \$'000	Malaysian Ringgit \$'000	
<b>2022</b>				
Singapore Dollar	-	46	(296)	46
Malaysian Ringgit	2	-	-	-
<b>2021</b>				
Singapore Dollar	-	44	(304)	44
Malaysian Ringgit	7	-	-	-

#### *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 2022

## 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 forward-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; 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.

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

- There are 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### **Credit risk (continued)**

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 2022 is disclosed in note 8.

As at 31 December 2022 and 31 December 2021, there was no significant concentration of credit risk. Information regarding concentration of credit risk is 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.

#### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

### Liquidity risk (continued)

#### 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	
<b>2022</b>						
<b>Financial assets</b>						
Trade and other receivables, excluding tax recoverable (note 8)	855	855	770	31	54	
Cash and bank balances (note 13)	56,338	56,338	56,338	–	–	
Total undiscounted financial assets	57,193	57,193	57,108	31	54	
<b>Financial liabilities</b>						
Trade and other payables, excluding advances from customers, sales and other tax payable (note 16)	1,974	1,974	1,974	–	–	
Lease liabilities (note 9)	268	278	143	135	–	
Total undiscounted financial liabilities	2,242	2,252	2,117	135	–	
Total net undiscounted financial assets/(liabilities)	54,951	54,941	54,991	(104)	54	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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>2021</b>						
<b>Financial assets</b>						
Trade and other receivables, excluding tax recoverable (note 8)	517	517	433	27	57	
Cash and bank balances (note 13)	55,084	55,084	55,084	–	–	
<b>Total undiscounted financial assets</b>	<b>55,601</b>	<b>55,601</b>	<b>55,517</b>	<b>27</b>	<b>57</b>	
<b>Financial liabilities</b>						
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)	289	305	131	174	–	
<b>Total undiscounted financial liabilities</b>	<b>2,121</b>	<b>2,137</b>	<b>1,963</b>	<b>174</b>	<b>–</b>	
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>53,480</b>	<b>53,464</b>	<b>53,554</b>	<b>(147)</b>	<b>57</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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>2022</b>						
<b>Financial assets</b>						
Trade and other receivables, excluding tax recoverable (note 8)	449	449	421	28	-	
Cash and bank balances (note 13)	36,355	36,355	36,355	-	-	
Total undiscounted financial assets	36,804	36,804	36,776	28	-	
<b>Financial liabilities</b>						
Trade and other payables, excluding sales and other tax payable (note 16)	862	862	862	-	-	
Lease liabilities (note 9)	209	218	107	111	-	
Total undiscounted financial liabilities	1,071	1,080	969	111	-	
Total net undiscounted financial assets/(liabilities)	35,733	35,724	35,807	(83)	-	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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>2021</b>						
<b>Financial assets</b>						
Trade and other receivables, excluding tax recoverable (note 8)	212	212	190	22	–	
Cash and bank balances (note 13)	37,062	37,062	37,062	–	–	
Total undiscounted financial assets	37,274	37,274	37,252	22	–	
<b>Financial liabilities</b>						
Trade and other payables, excluding sales and other tax payable (note 16)	861	861	861	–	–	
Lease liabilities (note 9)	248	263	97	166	–	
Total undiscounted financial liabilities	1,109	1,124	958	166	–	
Total net undiscounted financial assets/(liabilities)	36,165	36,150	36,294	(144)	–	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 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 2022 and 2021.

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

	<b>Fair value \$'000</b>	<b>Valuation techniques</b>	<b>Unobservable input</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<b>Investment property (note 4):</b>				
<b>2022</b>	<b>2,257</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>2021</b>	<b>2,398</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>

### 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 2022

## 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	
	2022	2021
	\$'000	\$'000
Approved and contracted for		
- property, plant and equipment	37	193
- development costs	428	464
- investment property	575	628

### Lease commitment - as lessor

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

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

	Group	
	2022	2021
	\$'000	\$'000
Not later than one year		
- with third parties	65	87
Later than one year but not later than five years		
- with third parties	79	96
	144	183

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 27. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

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

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

	Group	
	2022	2021
	\$'000	\$'000
Directors' fees/short-term employee benefits	491	456
Employer's contribution to defined contribution plans	20	18
	<b>511</b>	<b>474</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	
	2022	2021
	\$'000	\$'000
Expenses paid/payable to related companies:		
Rental	(34)	(37)
Secretarial/consultancy fees	(74)	(75)
Insurance and information technology services	(29)	(25)
Franchise and sales and marketing and reservation fees	<b>(173)</b>	<b>(19)</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 2022

## 27. RELATED PARTY TRANSACTIONS (continued)

### Significant outstanding balances with related party

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank balance held with a related party	7,045	29,758
Secretarial/consultancy fees	74	75

## 28. SUBSEQUENT EVENTS

Subsequent to year end, the layout plan of the development of the 48 high-rise apartment units on the freehold land located at Cameron Highlands has been approved by the Cameron Highlands District Council ("CHDC"). The Group is now proceeding to submit the detailed building plan and other documents to various technical departments of CHDC for approval.

## 29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 16 March 2023.

# ANALYSIS OF SHAREHOLDINGS

As at 16 March 2023

Class of Shares	:	Ordinary Shares ("Shares")
Number of Ordinary Shares in issue	:	96,334,254
Number of Ordinary Shareholders	:	4,299
Voting Rights	:	One vote for one Share

As at 16 March 2023, 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 1967.

Range of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	174	4.05	6,736	0.01
100 – 1,000	2,375	55.24	1,131,612	1.17
1,001 – 10,000	1,429	33.24	5,268,149	5.47
10,001 – 1,000,000	313	7.28	19,148,512	19.88
1,000,001 and above	8	0.19	70,779,245	73.47
	4,299	100.00	96,334,254	100.00

Based on information available to the Company as at 16 March 2023, 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 16 March 2023

No.	Name	No. of Shares Held	% *
1.	Grace Star Services Ltd.	47,107,707	48.90
2.	DBS Nominees (Private) Limited	13,045,208	13.54
3.	Amicorp Trustees (Singapore) Limited	2,418,917	2.51
4.	Raffles Nominees (Pte.) Limited	2,161,710	2.24
5.	Morph Investments Ltd	2,000,400	2.08
6.	Maybank Securities Pte. Ltd.	1,661,417	1.72
7.	Citibank Nominees Singapore Pte Ltd	1,378,866	1.43
8.	Teoh Cheng Chuan	1,005,020	1.04
9.	Ang Hao Yao (Hong Haoyao)	947,800	0.98
10.	United Overseas Bank Nominees (Private) Limited	806,388	0.84
11.	Ramesh s/o Pritamdas Chandiramani	698,600	0.73
12.	ABN Amro Clearing Bank N.V.	676,100	0.70
13.	Tan Kong Giap	547,500	0.57
14.	Lim Sim Beng	490,400	0.51
15.	Liew Lee Ting	464,400	0.48
16.	Lim Bak	379,600	0.39
17.	OCBC Securities Private Limited	353,910	0.37
18.	William Thum Wai Kit	327,200	0.34
19.	OCBC Nominees Singapore Private Limited	321,837	0.33
20.	Tay Yuan Xin	300,000	0.31
		77,092,980	80.01

\* The percentage of Shares held is based on the total number of issued Shares of the Company as at 16 March 2023.

# ANALYSIS OF SHAREHOLDINGS

As at 16 March 2023

## Substantial Shareholders

(As shown in the Register of Substantial Shareholders as at 16 March 2023)

Name	Direct Interest	Deemed Interest	Total Interest	
	No. of Shares	No. of Shares	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 16 March 2023.

### Notes:

- (1) Each of these companies is deemed under Section 4 of the Securities and Futures Act 2001 ("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 Sixtieth Annual General Meeting (the “Meeting”) of HL GLOBAL ENTERPRISES LIMITED (the “Company”) will be held at M Hotel Singapore City Centre, Anson I and II, Level 2, 81 Anson Road, Singapore 079908 on Tuesday, 25 April 2023 at 9.30 a.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”) 2022 and the Auditor’s Report thereon.
2. To approve Directors’ Fees of \$192,000 for FY 2022 (FY 2021: \$194,507).
3. To re-elect the following Directors retiring in accordance with the Company’s Constitution and who, being eligible, offer themselves for re-election as Directors of the Company:
  - (a) Mr Goh Kian Chee
  - (b) Mr Hoh Weng Ming

*Detailed information on the Directors who are proposed to be re-elected can be found under the sections on ‘Board of Directors’ and ‘Additional Information on Directors Seeking Re-election at the 60<sup>th</sup> Annual General Meeting’ of the Annual Report 2022.*

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

# NOTICE OF ANNUAL GENERAL MEETING

(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,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), does not exceed 50% of the total number of issued shares, excluding treasury shares 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 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.

# NOTICE OF ANNUAL GENERAL MEETING

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 and subsidiary holdings (as defined in the Listing Manual of SGX-ST), of the Company from time to time, and provided further that the aggregate number of shares to be issued to certain categories of participants of the SOS collectively and individually during the entire operation of the SOS (subject to adjustments, if any, made under the SOS) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the SOS.

## BY ORDER OF THE BOARD

Nor Aishah Binte Nasit  
Foo Yang Hym  
Company Secretaries

Singapore  
6 April 2023

### Explanatory Notes:

1. With reference to item 2 of the Ordinary Business above, the Directors’ Fees of \$192,000 for FY 2022 will be payable upon approval of the shareholders at the Meeting. The structure of fees payable to Directors for FY 2022 can be found on page 25 of the Annual Report 2022.
2. With reference to item 3(a) of the Ordinary Business above, Mr Goh Kian Chee will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee, and a member of the Audit and Risk Committee, Remuneration Committee and SOS Committee. Mr Goh is considered independent by the Board. Detailed information on Mr Goh is found on pages 7 and 144 to 147 of the Annual Report 2022.
3. With reference to item 3(b) of the Ordinary Business above, Mr Hoh Weng Ming will, upon re-election as a Director of the Company, remain as a member of the Executive Committee. Detailed information on Mr Hoh is found on pages 8 and 144 to 147 of the Annual Report 2022.
4. 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 50% 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

5. 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 should not accept nominations as proxies or otherwise for voting at the Meeting, in respect of the aforesaid Ordinary Resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.*

## **Meeting Notes:**

1. The Meeting will be held in a wholly physical format 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. There will be no option for shareholders to participate virtually. 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 corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to the attendance at the Meeting, submission of questions to the Chairman of the Meeting in advance of, or at, the Meeting, addressing of substantial and relevant questions in advance of, or at, the Meeting, and voting by the member or his/her/its duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 6 April 2023. The announcement may be accessed at the Company's corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
(ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

4. A proxy need not be a member of the Company.
5. Completion and return of the form of proxy shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this form of proxy to the Meeting.
6. 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.
7. CPF or SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:
  - (a) may attend and vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

# NOTICE OF ANNUAL GENERAL MEETING

(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2023.

8. The form appointing a proxy(ies) 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 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. The proxy form for the Meeting may be downloaded from the Company's corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting>, and also from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

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

10. The Annual Report 2022 is available on the Company's corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting> 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 2022 by completing and submitting the online Request Form at the URL <http://www.hlge.com.sg/index.php/request-form-for-annual-report-2022> by 13 April 2023.

## Personal data privacy:

By submitting a form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, or submitting any question prior to the Meeting in accordance with this Notice, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of the proxies appointed 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) and in order for the Company (or its agents or service providers) to comply with any applicable legislation, the Listing Manual of SGX-ST and/or other regulatory guidelines (collectively, the "Purposes"); and
- (b) where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), agrees to provide the Company with written evidence of such prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE 60<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Goh Kian Chee	Hoh Weng Ming
<b>Age</b>	69	61
<b>Date of appointment</b>	1 March 2018	3 August 2020
<b>Job Title</b>	Non-Executive and Independent Director  Chairman of the Nominating Committee (“NC”), and Member of the Audit and Risk, Remuneration and HL Global Enterprises Share Option Scheme 2006 Committees	Non-Executive and Non-Independent Director  Member of the Executive Committee
<b>Date of last re-election as Director (if applicable)</b>	29 April 2021	29 April 2021
<b>Country of principal residence</b>	Singapore	Singapore
<b>Board's comments on the re-election (including rationale, selection criteria, and the search and nomination process)</b>	<p>The Board of HL Global Enterprises Limited (“HLGE” or the “Company”) reviewed the recommendation of the NC on the re-election of 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>• the evaluation of Mr Goh Kian Chee and Mr Hoh Weng Ming;</li> <li>• their skills set, experiences and contribution to the effectiveness of the Board (which includes their level of attendance and participation 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 of 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 Annual Report.</p>	
<b>Whether appointment is executive, and if so, the area of responsibility</b>	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

### AT THE 60<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Goh Kian Chee	Hoh Weng Ming
<b>Professional qualification, working experience and occupation(s) during the past 10 years</b>		
	<u>2007 to Present</u> Non-Executive and Independent Director of Indofood Agri Resources Ltd	More than 35 years of working experience with extensive regional experience in Singapore, Malaysia, New Zealand, Hong Kong and China.
	<u>2006 to 2021</u> Non-Executive and Independent Director of AsiaMedic Limited	<u>July 2013 to Present</u> President of China Yuchai International Limited ("CYI")
	<u>2013 to 2017</u> Non-Executive and Independent Director of China Minzhong Food Corp Ltd (Delisted from the mainboard of Singapore Exchange Securities Trading Limited in March 2017)	<u>November 2011 to July 2013</u> Chief Financial Officer ("CFO") of Hong Leong Asia Ltd. ("HLA")
	<u>2005 to 2018</u> Served as a Part-Time Consultant to the Centre For the Arts of the National University of Singapore	<u>May 2008 to November 2011</u> CFO of CYI
	<u>2004</u> Executive Director of John Hancock International Pte Ltd	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)
	<u>2000 to 2004</u> Regional Vice President & Controller of John Hancock International Pte Ltd	A Chartered Accountant in New Zealand and a Fellow Member of the Hong Kong Institute of Certified Public Accountants
	<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.	
	Holds a Bachelor of Arts (Honours) Degree in Accounting and Economics from Middlesex University, United Kingdom	

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**  
**AT THE 60<sup>TH</sup> ANNUAL GENERAL MEETING**

Name of Director	Goh Kian Chee	Hoh Weng Ming
<b>Shareholding interest in the Company and its subsidiaries</b>	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>	Nil	President and Director of CYI, a substantial shareholder of the Company.
<b>Conflict of interest (including any competing business)</b>	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
<b>Other Principal Commitments including directorships</b>	<u>Principal Commitments:</u> Please see information under segment “Professional qualification, working experience and occupation(s) during the past 10 years”.	<u>Principal Commitments:</u> 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>• AsiaMedic 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>• 17 subsidiaries of HLA *</li> <li>• 1 subsidiary of Tasek Corporation Berhad</li> </ul>

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## AT THE 60<sup>TH</sup> ANNUAL GENERAL MEETING

Name of Director	Goh Kian Chee	Hoh Weng Ming
• Present:	<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> </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>
<b>Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual</b>	Responses to questions (a) to (k) are negative (same as previously announced on 26 February 2018)	Responses to questions (a) to (k) are negative (same as previously announced on 30 July 2020)

\* Listed company

Information as at 16 March 2023

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# HL GLOBAL ENTERPRISES LIMITED

Co. Reg. No. 196100131N

(Incorporated in the Republic of Singapore)

## PROXY FORM

for 60<sup>th</sup> Annual General Meeting

**IMPORTANT:**

1. The Meeting will be held in a wholly physical format 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. **There will be no option for shareholders to participate virtually.** 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 corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting>. The Notice of Meeting will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to attendance at the Meeting, submission of questions to the Chairman of the Meeting in advance of, or at, the Meeting, addressing of substantial and relevant questions in advance of, or at the Meeting and voting by the member or his/her/its duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 6 April 2023. The announcement may be accessed at the Company's corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
4. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the AGM.
5. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

**Personal Data Privacy**

6. By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2023.

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

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

being a member/members of HL GLOBAL ENTERPRISES LIMITED (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
<b>Address</b>			

and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
<b>Address</b>			

as my/our proxy/proxies, to attend, speak and vote for me/us on my/our behalf at the Sixtieth Annual General Meeting of the Company (the "**Meeting**") to be held at M Hotel Singapore City Centre, Anson I and II, Level 2, 81 Anson Road, Singapore 079908 on Tuesday, 25 April 2023 at 9.30 a.m., and at any adjournment thereof in the following manner as specified below.

**NOTE:** Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "✓" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with "✓" in the **Abstain** box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the **Abstain** box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the below resolutions if no voting instruction is specified, and on any other matter arising at the Meeting and at any adjournment thereof.

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 of Directors:			
	(a) Mr Goh Kian Chee			
	(b) 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 1967 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 \_\_\_\_\_ 2023

Total No. of Shares Held

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

NOTES: SEE OVERLEAF



**Notes:**

1. This proxy form may be downloaded from the Company's corporate website at the URL <http://www.hlge.com.sg/index.php/60th-annual-general-meeting>, and also from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. 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.
3.
  - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
  - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

4. A proxy need not be a member of the Company.
5. CPF or SRS investors who hold shares in the Company through CPF Agent Banks/SRS Operators:
  - (a) may vote at the Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, in which case they should approach their CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2023.
6. The instrument appointing a proxy(ies) 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, 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.

**Members are strongly encouraged to submit completed proxy forms electronically via email.**

7. This form of proxy must be signed by the appointor or his attorney duly authorised in writing. Where the form of proxy is executed by a corporation, it must be executed either under its common seal or signed by a director or an officer or an attorney duly authorised.
8. The Company shall be entitled to reject the form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the form of proxy (including any related attachment). In addition, in the case of 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.

*Fold Here*

**PROXY FORM**

Affix  
Postage  
Stamp

**HL GLOBAL ENTERPRISES LIMITED**  
10 Anson Road  
#19-08 International Plaza  
Singapore 079903

*Fold Here*

**HL GLOBAL ENTERPRISES LIMITED**  
Company Registration No. 196100131N

10 Anson Road  
#19-08 International Plaza  
Singapore 079903