HONG LAI HUAT GROUP LIMITED

SGX MAINBOARD (CTO.SI)

逢來發集團有限公司

ANNUAL REPORT 2022

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CORPORATE PROFILE

Hong Lai Huat Group Limited is a reputable real estate and property developer with 35 years of successful track record. Established since 1988, the Group has completed numerous projects in Singapore ranging from public and private residential developments, to commercial and industrial buildings. Some of its notable developments in Singapore include D'Ecosia, D'Fresco, D'Castilia, D'Almira, D'Lithium, D'Kranji Farm Resort and D'Centennial.

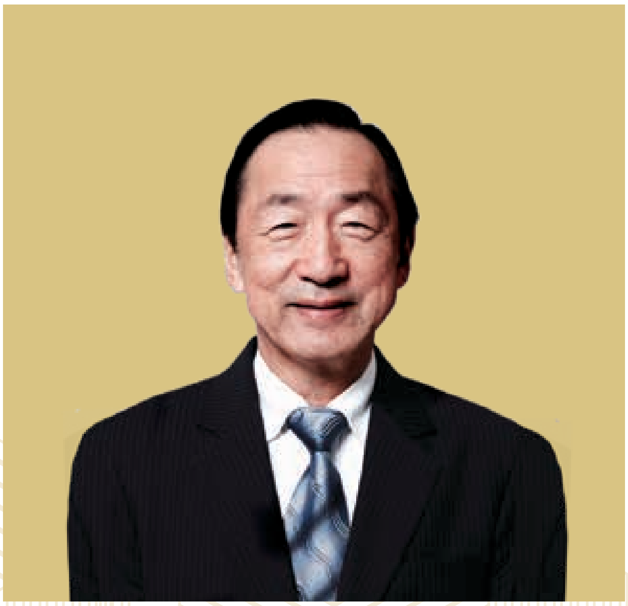
In 2008, the Group diversified into the agricultural sector in Cambodia and had since completed the development of a 10,000 hectares farmland that cultivates fresh cassava, as well as a cassava starch production factory capable of producing 120 tons of starch on a daily basis. In 2015, the Group expanded its property development division in Cambodia with the successful launched of its first freehold mixed-use project – D'Seaview which is one of the first and largest mixed-use developments in Sihanoukville, D'Seaview comprises 737 residential units and 67 commercial units. The construction of the entire project is fully completed in FY2020.

Following the success of D'Seaview, the Group launched its second freehold mixed-use project Royal Platinum in FY2019 which will be developed in Toul Kork district, Phnom Penh, the capital city of Cambodia. The new project shall consist 851 residential units and 50 commercial units and the project site is located just 20 minutes away from Phnom Penh International Airport. The Group subsequently acquired its third piece of land in Russey Keo district, Phnom Penh as well in September FY2020 and acquired a minimal interest in its fourth piece of land in Sihanoukville in FY2022 in which it will be kept for future developments subject to market conditions.

Hong Lai Huat Group Limited was listed on the Mainboard of the Singapore Stock Exchange on 21 June 2000.

OUR PRESENCE

MESSAGE TO SHAREHOLDERS BY CHAIRMAN



The loss was mainly attributed to a fair value loss of S$3.36 million from our biological assets and impairment loss of S$3.5 million from the property, plant and equipment as well as the depreciation cost of S$3.21 million and operational loss stood at about S$0.32 million.

DEAR SHAREHOLDERS,

We have concluded an extremely challenging year for the Group in 2022, apart from the ongoing covid-19 pandemic, the Group was also impacted by the war of Europe that causes the rise of inflation, bank interest rates, material costs as well as other market uncertainties that had slowed our progress made in previous year when we had reported a full year net profit of S$3.5 million in 2021 compared to the net loss of S$10.4 million in 2022

The loss was mainly attributed to a fair value loss of S$3.36 million from our biological assets and impairment loss of S$3.5 million from the property, plant and equipment as well as the depreciation cost of S$3.21 million and operational loss stood at about S$0.32 million.

However, as we weathered through the tough times, the Group had put its focus on the main construction work for its second mixed-use project Royal Platinum Condominium located in the heart of Toul Kork District, Phnom Penh, the capital city of Cambodia. With the tremendous hard work put in by the team on the ground, we have made good progress and we managed to celebrate our roof topping out ceremony on 26 March 2023 as we reached the 30th floor of the two residential towers. A total of 851 residential units will soon be made available to our buyers upon completion. The commercial component which consists 50 commercial units will soon be completed and ready to handover to our buyers between June to July 2023.

We have also strengthened our land banking options for the Group over the last three financial years, acquiring our third plot of land in Russey Keo District, Phnom Penh as well as a minority interest in a fourth plot of land in Sihanoukville for future projects development in the Kingdom of Cambodia.

Although sales have been impacted by the ongoing conflict and the covid-19 pandemic, the Group will work closely with our stakeholders to boost the sales of our units in FY2023. We remain optimistic of the outlook of Indo-China especially with the opening of borders by China in the first half of 2023.

Last but not least, we would like to thank each and every member of the company and stakeholders for their tremendous support and encouragement for this difficult year.

DR. WANG KAI YUEN
Chairman of the Board

MESSAGE TO SHAREHOLDERS
BY EXECUTIVE DEPUTY CHAIRMAN & GROUP CEO

FY2022 posted significant challenges to the Group business in Cambodia with the impact caused by the ongoing covid-19 pandemic as well as the war in Europe.

DEAR SHAREHOLDERS,

FY2022 posted significant challenges to the Group business in Cambodia with the impact caused by the ongoing covid-19 pandemic as well as the war in Europe.

As a result, a reduction on the sales of the property units meant we had reported a net loss of S$10.4 million in 2022 as compared to a full year net profit of S$3.5 million. However, the loss was mainly attributed to a significant fair value loss of S$3.36 million from our biological assets and impairment loss of S$3.5 million from property, plant and equipment as well as the depreciation cost of S$3.21 million and operational loss stood at about S$0.32 million.

Though we have been impacted by the losses, we had put our focus on the main construction work for the second mixed-use project Royal Platinum Condominium located in the heart of Toul Kork District, Phnom Penh, the capital city of Cambodia.

With the tremendous hard work put in by the team on the ground, we managed to celebrate our roof topping out ceremony on 26 March 2023 as we reached the 30th floor of the two residential towers that consist of 851 residential units which will soon be made available to our buyers as we progress on the overall construction work. The 50 commercial shophouse units will soon be completed and ready to handover to our buyers between June to July 2023.

We have also strengthened our land banking options for the Group over the last three financial years, acquiring our third plot of land in Phnom Penh as well as a minority interest in a fourth plot of land in Sihanoukville for future projects development in the Kingdom of Cambodia. Both piece of land are undergoing design and planning stages at the moment and the Group will update its shareholders once it is ready to be launch to the market.

Although sales have been impacted by the ongoing conflict and the covid-19 pandemic, we remain optimistic on the outlook of FY2023 and will work closely with our stakeholders to boost the sales of our units in FY2023.

Last but not least, we would like to thank each and every member of the company and stakeholders for their tremendous support and encouragement for this difficult year.

DATO DR ONG BEE HUAT
Executive Deputy Chairman and Group CEO

OPERATIONS REVIEW

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Revenue decreased by $15.1 million from $16.7 million in FY2021 to $1.6 million in FY2022, mainly due to a reduction in property sales in Cambodia.

Gross profit

Gross profit decreased by $9.5 million from $10.2 million in FY2021 to $0.7 million in FY2022, mainly due to a sales decrease in the property development division. Gross profit margin decreased 20% from 61% in FY2021 to 41% in FY2022.

Other income

Other income decreased by $0.1 million from $2.5 million in FY2021 to $2.4 million in FY2022, comprised mainly $0.6 million interest income from bank deposits, $0.6 million net foreign exchange gain and $0.9 million rental income.

Administrative expenses

Administrative expenses were S$8.3 million in FY2022 was comparable with FY2021. It comprised mainly payroll, depreciation and overheads.

Share of profit of joint venture

The share of higher profit of a joint venture was mainly attributed to higher progressive revenue recognition for the Group's Royal Platinum project in Cambodia.

Loss for the year

The Group reported $10.4 million loss attributable to equity holders of the Company in FY2022 as compared to $3.5 million profit in FY2021.

REVIEW OF FINANCIAL POSITION

Assets

Trade and other receivables decreased by $4.4 million from $6.1 million in FY2021 to $1.7 million in FY2022, mainly due to collection of balances due from buyers of D'Seaview properties.

Biological assets decreased by $3.6 million from $5.1 million in FY2021 to $1.5 million in FY2022, mainly due to $3.4 million fair value loss. The harvest yield had dropped significantly from 25.00 tons/hectare in FY2021 to 12.73 tons/hectares in FY2022 due to the adverse weather during the year and there were no usage of grass chemicals and fertilizers and the lands were heavily cultivated over the years.

Property, plant and equipment decreased by $4.2 million from $10.7 million in FY2021 to $6.5 million in FY2022, mainly due to $3.5 million impairment loss and $1.3 million depreciation incurred.

Investment in joint venture increased by $8.1 million from $12.2 million in FY2021 to $20.3 million in FY2022, mainly due to an increase in investment in the Group's Royal Platinum project in Cambodia and also the share of profit for the financial year.

Non-current other receivables increased by $7.0 million from $40,000 in FY2021 to $7.0 million in FY2022, mainly due to $7.0 million prepayment in relation to investment cost for the Group's investment in an associate for the fourth mixed-use project in Sihanoukville, Cambodia.

As a result of the above, the Group's total assets decreased by $14.4 million from $173.3 million in FY2021 to $158.9 million in FY2022.

Liabilities

Other payables and accruals increased by $1.1 million from $6.7 million in FY2021 to $7.8 million in FY2022, mainly due to balance sum payable on the Group's investment in associate.

Borrowings decreased by $0.4 million from $5.0 million in FY2021 to $4.6 million in FY2022, mainly due to repayment of bank loans, partially offset by drawdown of bank overdraft facility.

As a result of the above, the Group's total liabilities decreased by $2.0 million from $23.1 million in FY2021 to $21.1 million in FY2022.

OPERATIONS REVIEW

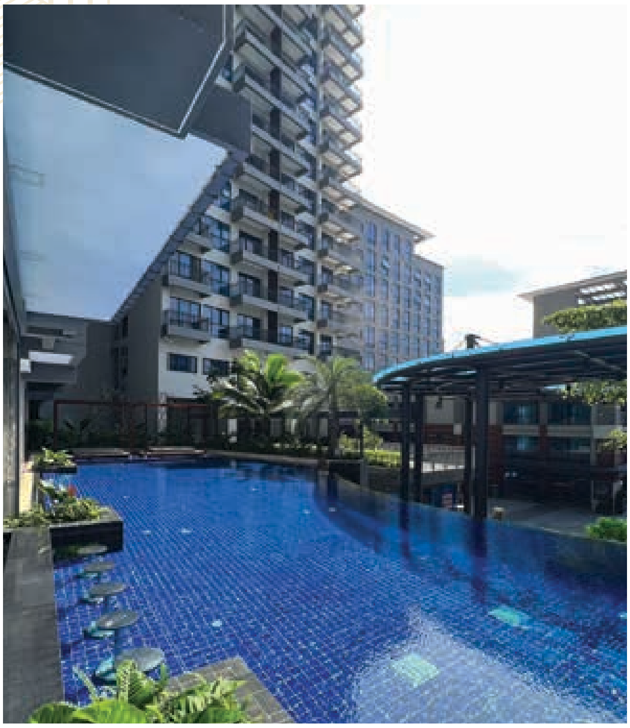
REVIEW OF CASH FLOWS

Net cash generated from operating activities was $1.9 million for FY2022 as compared to $9.1 million for FY2021, mainly due to lower revenue owing to a reduction in property sales.

Net cash used in investing activities was $14.4 million for FY2022, mainly due to investment in a joint venture for the Group's Royal Platinum project in Phnom Penh, Cambodia and amounts prepaid for the Group's investment in an associate for the fourth mixed-use project in Sihanoukville, Cambodia.

Net cash used in financing activities was S$3.3 million for FY2022, mainly due to payment of dividend and repayment of bank loans.

As a result, the balance of cash and cash equivalents at the end of FY2022 decreased by $15.8 million as compared to the end of previous year, to $10.1 million.



BOARD OF DIRECTORS

DR. WANG KAI YUEN
Chairman and Non-Executive Independent Director

Dr. Wang was appointed to the Board on 1 May 2006. He is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He retired as the Managing Director of Fuji Xerox Singapore Software Centre, Fuji Xerox Asia Pacific in December 2009. He holds directorships in other public listed companies including COSCO Shipping International (Singapore) Co., Ltd., and A-Sonic Aerospace Limited. Dr. Wang was a Member of Parliament for the Bukit Timah Constituency from December 1984 to April 2006. He was the Chairman of Feedback Unit established by the Ministry of Community Development from 2002 till April 2006.

DATO' DR. ONG BEE HUAT
Executive Deputy Chairman and Chief Executive Officer

Dato' Dr. Ong is the founder of the Group. He is responsible for the Group's overall strategic direction and planning as well as business development. Dato' Dr. Ong is recognised as an outstanding entrepreneur and for his leadership. He was conferred the "Dato" title by the Sultan of Pahang, Malaysia on 15 January 2000 and awarded the Doctor of Business Administration in 2001 by Wisconsin International University of the United States.

PROF. WONG WEN-YOUNG, WINSTON
Vice Chairman and Non-Executive Director

Prof. Wong, who holds a PhD (Physics) and Doctor of Science honoris causa from Imperial College of Science & Technology, University of London, joined the Board on 27 February 2007. Conferred as an Officer of the Most Excellent Order of the British Empire (OBE), Prof. Wong is a well-known Taiwanese entrepreneur and is the Founder and Chief Executive Officer of renowned Taiwanese electronics and plastics conglomerate Grace T.H.W Group. He is also the Founder and Director of Grace Semiconductor Manufacturing Corp, China; and the Founder and Director of Trust-Mart Co., Ltd. Prof. Wong has a wealth of experience and expertise in petrochemical products which adds value to the Group's agriculture business.

BOARD OF DIRECTORS

MR. ONG JIA MING, RYAN
Executive Director

Mr. Ong holds two Executive Masters in Business Administration from North Borneo university College and IEMD Graduate Business School of Barcelona. He was appointed to the Board on 25th October 2016. Being the Director of several key subsidiaries under the Group since 2014, Mr. Ong is also responsible for Project Management, Business Development, Public Relations, Branding as well as Sales and Marketing for the Group.

MR. ONG JIA JING, DYLAN
Group Executive Director

Mr Ong is responsible on the strategic planning of the Group key developments in both Property and Agriculture Division, he also handles the investor relation of the Group, maintaining key partnership with our stakeholders, business partners and financial institution. Mr Ong also plays an important role in strengthening our market penetration and business presence in the Indo-china region and beyond. Mr Ong was appointed to the Board on 1st September 2020.

MR. LIEN WE KING
Non-Executive Independent Director

Mr. Lien We King was appointed to the Board on 1st March 2019. He is the Managing Director of Bridgewater Holdings Pte Ltd where he oversees the performance and growth of its portfolio of media businesses. Prior to this, he was Director at Pacific Equity Group Pte Ltd, a private equity real estate investment firm founded in 2009.

BOARD OF DIRECTORS

DR. LEE KUO CHUEN, DAVID
Non-Executive Independent Director

Dr. Lee was appointed to the Board on 30 April 2012. He is a Professor at the Singapore University of Social Sciences and Vice President of The Economic Society of Singapore. He was the Group Managing Director of Auric Pacific Group Limited and Overseas Union Enterprise Limited. He was also the Director for Sim Kee Boon Institute for Finance Economics.

KEY DEVELOPMENTS

PORTFOLIO OF PROJECTS IN THE KINGDOM OF CAMBODIA SO FAR

D'SEAVIEW

Our first freehold mixed-use development project in Sihanoukville, Cambodia, comprising 737 residential units and 67 commercial units which were fully completed since FY2020. As of FY2022, around 80% of the project has been sold and balance 20% are being progressively furnish and fitted out for serviced apartment rental or direct sale depending on market demand post pandemic.

ROYAL GROUP PLATINUM

An exclusive joint venture development between Hong Lai Huat Group Limited and the largest conglomerate in the Kingdom of Cambodia the Royal Group of Companies. The project comprises around 851 residential units and 50 commercial units, the mixed-use development sits on a freehold land located in Toul Kork district which is a well-known high-end residential district in the capital city of Cambodia, Phnom Penh. Upon completion, it will be the landmark of the entire Toul Kork District in Phnom Penh. The main construction progress is well on schedule and has recently held its roof topping out ceremony for the 30th floor on 26th March 2023.

PROJECTS IN PIPELINE

The Group currently owns a third piece of development land in the capital city of Cambodia, Phnom Penh as well as a minority interest on a fourth piece of land in Sihanoukville province of Cambodia. Both projects will be subsequently rolled out individually depends on the market situation and overall buyer's demand post pandemic. These ensure all our stakeholders that the Group continues to hold strong land banking options for future projects development in the Kingdom of Cambodia.

KEY DEVELOPMENTS

AGRICULTURE DIVISION

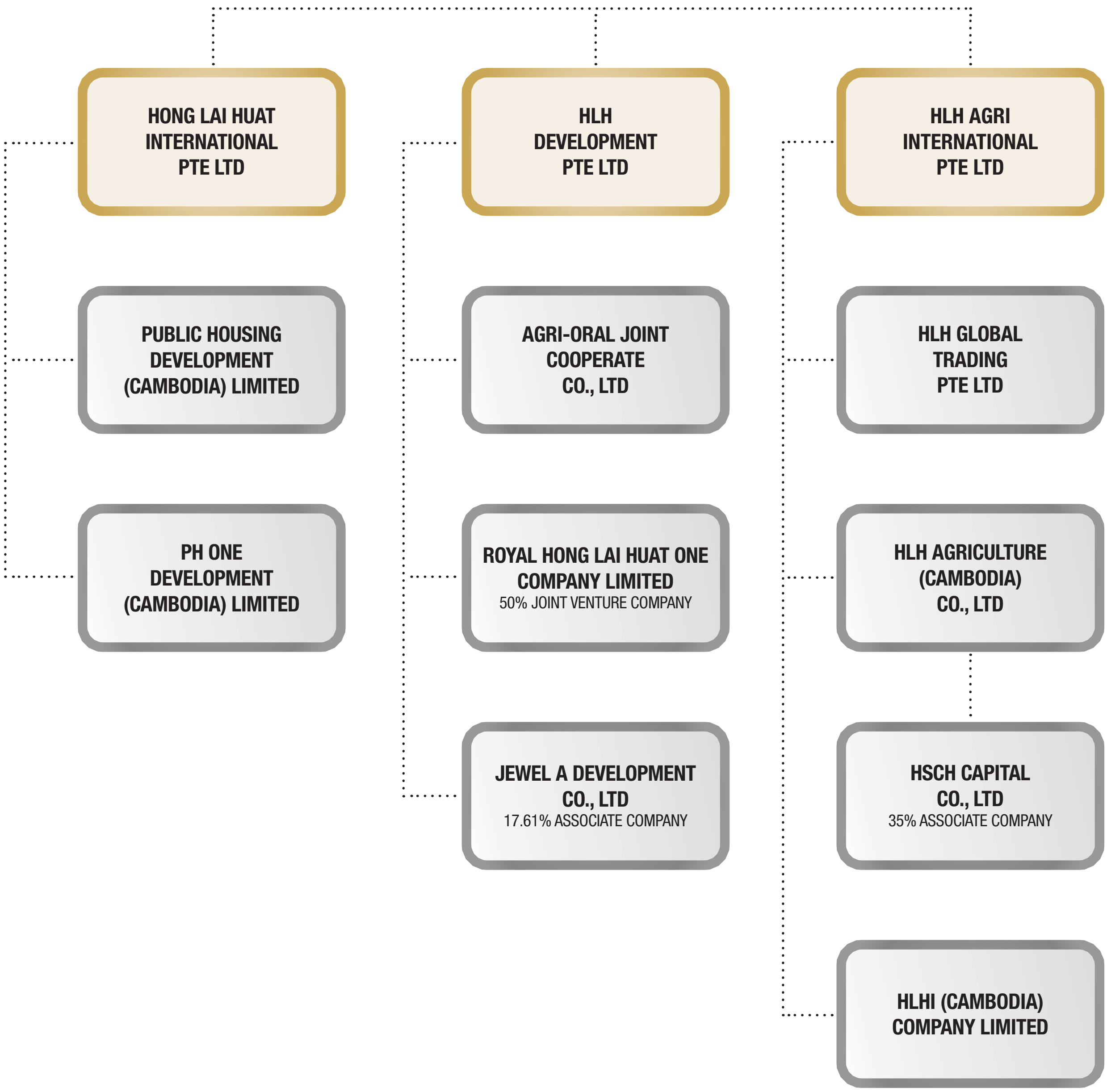
Located at Aoral District, Kampong Speu Province, the farmland has a total size of approximately 10,000 hectares. Moving ahead, The Agriculture Division will continue to seek joint cooperation partners to cultivate cassava (tapioca) or other industrial or agricultural development opportunities on its farmland which was granted the approval in FY2021 to further expand its current use to multi purposes development land. The Agriculture Division will also continue to plant and harvest its own cassava on its farmland on a daily basis for export purposes.






CORPORATE STRUCTURE

HONG LAI HUAT GROUP LIMITED
SGX MAINBOARD (CTO.SI)
達來發集團有限公司



CORPORATE INFORMATION

DIRECTORS

Dato Dr. Ong Bee Huat, Johnny
(Executive Director)

Mr Ong Jia Ming
(Executive Director)

Mr Ong Jia Jing
(Executive Director)

Dr. Wang Kai Yuen
(Independent Director)

Dr. Lee Kuo Chuen, David
(Independent Director)

Prof. Wong Wen-Young, Winston
(Non-Executive Director)

Dr. Wong Jr. Winston
(Alternate Director to Prof. Wong Wen-Young, Winston)

Mr Lien We King
(Independent Director)

SECRETARY

Ms Liew Meng Ling

SHARE REGISTRAR & SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
77 Robinson Road
#06-03
Robinson 77
Singapore 068896
Did: (65) 6593-4825
Main: (65) 6593-4848
Fax: (65) 6593-4847

REGISTERED OFFICE

10 Bukit Batok Crescent #13-05
The Spire Building, Singapore 658079

BANKERS

CIMB Bank PLC
CIMB Singapore
RHB Bank Berhad
Hong Leong Finance Limited
Canadia Bank PLC
Maybank Cambodia
Maybank Singapore
United Overseas Bank
J Trust Royal Bank
Wing Bank PLC

AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Engagement partner: Lim Kok Heng
(since financial year ended 31 December 2020)

REPORT ON
CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2018

The Board of Directors (the "Board") of Hong Lai Huat Group Limited (the "Company", and together with its subsidiaries, collectively the "Group") believes that good and well-defined corporate governance establishes and improves internal control, risk management and governance in our organisation and focuses on shareholder value and its creation. The Company has complied in all material respects with the principles and provisions in the Singapore Code of Corporate Governance 2018 ("2018 Code"). We provide a summary of our compliance with the express disclosure requirements in the 2018 Code on pages 31 to 34.

Board Matters

The Board's Conduct of Affairs

Principle 1. The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board aims to protect and enhance shareholders' value and to ensure long-term success of the Group. In addition to its statutory duties, the Board focuses on:

a. providing entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

b. establish a framework of prudent and effective controls which enables risk to be assessed and managed;

c. review the Management performance; and

d. set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;

To fulfill its role, the Board would carry out the following activities regularly:

a. reviewing and approving corporate strategies, financial plans including any investments and divestments;

b. monitoring and reviewing the performance of the business and annual budgets;

c. approving the release of the financial results and annual reports of the Group to shareholders;

d. providing guidance in the overall management of the business and affairs of the Group;

e. reviewing and approving the recommended remuneration framework and packages for the Board and key executives;

f. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct; and

g. approving the nominations to the Board of Directors by NC.

The Board has adopted a set of explicit guidelines on matters that require its approval. Matters of strategic importance that require Board approval include:

- The Group's strategic plans
- The Group's annual operating plan and budget
- Full-year and half-year financial results
- Dividend policy and payout

REPORT ON CORPORATE GOVERNANCE

- Issue of shares
- Board succession plans
- Succession plans for Senior Management, including appointment of and compensation for Group CEO
- Underlying principles of long-term incentive schemes for employees
- Acquisitions and disposals of investments exceeding material limits
- Capital Expenditures exceeding certain material limits

Board Meetings

The Board conducts regular scheduled meetings on a half-yearly basis to coincide with the announcements of the Group's half yearly results. Ad-hoc meetings will be convened regularly to discuss and update on matters including the development of major investments, strategic plans, evaluating the adequacy of internal controls, risk management and brainstorm on strategic decisions and governance issues. Directors are also invited to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

All Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors. The Non-Executive Directors and Independent Directors set aside time for discussion with the internal auditors and external auditors without the presence of Management at least once a year. Board meetings may include presentations by senior executives and/or external consultants. The Board meets at least 2 times a year and on an ad-hoc basis as warranted by particular circumstances.

The number of Directors and Board Committees meetings and the record of attendance of each Director during the financial year ended 31 December 2022 ("FY2022") are as follows:

Name	Board Meeting		Audit Committee		Nominating Committee		Remuneration Committee		Shareholders' Meeting	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Dr. Wang Kai Yuen	2	2	2	2	1	1	1	1	1	1
Prof. Wong Wen-Young, Winston (or his alternate, Dr. Wong Jr. Winston)	2	2	2	2*	1	1*	1	1*	1	1
Dato' Dr. Ong Bee Huat, Johnny	2	2	2	2*	1	1	1	1	1	1
Mr. Ong Jia Ming	2	2	2	2*	1	1*	1	1*	1	1
Dr. Lee Kuo Chuen David	2	2	2	2	1	1	1	1	1	1
Mr. Lien We King	2	2	2	2	1	1	1	1	1	1
Mr. Ong Jia Jing	2	2	2	2*	1	1*	1	1*	1	1

* Attended by invitation

The Company permits Directors to attend meetings by way of telephone or video conference under its Constitution. Directors who are unable to attend a Board meeting are provided with briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with Chairman or the Group CEO. The Board and Board committees may also make decisions by way of circulating resolutions.

REPORT ON CORPORATE GOVERNANCE

Access to Information

Management recognizes that the provision of complete, adequate and timely information on an ongoing basis to the Board is essential for them to make informed decisions and discharge their duties and responsibilities. These information may also be in the form of briefings to the Directors or formal presentations made by the Executive Directors or Senior Management staff in attendance at Board meetings. From time to time, they are furnished with information concerning the Group to enable them to be informed of the development and performance of the Group's business operations. To allow Directors sufficient time to prepare for the meetings, board papers are provided in advance to the Directors to allow adequate time for their preparation for the meetings in order to focus on questions and issues which they may have at the meetings.

In addition, Board members have separate and independent access to the Company Secretary and Senior Management of the Company. The Company Secretary is present at formal meetings when required to answer any query from Directors and to ensure that meeting procedures are adhered to and that applicable rules and regulations are complied with. The Company Secretary assist the Chairman, the Chairman of each Board committee and Management in the development of the agendas for the various Board and Board committee meetings. The appointment and the removal of the Company Secretary is subject to the Board's approval.

Where decisions to be taken by the Board require independent professional advice in furtherance of their duties, the Company will appoint professional advisors with costs borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decision in the best interests of the company

Currently, the Board comprises seven Directors – three Executive Directors, three Independent Non-executive Directors and one Non-executive Director. The Board is supported by various sub-committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board comprises expertise and competencies from varied fields to complement and reinforce its effectiveness in both the aspect of leading and control as well as bringing valuable experience and advice to contribute to the Group's operations. The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The profile of each of the Directors is disclosed in this Annual Report on pages 6 to 8.

Directors are required to act in good faith and in the interests of the Company. All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction and policies as well as their statutory and other duties and responsibilities as Directors.

A new director as well as existing directors will be briefed by the Chief Executive Officer ("CEO") on a regular basis on the development and performance of the Company. The Directors may participate in seminars and/or discussion groups to keep abreast of the latest development which are relevant to the Group. The Directors can sign up and attend appropriate courses, seminars and conferences as well as relevant subscriptions for journals, newsletters or online induction programmes. New Directors without listed company experience would attend programmes run by The Singapore Institute of Directors or other training institutions.

Independence

The Board comprises three Independent Non-executive Directors. They are Dr. Wang Kai Yuen who is the Chairman of the Board, Dr. Lee Kuo Chuen David and Mr Lien We King. The Board, taking into account the views of the NC, assesses the independence of each Director in accordance with the guidance in the 2018 Code and the listing rules of the Exchange. A Director is considered independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his independent business judgement in the best interests of the Company. Such relationships

REPORT ON CORPORATE GOVERNANCE

include (i) the employment of a Director by the Company, any of its related corporations for the current or any of the past three financial years (ii) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee (iii) a director who has been a director on the Board for an aggregate period of more than nine years (iv) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the company any of its subsidiaries any significant payments or material services, other than compensation for board services (v) a director or a director whose immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a partner, or an executive officer of, or a director of, any organization which provided or received from the company or any of its subsidiaries any significant payments or material services (vi) a director who is or has been directly associated with a substantial shareholder of the company in the current or immediate past financial year.

Dr. Wang Kai Yuen and Dr. Lee Kuo Chuen David has each served on the Board for a period exceeding nine years since the date of their respective appointments. Shareholders had through a two-tier voting process pursuant to Rule 210(5) (d)(iii)(A) and Rule 210(5)(d)(iii)(B) of the Listing Manual of SGX-ST at the annual general meeting held on 30 April 2021 ("2021 AGM") approved the continued appointment of Dr. Wang Kai Yuen and Dr. Lee Kuo Chuen David as Independent Directors with effect from 1 January 2022 until the earlier of (i) retirement or resignation or (ii) conclusion of the third Annual General Meeting following the 2022 AGM.

Based on the declarations of independence provided by the Directors and taking into account of the guidance in the 2018 Code, the Board has determined that other than Dato' Dr. Ong Bee Huat, Johnny, Mr Ong Jia Ming and Mr Ong Jia Jing who are the Executive Directors and Prof. Wong Wen-Young, Winston and his alternate director Dr. Wong Jr, Winston who are non-Executive non-Independent Directors, all other members of the Board are considered to be independent Directors.

Notwithstanding that Dr. Wang Kai Yuen and Dr. Lee Kuo Chuen David have been granted approval from shareholders under the two tier voting process for their continued appointment as Independent Directors, the Board separately make their assessment on each of their independence by taking into consideration the following factors:

a. The considerable amount of experience and wealth of knowledge that the independent director brings to the Company.

b. The attendance and active participation in the proceedings and decision making process of the Board and Committee meetings.

c. Provision of continuity and stability to the Management at the Board level as the independent director has developed deep insight into the business of the Company and possesses experience and knowledge of the business.

d. The qualification and expertise provide reasonable checks and balances for the Management.

e. The independent director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared and responsive and heavily involved in the discussions at the meeting.

f. The independent director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.

Dr. Wang Kai Yuen and Dr. Lee Kuo Chuen David have exercised strong independent judgment in their deliberations in the interests of the Company and maintain their objectivity and independence at all times in the discharge of their duties as director. In addition, the independence of character and judgment of each of the directors concerned was not in any way affected or impaired by the length of service. The Board is satisfied with the continued independence of character and judgment of the Independent Directors.

As part of Board renewal process and in line with Rule 210(5)(d)(iv) which provides that a director will not be considered Independent after the conclusion of the Company's annual general meeting to be held for the financial year ending on or after 31 December 2023, Dr Lee Kuo Chuen David who is due for retirement by rotation at the 2023 AGM will be stepping down as a Director.

REPORT ON CORPORATE GOVERNANCE

Diversity

The Company is committed to achieving board diversity and had in its Board Diversity Policy and practices to incorporate a balance of skill, knowledge, experience, background, gender, age and ethnicity in the review of Board composition. The objective of board diversity is to promote the inclusion of different perspectives, ideas and ensure that the Company could benefit from all available talent. The Board recognizes that gender is an important aspect of diversity and strives to have a Board composition where each gender has a representation on the Board. The Board will endeavor to ensure that female candidates are included for consideration when appointing new members to the Board. There was a female Director on board until her retirement at the 2022 AGM and the Company will aim to appoint at least one female Director to the Board in year 2023. The composition of the Board comprises of directors with age diversity ranging from 30s to 70s with core competencies in the area of finance, accounting, legal, business acumen, management experience, relevant industry knowledge, technology expertise and familiarity with regulatory requirement and knowledge of risk management, audit and internal controls.

Under the Board Diversity Policy, the Board strives to have one member with relevant experience in the Group's businesses or markets; and one member with professional qualification in accounting, legal or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group.

The current Board composition reflects the Company's commitment to Board diversity in terms of different professional experiences, skills, knowledge and gender and any further progress made towards the implementation of the policy will be disclosed in our Corporate Governance Report, as appropriate.

DIVERSITY OF THE BOARD		
	Number of Directors	**Proportion of Board**
Core Competencies		
Accounting, finance, legal	3	43%
Digital Transformation	2	29%
Relevant Industry knowledge or experience	3	43%
Experience in risk management, audit and internal controls	3	43%
Gender		
Male	6	86%
Female	1*	14%
* Retired at the 2022 AGM		

Accordingly, taking into consideration the nature and scope of the Group's operations, the NC and Board are of the view that the current size and composition of the Board and Board Committees are effective for decision making, while acknowledging that improvements to Board diversity practices are an on-going process and that skill-set and core competencies required of the Board may change over time as the business of the Group develops.

Conflict of Interest

The Board puts in place a code of conduct and ethics throughout the organization to ensure proper accountability within the company. An appropriate tone-from-the-top and desired organization culture is practiced. Directors must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict with the interests of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interests immediately by sending a written notice setting out the details of the interest and conflict to the Secretary and/or the Chairman and the notice will be declared at the meeting of the Directors. The director will recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

REPORT ON CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making.

The Company has a separate Chairman and CEO. The position of Chairman is non-executive. The Chairman and CEO are not related to each other.

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles of Chairman and CEO are separated. The CEO bears executive responsibility for implementing the Board's decision and policies. In addition, the CEO also supervises and directs the Company's business.

Currently, the Chairman of the Board is Dr. Wang Kai Yuen who is an Independent Non-Executive Director in the Company.

The Chairman is responsible for, among other statutory duties,

a. Setting agenda and directing meetings of the Board;

b. Ensuring that the performance of the Board is evaluated regularly, and guides the development needs of the Board;

c. Ascertaining that Board papers or information that were prepared by the Management or Executive Directors to the Board Members are adequate for their review and objective judgment;

d. reviewing all announcements prior to its release via SGXNet;

e. exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board as well as between the Company and shareholders;

f. assisting in ensuring compliance with the guidelines on corporate governance; and

g. fostering constructive dialogue between shareholders, the Board and Management at AGM and other shareholders meetings.

The CEO of the Company is Dato' Dr. Ong Bee Huat, Johnny. He is the founder of the Company. He is responsible for making strategic plans and setting business objectives for the Company, ensuring the profitability of such plans, and focuses on generating revenues and maintaining profitability of the Company.

Given that the roles of the Chairman and CEO are separate and the Chairman is independent, no Lead Independent Director is required to be appointed.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has established a Nominating Committee to make recommendations to the Board for a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of Board.

The NC comprises three Independent Directors and one Executive Director of the Company, Mr Lien We King as the Chairman, Dr. Wang Kai Yuen, Dr. Lee Kuo Chuen David and Dato' Dr. Ong Bee Huat, Johnny as members.

REPORT ON CORPORATE GOVERNANCE

The responsibilities of the NC are:

a. to determine the criteria and review all nominations for the appointment or re-appointment of members of the Board of Directors; the CEO of the Company; members of the various Board committees, for the purpose of proposing such nominations to the Board for its approval;

b. to determine annually the independence of the Independent Directors;

c. to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

d. to decide whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company particularly when the Director has multiple Board representations;

e. to assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness to the Board; and

f. to review training and professional development programs for the Board.

The procedures and criteria to select a Director are as follows:

a. the NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with the Management, prepares a description of the roles, essential and desirable competencies for a particular appointment;

b. the NC identifies the need for a new Director taking into consideration the appropriate number of Directors to allow for effective decision-making;

c. the NC identifies potential candidates who may fill the role, taking into considerations factors such as:

   - complementary to the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences;

   - value-add to the Board in terms of the skills, knowledge and expertise required by the Group; and

   - ability to commit the necessary time to their position.

d. the NC conducts formal interview of short listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required;

e. the NC makes recommendations to the Board for approval; and

f. the NC approves the appointment and ensures that the announcement is made accordingly.

The NC is also charged with the responsibility of re-nomination, having regard to the Directors' contribution and performance (such as attendance, preparedness, participation and candor), with reference to the results of the assessment of the performance of the individual Director by his peers for the previous financial year.

The Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). It also provides that a newly appointed Director must retire and submit himself for re-election at the forthcoming AGM following his appointment. The NC has reviewed the multiple directorships disclosed by each director of the Company and was of the view that for the role expected of each Director, the existing various directorships of the respective Director has not impinged on his ability to discharge his duties.

REPORT ON CORPORATE GOVERNANCE

Process for Selection and Appointment of New Directors

The NC conducts annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing director, the Nominating Committee re-evaluates the Board composition to assess the competencies for the replacement and submits its recommendations to the Board for approval.

A set of criteria has to be determined by the NC to assess all new appointments and the following are some of the criteria generally used:

(a) knowledge and expertise;

(b) integrity;

(c) independent mindset;

(d) ability to commit time and effort to carry out duties and responsibilities effectively; and

(e) past achievements and value-add to the company.

Search

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

Selection

The NC will shortlist candidates and conducts formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

The NC undertakes a review process to assess the performance and effectiveness of the Board as a whole, Board Committees and the contribution by individual Directors to the Board. On an annual basis, the Company Secretary assists the NC in the evaluation process, questionnaires were sent by the Company Secretary to the Directors for evaluation of the Board and its Board Committees. All Directors are required to complete evaluation questionnaires on matters such as Board composition, Board processes, Board effectiveness and training, standards of conduct and managing company performance The findings from this evaluation are presented to the NC and Board for discussion to facilitate improvements to the Board's practices.

Questionnaires are also sent to individual Directors for their self-assessment and factors considered in their assessment include their attendance record, intensity of participation, maintenance of independence, quality of interventions and articulation of thoughts and compliance with corporate governance. In the process, NC will assess the performance of individual directors in their respective roles such as Chairman, CEO, Executive Director, Non-Executive Director and Independent Non-Executive Director.

REPORT ON CORPORATE GOVERNANCE

NC ensures that directors are able to and are adequately carrying out their duties. Where Directors hold other Board directorships and commitments, NC performs a qualitative assessment of the Directors' effective contribution. NC is satisfied that these Directors have allocated sufficient time and resources to the affairs of the Company and are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits. Based on the overall assessment for FY2022, the Board was effective as a whole.

Key information on the Directors including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board Committees, date of first appointment and last re-election, is set out in Table A of page 30 of the Annual Report.

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedures for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and Senior Management.

The functions of RC include as follows:

(i) to review periodically and recommend to the Board for endorsement a framework of remuneration policies to attract, retain and motivate Senior Management of the required competency to manage the Group to achieve better performance of the Group;

(ii) to review and recommend the specific remuneration package for each director and Senior Management including Directors' fees, salaries, allowances, variable bonuses, annual wage supplement, share based incentives and awards, benefits-in-kind and termination payments;

(iii) to administer long term performance incentive schemes;

(iv) to perform annual review of the remuneration of employees related to Directors or are employed in managerial positions to ensure that their remuneration packages are in line with our staff remuneration and level of responsibilities; and

(v) to review the renewal of service agreements of executive Directors and Senior Management to ensure that all aspects of remuneration including termination terms, compensation commitments and notice periods for termination are fair and reasonable.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Amongst other things, this helps the Company to stay competitive in its remuneration packages. For FY2022, the RC did not require the service of any external consultants.

The RC comprises three Independent Directors and one Executive Director of the Company, Dr. Lee Kuo Chuen David as the Chairman, and Dr. Wang Kai Yuen, Mr Lien We King and Dato' Dr. Ong Bee Huat, Johnny as members.

No director participates in the deliberation of his/her own remuneration packages and shall abstain on voting on any resolutions pertaining to their remuneration.

REPORT ON CORPORATE GOVERNANCE

Level and Mix of Remuneration Principle

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company

The RC administers the performance related compensation of the Senior Management and Executive Directors. An appropriate proportion of the executive directors and Senior Management's remuneration is structured so that their rewards are linked to performance of the Group and individual key performance. The incentive schemes are designed to align the interests of CEO, Senior Management and employees with the interests of shareholders to promote long-term success of the Company. Employees are given the opportunity to participate in the equity of the Company when they have contributed significantly to the growth and performance of the Company.

The RC is responsible for the administration of the Company's HLH Employee Share Option Scheme 2017 and HLH Performance Share Plan 2017 ("Incentive Schemes"), both of which were approved at an Extraordinary General Meeting on 28 April 2017. RC will determine and approve the allocation of the share options and awards, the date of grant and the price. There were no share options under the Employee Share Option Scheme 2017 during FY2022. No share awards were issued under the Performance Share Plan 2017 during FY2022.

Executive Directors do not receive director's fees and is paid a basic salary and a variable component which is the annual bonus, based on performance of the Group as a whole and their individual performance. Executive Directors are eligible to participate in the Incentive Schemes. There are no termination, retirement and post-employment benefits granted under the contracts of service of the executive directors and Senior Management employees. Adjustments to the remuneration package of an Executive Director are subject to review and approval by the RC and the Board. The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from executive directors and Senior Management. The RC viewed that Board incentive rewards are based on achievement of certain specific performance conditions and may not be appropriate to include the "claw-back" provisions in the service agreements.

The Non-Executive Directors have no service contracts and are paid Directors' fees, the amount of which is dependent on their level of contribution, taking into account factors such as effort, time spent and responsibilities. Non-Executive directors do not participate in the Company's Incentive Schemes. The Chairman of each Board committee is paid a higher fee compared with members of the committee in view of greater responsibility carried by that office. The amount of Directors' fees payable to Non-Executive Directors is contingent upon shareholders' approval at the Company's annual general meeting.

The framework of Directors' fee is as follows:

Basic Directors' Fee	
AC Chairman	$10,000
AC member	$5,000
NC or RC Chairman	$4,000
NC or RC member	$2,000

REPORT ON CORPORATE GOVERNANCE

Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Although the 2018 Code recommends full disclosure of the remuneration of each individual director and CEO, the Company needs to consider the commercial sensitivity and confidentially attached to remuneration matters in a highly competitive industry. As such, the Company discloses the actual remuneration paid to each director and the CEO in a narrow band of $100,000 to improve transparency. The following table sets out the breakdown of the remuneration of the directors (including the CEO).

Name of Directors	Remuneration Band	Share-Based Remuneration	Salary	Bonus	Other Benefits	Directors' Fee	Total
Dr. Wang Kai Yuen	$0 to $99,999	–	–	–	–	100%	100%
Dato' Dr. Ong Bee Huat, Johnny	$900,000 to $999,999	–	71%	–	29%	–	100%
Mr. Ong Jia Ming	$100,000 to $199,999	–	91%	–	9%	–	100%
Mr. Ong Jia Jing	$100,000 to $199,999	–	88%	–	12%	–	100%
Prof. Wong Wen-Young, Winston	$0 to $99,999	–	–	–	–	100%	100%
Dr. Lee Kuo Chuen David	$0 to $99,999	–	–	–	–	100%	100%
Mr. Lien We King	$0 to $99,999	–	–	–	–	100%	100%

The remuneration of the top five Senior Management executives (who are not Directors or the CEO) in the bands of $250,000 with a breakdown of the key components are shown in the table below:

Key Executive	Salary	Bonus	Other Benefits	Total
Below $250,000				
Mr. Leong Kok Shin	93%	–	7%	100%
Mr. Lee Kai Yip	93%	–	7%	100%
Mr. Tan San Hoe	92%	–	8%	100%
Mr. Cheoh Aik Ming	89%	–	11%	100%
Mr. Ong Bee Wah	92%	–	8%	100%

For FY2022, the aggregate total remuneration paid to the key Management personnel (who are not Directors or the CEO) amounted to $470,158.

The remuneration of employees who are immediate family members of directors, the CEO or a substantial shareholder of the Company and whose remuneration exceeds $100,000 during the year is shown in the table below:

Employees and relationship with Director	Remuneration Band	Salary	Bonus	Other Benefits	Total
Mr. Ong Jia Ming Son of Dato' Dr. Ong Bee Huat, Johnny	$100,000 to $199,999	91%	–	9%	100%
Mr. Ong Jia Jing Son of Dato' Dr. Ong Bee Huat, Johnny	$100,000 to $199,999	88%	–	12%	100%

REPORT ON CORPORATE GOVERNANCE

Accountability and Audit

Risk Management And Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for overseeing risk management and that a sound system of internal controls is in place to safeguard the shareholders' investments and the Company's asset. The Company's internal controls and risk management systems provide reasonable assurance against foreseeable events that may adversely affect the Company's business objectives. However, the Board acknowledges that no internal controls and risk management systems can preclude the occurrence of material misstatements, poor judgement in decision-making, human error, losses, frauds and irregularities. The Company recognizes the importance of balancing risks and returns to achieve the optimal level of risk that it can tolerate to prevent any impediment on its business opportunities and strategic priorities. The Company has not put in place a Risk Management Committee. However, the AC conducts regular reviews of the Company's business and operational activities to identify and deliberate on the areas of significant business risks and control measures to constantly improve the processes and standards. The process used by the AC to monitor includes discussions with management on the identified risk areas, review of internal and external audit plans and processes and revenue significant issues arising from the audits.

The Company adopts a risk-based approach in formulating the annual audit plan and the plan is reviewed and approved by AC. AC on behalf of the Board has engaged a firm of risk advisory consultants who also perform their role as internal auditors to setup an Enterprise Risk Management Framework aimed at identifying, filtering, assessing and compiling the enterprise strategies and key risks as well as assessing the general control environment of the Group. From this exercise, the internal audit plan is developed and suitable audit resources are being allocated in priority of risk ranking with a view to achieving an optimal balance between risks and returns. The internal auditors report to AC their evaluation on the organization's internal control systems in the identified risks areas. In their evaluation, the internal auditors will (a) walk through the business process with the process owners to understand the process and identify key internal controls through various methods and perform verifications to supporting source documentation (b) perform a system of controls evaluation on identified high-risk areas within the business processes and (c) review the overall control environment for implementation lapses. Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations to improve the areas of weakness are reported to the AC as part of the review of the internal control system.

Whilst internal auditors provide assurance that controls over the key risks of the Group are adequate and effective, the external auditors are engaged to provide assurance on the true and fair presentation of the Group's financial statements.

Management is tasked to take appropriate measures to control and mitigate areas of risks and document such measures in the Company's risk management policies. During the year, the AC has reviewed the Company's system of internal controls, including financial, operational, compliance and information technology controls, risk management policies and systems established by the Management.

The Management has put in place reasonably adequate internal control systems to provide the Board with reasonable assurance against material misstatement or loss. The Management provides the Board with detailed reports on the Group's financial performance and related matters on a regular basis. Procedures are in place to ensure that financial information relating to the Group's operations are not false or misleading in order to increase the assurance level of the AC in its review of the half-yearly financial information.

The Board has received assurance from:

a. the CEO and Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b. the CEO, Group Financial Controller and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control system.

REPORT ON CORPORATE GOVERNANCE

In addition, the Board has also relied to a certain extent, the review by the external auditors of the effectiveness of the Company's material internal controls that affect accounting functions, to the extent of their scope as laid out in their plan. The auditors' recommendations on material non-compliance and internal accounting control weakness, if any noted during their audit are reported to the AC.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and review performed by Management as well as the assurances received by the CEO and Group Financial Controller in the abovementioned, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the year as at 31 December 2022.

The Board and Senior Management officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the Exchange's listing rules.

Whistleblowing Policy

Management has also implemented the Whistleblowing policy ("Policy") setting out the procedures which provides for the well-defined mechanism and accessible channel by which employees, vendors, service providers, customers and other stakeholders may in confidence, raise concerns on possible improprieties, misconduct, irregularities or malpractices relating to the Company and its officers without fear of harassment or victimization. The policy is communicated to all employees and all relevant stakeholders at the outset and employees are trained on the principles of the Policy periodically. While the Policy allows anyone to report possible improprieties, it excludes employee grievances or disagreements which are handled by the Company's Human Resource Division.

The Policy establishes a confidential line of communication to report concerns about possible improprieties to the receiving officer who will first investigate a complain, handle and escalate the reportable concerns. He ensures that there is independent investigation and follow-up, on reports made in good faith. The designated receiving officer is the CEO and the contact details for the channel to reach him is published in the Policy. The Policy also sets out how the complaints are handled and the appropriate disciplinary action to be taken when the alleged violations are substantiated after independent investigation is concluded.

The Company will treat all information received confidentially and protect the identity of all whistleblowers. Non-anonymous whistleblowers will be informed that action has been taken at the conclusion of the investigation without divulging confidential information.

The Policy prohibits unfair treatment or detrimental treatment of any kind against a whistleblower who submits a complaint in good faith. In this instance, the Policy provides that a whistleblower should immediately report those facts to the CEO to facilitate the investigation for appropriate action to be taken.

AC is responsible for the overall oversight and monitoring of the whistleblowing policy and its implementation. Any incidents of complaint in good faith would be submitted for AC's review and the outcome of each investigation is reported to AC. Whistleblowing is on the agenda at every half yearly AC meeting and AC will review and ensure that independent, thorough investigation and appropriate follow-up actions are taken and documented on reported incidences.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three Independent Non-executive Directors of the Company, Dr. Wang Kai Yuen as the Chairman, and Dr. Lee Kuo Chuen David and Mr. Lien We King who have invaluable professional expertise and managerial experience as members. The AC has two members, Dr Wang Kai Yuen (being AC Chairman) and Dr. Lee Kuo Chuen who has recent and relevant accounting or related financial management expertise or experience. None of the AC members were former partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the audited corporation and none of the AC members hold any financial financial interests in the auditing firm or auditing corporation.

REPORT ON CORPORATE GOVERNANCE

The AC meets at least two times a year and as warranted by circumstances, to perform the following functions:

a. reviews the audit plan of the Group's internal and external auditors;

b. reviews with the internal and external auditors on their findings, if any on the Company's system of internal accounting controls;

c. reviews with the internal and external auditors on the scope and results of the audit as well as its cost effectiveness;

d. reviews the co-operation given by the Group's officers to the internal and external auditors;

e. reviews with the internal and external auditors on any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company or the Group's results or financial position;

f. reviews the half and full-year financial results announcements and annual financial statements of the Group and the external auditors' report thereon before their submission to the Board for adoption;

g. monitors the extent of the Group's compliance with the Exchange's listing rules;

h. nominates internal and external auditors for re-appointment and reviews their independence;

i. makes recommendations to the Board on the remuneration and terms of engagement of the internal and external auditors;

j. reviews interested person transactions;

k. reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance;

l. reviews the adequacy and effectiveness of the internal controls and risk management systems; and

m. reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC reviewed and discussed the key audit matters ("KAMs") for FY2022 with Management and the external auditors. In assessing the KAMs, the AC took into consideration the approach, accounting treatment, methodology and key assumptions applied.

The AC has full access to the Company's internal auditor and Management and has full discretion to invite any director or executives to attend its meetings and investigate any matter within its terms of reference, In performing its functions, the AC also reviews the assistance given by the Company's executives to the auditors as well as the independence, adequacy of the internal audit function, its effectiveness and its resources. The AC concurred with the basis and conclusions included in the FY 2022 Independent Auditors' Report with respect to the KAMs. The KAMs are set out on page 38 to page 39 in the FY2022 Independent Auditors' Report.

Internal Audit

The Company has outsourced its internal audit function to external audit professionals, Crowe Governance Sdn Bhd. The internal audit functions were carried out in accordance with International Professional Practices Framework issued by The Institute of Internal Auditors Malaysia. Crowe Governance Sdn Bhd is a corporate member of the Institute of Internal Auditors Malaysia and a member firm of Crowe Global, a top 10 global accounting network with member firms in 130 countries. It has significant experience in providing risk consulting services, including internal audit.

REPORT ON CORPORATE GOVERNANCE

The internal audit engagement partner is a chartered member of Malaysian Institute of Internal Auditors and has 25 years of experience in performing internal audits for listed companies in Malaysia and Singapore. The primary reporting line of the internal audit function is to the AC. The internal auditors have unfettered access to all the Company's documents, record, properties and personnel, including the Chairman of the Board, AC, and have appropriate standing within the Company.

External Auditors

The AC oversees the Company's relationship with its external auditor. It reviews the selection of the external auditor and recommends to the Board the appointment, re-appointment and removal of the external auditor, as well as the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditor is subject to shareholders' approval at the Annual General Meeting.

AC confirms that the Company complied with Rules 712 and 715 of the Listing Manual in relation to its appointment of Baker Tilly TFW LLP ("BT") as the external auditors of the Company which is registered with the Accounting and Corporate Regulatory Authority. BT are the external auditors of the Company and of its Singapore subsidiaries. The independent overseas member firms of Baker Tilly International, performs the audit of the overseas subsidiaries and PricewaterhouseCoopers (Cambodia) Ltd performs the audit of the joint venture. For FY2022, the external auditors' remuneration in respect of audit services provided to the Group amounted to $144,000. There were no non-audit services provided to the Group during the year.

In recommending the re-appointment of auditors, AC takes into consideration various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements and the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. AC also takes into consideration of its ongoing corporate governance initiatives as well as the management of the Company's overall business costs and expenses to meet the challenges of business climates.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meeting

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to treat all shareholders fairly and equitably. All shareholders are provided with rights to attend shareholders' meetings in the Constitution, relevant laws and regulations. Notice of general meeting is dispatched to shareholders together with explanatory notes or circular on items where necessary. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. The Group's website at www.honglaihuatgroup.com provides information of our products and services, corporate profile and latest information as well as an enquiry section to respond to comments, feedbacks or enquiries.

The Board welcomes questions from shareholders at general meetings and views AGM as the principal forum for dialogue with shareholders. Shareholders are accorded with the opportunity to raise issues, communicate their views and direct their questions to Directors and Management at the general meeting. All directors and Chairpersons of Board Committees are present at AGM and other general meetings of shareholders to assist the Board in addressing shareholders' questions. Directors' attendance at shareholders at general meetings held during the financial year are disclosed on page 14 of the Annual Report.

At every AGM, shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. Shareholders are also informed of the rules, including the voting procedures that govern general meetings. In accordance with rule 730A(2) of the Exchange's Listing Rules and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. Results and the detailed voting results of each resolutions tabled are announced via SGXNet on the same day after the meeting. Upon the close of voting of a resolution, the poll results including the number and percentage of votes are immediately presented to the shareholders prior to the declaration of the result by the Chairman of the meeting.

REPORT ON CORPORATE GOVERNANCE

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are bundled to form one significant proposal, the Company will explain the reasons and the material implications in the notice of meeting. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions passed.

While there is no limit imposed on the number of proxy votes for nominee companies, the Company's Constitution allows each other shareholder to appoint up to two proxies to attend AGMs and any other general meeting. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax as issues concerning authentication, security, privacy and integrity have to be satisfactorily dealt with and resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. The Company updates the corporate website with the minutes of shareholders' meeting.

Conduct of AGM in 2022 amidst current Covid-19 pandemic

The Company held its 2022 AGM by electronic means on 29 April 2022, due to the Covid-19 restrictions in Singapore. Shareholders were invited to participate in the virtual 2022 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the 2022 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2022 AGM. The Board of Directors attended the 2022 AGM by way of electronic means. Responses to questions raised by shareholders in advance and the detailed records of the proceedings were published on the SGXNet. The Company also publishes the Minutes of the AGM proceedings on its corporate website.

Directors' attendance at shareholders general meetings held during the financial year are disclosed on page 14 of the Annual Report.

Conduct of 2023 AGM

The Company will be holding its 2023 AGM by electronic means on 28 April 2023 and shareholders are invited to participate at our virtual 2023 AGM by (a) watching and/or listening to the AGM proceedings via "live" audio-visual webcast or "live" audio feed; (b) submitting questions in advance of or "live" at the AGM in relation to any resolutions to be tabled for approval at the AGM; and (c) voting at the AGM "live" by themselves or through their duly appointed proxy(ies). Details of the steps for pre-registration submission of questions and voting at the 2023 AGM are set out in a separate announcement released on SGXNet on 5 April 2023.

The Company does not have a formal dividend policy but the Board seeks to balance dividend return to shareholders with the need for long-term sustainable growth and the requirements for short term cash and capital expenditure requirements in proposing a dividend. No dividend has been declared or recommended for the financial year ended 31 December 2022 as the Board of Directors deemed it necessary to preserve cash for working capital.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the Company's general meetings and sufficient time is given for them to ask questions, to provide their views. Directors and Senior Management hold dialogues with shareholders after the businesses of the general meetings are concluded where views from shareholders would be solicited.

REPORT ON CORPORATE GOVERNANCE

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through SGXNet announcements, Annual Reports and shareholders circulars, news releases on major developments of the Group, Notices and explanatory notes for AGM and other general meetings, the Company's website. Shareholders could contact the Company's investor relations officers directly with questions and the Company may respond to such questions through such officers. The investors relation contact details are published on the Company's website www.honglaihuatgroup.com/contact-general/.

In accordance with the Exchange's Listing Rules, the Company does not practice selective disclosure and price-sensitive information is publicly released on an immediate basis where required.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's material stakeholders are its shareholders, customers, employees, regulator and suppliers and engagement with them are set out in its Sustainability Reports.

Stakeholders can access information of the Company through the corporate website which provides corporate announcements, press releases and profiles of Company.

Dealing in Securities

The Group has in place an internal code of conduct which prohibits the Directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "closed window" period – being one month prior to the announcement of the Group's half yearly and full year financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key executives and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations. Circulars are issued to all Directors and employees of the Company to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company on short-term consideration and during prohibitive periods.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries as at the end of the financial year involving the interests of any Directors and controlling shareholder in the year under review.

Interested Person Transactions

The Company has established procedures to ensure that all interested persons are reported in a timely manner to the AC and that the transactions, if any are conducted at arm's length and not prejudicial to the interest of the shareholders.

There are no interested person transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review.

REPORT ON CORPORATE GOVERNANCE

TABLE A OF THE CORPORATE GOVERNANCE REPORT

Date of Director's initial appointment, last re-election and their present and past directorships

Name of Directors	Age	Date of initial appointment	Date of last election	Present directorships in listed companies	Past (preceding 3 years directorships in listed companies)
Dr. Wang Kai Yuen	75	01.05.2006	30.04.2021	1) COSCO Shipping International (Singapore) Co., Ltd. (f.k.a. COSCO Corporation (Singapore) Limited) 2) A-Sonic Aerospace Limited 3) Hong Lai Huat Group Limited 4) Emas Offshore Limited (under JM)	N.A.
Dato' Dr. Ong Bee Huat, Johnny	53	25.06.2007	29.04.2022	Hong Lai Huat Group Limited	N.A.
Prof. Wong Wen-Young, Winston	71	27.02.2007	30.04.2021	Hong Lai Huat Group Limited	N.A.
Dr Lee Kuo Chuen David	61	30.04.2012	29.06.2020	Hong Lai Huat Group Limited	SHS Holdings Ltd.
Mr Ong Jia Ming	30	25.10.2016	29.04.2022	Hong Lai Huat Group Limited	N.A.
Mr Ong Jia Jing	28	01.09.2020	30.04.2021	Hong Lai Huat Group Limited	N.A.
Mr Lien We King	48	01.03.2019	30.04.2021	Hong Lai Huat Group Limited	N.A.

REPORT ON CORPORATE GOVERNANCE

SUMMARY DISCLOSURE ON THE CORPORATE GOVERNANCE REPORT FOR FY2022

Provisions	Compliance	Page Reference in Annual Report 2022	Remarks
Provision 1.2 The induction, training and development provided to new and existing directors are disclosed in the Company's annual report.	Yes	Page 15	–
Provision 1.3 Matters requiring board approval are disclosed in the Company's annual report.	Yes	Pages 13 to 14	–
Provision 1.4 The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.	Yes	Pages 18 to 19 Pages 21 to 22 Pages 25 to 26	–
Provision 1.5 The number of Board and board committee meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report.	Yes	Page 14	–
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.	Yes	Page 17	–
Provision 4.3 The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.	Yes	Page 20	–
Provision 4.4 If the Board, having taken into account the views of the NC, determine that certain directors are independent notwithstanding the existence of a relationship which may affect his or her independence, the Company discloses the relationships and its reasons in its annual report.	Not applicable	Not applicable	None of the NEIDs has such a relationship. A negative statement is disclosed.

REPORT ON CORPORATE GOVERNANCE

Provisions	Compliance	Page Reference in Annual Report 2022	Remarks
Provision 4.5 The Company discloses in its annual report the listed company directorships and principal commitments[1] of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	Yes	Page 30	Refer to Table A
Provision 5.2 The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.	Yes	Pages 20 to 21	–
Provision 6.4 The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.	Yes	Page 21	–
Provision 8.1 The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel.	No	Page 23	The amounts of remuneration of each individual director and the CEO are not disclosed. The reason for the variation has been disclosed, together with an explanation of how the Company's practice is consistent with the intent of Principle 8.

1 The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the board of non-active relation corporations, those appointments should not normally be considered principal commitments.

REPORT ON CORPORATE GOVERNANCE

Provisions	Compliance	Page Reference in Annual Report 2022	Remarks
Provision 8.2 The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Yes	Page 23	–
Provision 8.3 The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries and key management personnel of the Company. It also discloses details of employee share schemes.	Yes	Page 23	–
Provision 9.2 The Board requires and discloses in the Company's annual report that it has received assurance from: (a) the CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Yes	Page 24	–

REPORT ON CORPORATE GOVERNANCE

Provisions	Compliance	Page Reference in Annual Report 2022	Remarks
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year is disclosed in the Company's annual report.	Yes	Page 14	–
Provision 12.1 The Company discloses in its annual report the steps taken to solicit and understand the views of shareholders.	Yes	Pages 27 to 28	–
Provision 13.2 The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Yes	Page 29	–

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hong Lai Huat Group Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 42 to 97 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"); 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 in office at the date of this statement are:

Dato' Dr. Ong Bee Huat	(Executive Director)
Dr. Wang Kai Yuen	(Independent Director)
Prof. Wong Wen-Young, Winston	(Non-executive Director)
Dr. Lee Kuo Chuen, David	(Independent Director)
Mr. Ong Jia Ming	(Executive Director)
Mr. Lien We King	(Independent Director)
Mr. Ong Jia Jing	(Executive Director)
Dr. Wong Jr. Winston	(Alternate Director to Prof. Wong Wen-Young, Winston)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement 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.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of Directors	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
<u>**Company**</u>				
Dr. Wang Kai Yuen	700,000	700,000	–	–
Prof. Wong Wen-Young, Winston	13,841,850	13,841,850	–	–
Dato' Dr. Ong Bee Huat	173,802,465	203,802,465	40,410,833	10,410,833
Mr. Ong Jia Ming	20,599,765	20,599,765	–	–

The director, Dato' Dr. Ong Bee Huat, by virtue of Section 7 of the Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

The directors' interests in the ordinary shares and share options of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The members of the Audit Committee ("AC") during the financial year and at the date of this statement are as follows:

Dr. Wang Kai Yuen	(Independent Director and Chairman of Audit Committee)
Dr. Lee Kuo Chuen, David	(Independent Director)
Mr. Lien We King	(Independent Director)

The AC carried out its functions in accordance with Section 201B(5) of the Act. The functions performed are detailed in the Report on Corporate Governance as set out in the Annual Report.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dato' Dr. Ong Bee Huat Director	Dr. Wang Kai Yuen Director

5 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hong Lai Huat Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 42 to 97, which comprise the statements of financial position of the Group and the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial 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 and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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 the changes in equity of the Company for the financial 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 Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of biological assets

Description of key audit matter:

As disclosed in Note 19 to the financial statements, the Group recognises the unharvested cassava as biological assets at fair value less costs to sell, which amounted to $1,499,000 (2021: $5,070,000) as at 31 December 2022.

The fair value less costs to sell of the biological assets is determined by an independent professional valuer. The valuation of the biological assets involved significant estimates used by the independent professional valuer. These estimates included, amongst others, unit selling price, harvest yield, planted areas, harvesting costs, contributory asset charges and discount rate. The related disclosures are made in Notes 3 and 19 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

1. Valuation of biological assets (cont'd)

Our procedures to address the key audit matter:

In the course of our Group audit, we evaluated the independence, competence, capabilities and objectivity of the component auditor of the subsidiaries. We evaluated the adequacy and appropriateness of the audit work performed and evidence obtained by the component auditor in respect of the valuation of biological assets. The audit work performed includes:

- Evaluated the independence, competence, capabilities and objectivity of the independent professional valuer;
- Held a discussion with the independent professional valuer to obtain an understanding of the valuation methodology and significant estimates used;
- Assessed the appropriateness of the significant estimates (i.e. unit selling price and harvesting costs) used by comparing these inputs against the actual average selling price and harvesting costs approximating those at year end;
- Visited the plantation and observed management's process in measuring the harvest yield and planted area and performed measurement of the harvest yield and planted area on a sample basis; and
- Evaluated and performed recalculation of the contributory asset charges.

We involved our internal valuation specialists in reviewing the reasonableness of the valuation. We also assessed the adequacy of the disclosures in respect of the valuation methodology adopted by the independent professional valuer and the inputs in relation to the valuation of biological assets in the financial statements.

2. Impairment assessment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets

Description of key audit matter:

The Group has significant PPE and ROU assets with net carrying values of $6,536,000 (2021: $10,695,000) and $62,211,000 (2021: $64,516,000) respectively as at 31 December 2022 which are mainly from the agriculture division in Cambodia (Note 3).

The agriculture division in Cambodia has incurred a net loss for the financial year. Management has determined that this event is an indicator that the Group's PPE and ROU assets relating to agriculture division may be impaired.

Accordingly, management has engaged independent professional valuers to determine the fair values of the leasehold improvements, building and structure, major machineries and equipment, leasehold land and freehold land. For valuation of leasehold improvements, building and structure, major machineries and equipment, the independent professional valuer adopted the depreciated replacement cost method and comparable method to determine the assets' fair values. The determination of the fair value involves significant assumptions and estimates which included, amongst others, condition and usage of these assets and the estimated cost and time for replacement. Comparable method has been applied to some assets by considering the selling prices of similar assets to determine their fair values. For valuation of leasehold land and freehold land, the independent professional valuer adopted the direct comparison method, by taking into consideration the selling prices of sales transactions of comparable properties and have made due adjustments for differences between these properties in terms of locations, size and other factors affecting their values.

Based on the management's assessment, no impairment loss is required on the Group's ROU assets and impairment loss of $3,500,000 has been provided on the Group's leasehold improvements, building and structure and machineries and equipment for the financial year ended 31 December 2022.

The related disclosures are made in Notes 3, 13 and 14 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

2. Impairment assessment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets (cont'd)

Our procedures to address the key audit matter:

We have assessed the independence, competence, capabilities and objectivity of the independent professional valuers. As part of our audit procedures, we held discussions with the independent professional valuers to obtain an understanding of the valuation methodology and significant assumptions and estimates used by the independent professional valuers. We have evaluated the appropriateness of the valuation methodology and the reasonableness of significant assumptions and estimates used by the independent professional valuers. We have also assessed the adequacy of the disclosures in respect of the impairment assessment of these PPE and ROU assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED (cont'd)

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner of the audit resulting in this independent auditor's report is Mr. Lim Kok Heng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

5 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000
Continuing operations			
Revenue	4	**1,641**	16,727
Cost of sales		**(964)**	(6,483)
Gross profit		**677**	10,244
Other income	5	**2,400**	2,467
Distribution and selling expenses		**(127)**	(99)
Administrative expenses		**(8,330)**	(8,378)
Impairment loss on financial assets		**(378)**	–
Impairment loss on property, plant and equipment		**(3,500)**	–
Fair value loss on biological assets		**(3,360)**	(255)
Other expenses		**(576)**	(118)
Finance costs	6	**(217)**	(186)
Share of profit of a joint venture	7	**695**	313
(Loss)/profit before tax	8	**(12,716)**	3,988
Income tax credit	10	**2,314**	2,310
(Loss)/profit from continuing operations for the financial year		**(10,402)**	6,298
Discontinued operation			
Loss from discontinued operation, net of tax	11	**–**	(2,820)
(Loss)/profit for the financial year		**(10,402)**	3,478
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(659)**	2,558
Share of other comprehensive (loss)/income of joint venture	7	**(244)**	87
Other comprehensive (loss)/income for the financial year, net of tax		**(903)**	2,645
Total comprehensive (loss)/income for the financial year		**(11,305)**	6,123
(Loss)/profit attributable to:			
Equity holders of the Company			
– (Loss)/profit from continuing operations, net of tax		**(10,402)**	6,298
– Loss from discontinued operation, net of tax		**–**	(2,820)
		(10,402)	3,478
Non-controlling interests		**–**	–
		(10,402)	3,478
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(11,305)**	6,123
Non-controlling interests		**–**	–
		(11,305)	6,123
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)			
From continuing and discontinued operations			
Basic and diluted	12	**(2.01)**	0.78
From continuing operations			
Basic and diluted	12	**(2.01)**	1.41
From discontinued operation			
Basic and diluted	12	**–**	(0.63)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**6,536**	10,695	**435**	151
Right-of-use assets	14	**62,211**	64,516	**–**	59
Investment in associates		**2**	2	**–**	–
Investment in subsidiaries	15	**–**	–	**93,901**	100,129
Investment in a joint venture	7	**20,274**	12,221	**–**	–
Other receivables	16	**6,995**	40	**–**	–
Financial assets at fair value through profit or loss	17	**243**	243	**243**	243
Total non-current assets		**96,261**	87,717	**94,579**	100,582
Current assets					
Trade and other receivables	16	**1,707**	6,064	**99**	98
Financial assets at fair value through profit or loss	17	**–**	100	**–**	–
Development properties	18	**47,711**	48,212	**–**	–
Biological assets	19	**1,499**	5,070	**–**	–
Inventories	20	**110**	96	**–**	–
Amounts due from subsidiaries	21	**–**	–	**67,000**	58,524
Cash and cash equivalents	22	**11,635**	26,072	**540**	1,804
Total current assets		**62,662**	85,614	**67,639**	60,426
Total assets		**158,923**	173,331	**162,218**	161,008
EQUITY AND LIABILITIES					
LIABILITIES					
Non-current liabilities					
Lease liabilities	23	**835**	897	**–**	16
Deferred tax liabilities	24	**6,413**	8,803	**17**	17
Borrowings	25	**1,702**	3,163	**1,702**	3,163
Total non-current liabilities		**8,950**	12,863	**1,719**	3,196
Current liabilities					
Amounts due to subsidiaries	21	**–**	–	**20,699**	10,236
Lease liabilities	23	**110**	135	**–**	25
Borrowings	25	**2,897**	1,846	**1,368**	1,846
Trade payables	26	**707**	964	**–**	–
Other payables and accruals	27	**7,780**	6,709	**265**	351
Contract liabilities	28	**581**	610	**–**	–
Tax payable		**55**	20	**–**	–
Total current liabilities		**12,130**	10,284	**22,332**	12,458
Total liabilities		**21,080**	23,147	**24,051**	15,654
EQUITY					
Share capital	29	**121,023**	121,023	**121,023**	121,023
Retained earnings		**22,011**	33,449	**17,603**	24,790
Capital reserve	30	**414**	414	**(459)**	(459)
Asset revaluation reserve	30	**–**	–	**–**	–
Foreign currency translation reserve	30	**(5,605)**	(4,702)	**–**	–
Total equity		**137,843**	150,184	**138,167**	145,354
Total equity and liabilities		**158,923**	173,331	**162,218**	161,008

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Retained earnings $'000	Capital reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
		← Attributable to equity holders of the Company →					
Group							
Balance at 1 January 2021		94,602	27,196	414	2,775	(7,347)	117,640
Profit for the financial year		–	3,478	–	–	–	3,478
Other comprehensive income							
Currency translation differences arising on consolidation		–	–	–	–	2,558	2,558
Share of other comprehensive income of a joint venture		–	–	–	–	87	87
Total comprehensive income for the financial year		–	3,478	–	–	2,645	6,123
Transaction with owners, recognised directly in equity							
Rights issue	29	26,929	–	–	–	–	26,929
Rights issue expenses	29	(508)	–	–	–	–	(508)
		26,421	–	–	–	–	26,421
Reclassification of asset revaluation reserve to retained earnings upon disposal of assets		–	2,775	–	(2,775)	–	–
Balance at 31 December 2021		121,023	33,449	414	–	(4,702)	150,184
Loss for the financial year		–	(10,402)	–	–	–	(10,402)
Other comprehensive loss							
Currency translation differences arising on consolidation		–	–	–	–	(659)	(659)
Share of other comprehensive loss of a joint venture		–	–	–	–	(244)	(244)
Total comprehensive loss for the financial year		–	(10,402)	–	–	(903)	(11,305)
Dividend paid	31	–	(1,036)	–	–	–	(1,036)
Balance at 31 December 2022		**121,023**	**22,011**	**414**	**–**	**(5,605)**	**137,843**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Retained earnings $'000	Capital reserve $'000	Total equity $'000
Company					
Balance at 1 January 2021		94,602	24,655	(459)	118,798
Profit for the financial year, representing total comprehensive income for the financial year		–	135	–	135
Transaction with owners, recognised directly in equity					
Rights issue	29	26,929	–	–	26,929
Rights issue expenses	29	(508)	–	–	(508)
		26,421	–	–	26,421
Balance at 31 December 2021		121,023	24,790	(459)	145,354
Loss for the financial year, representing total comprehensive loss for the financial year		–	(6,151)	–	(6,151)
Dividend paid	31	–	(1,036)	–	(1,036)
Balance at 31 December 2022		**121,023**	**17,603**	**(459)**	**138,167**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities		
(Loss)/profit before tax		
– From continuing operations	**(12,716)**	3,988
– From discontinued operation	**–**	(2,820)
	(12,716)	1,168
Adjustments for:		
Depreciation of property, plant and equipment	**1,285**	1,256
Depreciation of right-of-use assets	**1,930**	1,877
Fair value loss on biological assets	**3,360**	255
Impairment loss on financial assets	**378**	–
Impairment loss on property, plant and equipment	**3,500**	–
Gain on disposal of property, plant and equipment	**(37)**	(308)
Gain on disposal of right-of-use assets	**(92)**	–
Loss on disposal of a subsidiary	**–**	3,200
Loss/(gain) on change in fair value of financial assets at fair value through profit or loss	**100**	(3)
Foreign exchange adjustments	**233**	130
Interest income	**(551)**	(189)
Interest expense	**217**	237
Net gain on repossession of development properties	**(56)**	(595)
Share of profit of a joint venture	**(695)**	(313)
Property, plant and equipment written off	**–**	118
Operating cash flows before movement in working capital	**(3,144)**	6,833
Trade receivables and contract assets	**3,954**	4,006
Other receivables and deposits	**93**	206
Prepayments	**290**	619
Inventories	**(15)**	63
Biological assets	**272**	302
Development properties	**5**	(92)
Trade payables and contract liabilities	**(258)**	(1,547)
Other payables and accruals	**1,101**	(1,051)
Currency translation adjustments	**(393)**	(151)
Cash generated from operations	**1,905**	9,188
Income tax paid	**(45)**	(94)
Net cash generated from operating activities	**1,860**	9,094
Cash flows from investing activities		
Investment in associate	**–**	(2)
Investment in a joint venture	**(7,602)**	(5,416)
Prepayments for investment in associate	**(6,955)**	–
Interest received	**551**	189
Purchase of property, plant and equipment	**(580)**	(1,237)
Proceeds from disposal of property, plant and equipment	**62**	501
Proceeds from disposal of a subsidiary (Note 11(i))	**–**	4,800
Proceeds from disposal of right-of-use assets	**140**	–
Net cash used in investing activities	**(14,384)**	(1,165)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022 $'000	2021 $'000
Cash flows from financing activities		
Dividend paid	**(1,036)**	–
Interest paid	**(217)**	(237)
Purchase of right-of-use assets (Note A)	**–**	(246)
Repayment of loan from controlling shareholder	**–**	(258)
Repayment of bank loans	**(1,935)**	(2,943)
Repayment of lease liabilities	**(118)**	(163)
Proceeds from rights issue (Note B)	**–**	12,777
Rights issue expenses	**–**	(508)
Net cash (used in)/generated from financing activities	**(3,306)**	8,422
Net (decrease)/increase in cash and cash equivalents	**(15,830)**	16,351
Cash and cash equivalents at beginning of financial year	**26,072**	9,535
Effects of exchange rate changes on cash and cash equivalents	**(136)**	186
Cash and cash equivalents at end of financial year	**10,106**	26,072

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

Cash and cash equivalents (Note 22)	**11,635**	26,072
Less: Bank overdrafts (Note 25)	**(1,529)**	–
Cash and cash equivalents per consolidated statement of cash flows	**10,106**	26,072
Note A: Purchase of right-of-use assets		
Aggregate cost of right-of-use assets acquired (Note 14)	**–**	486
Less: New lease liabilities (Note 23)	**–**	(240)
Net cash outflow for purchase of right-of-use assets	**–**	246
Note B: Proceeds from rights issue		
Gross proceeds from rights issue	**–**	26,929
Less: Offset against the loan owing to the controlling shareholder	**–**	(14,152)
Net cash inflow from rights issue	**–**	12,777

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

Hong Lai Huat Group Limited (the "Company") (Co. Reg. No. 199905292D) is domiciled and incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. The Company's registered address and principal place of business is at 10 Bukit Batok Crescent, #13-05 The Spire Building, Singapore 658079.

The principal activity of the Company is that of investment holding.

The principal activities of the Company's subsidiaries are disclosed in Note 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ("$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, amounts due from/to subsidiaries and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Basis of preparation (cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Revenue recognition

Sale of crops

For sale of crops, revenue is recognised at a point in time when control of the goods is transferred to the customers depending on the respective incoterms of each sales transaction. Customers are required to pay within 30 days from the invoice date. No element of financing is deemed present.

Sale of development properties under construction

The Group constructs and sells residential properties under long-term contracts with customers. Under the terms of the contracts, the Group is restricted contractually from directing the properties to another customer and has enforceable right to payment for performance completed to date. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers.*

The customer is invoiced on a milestone payment schedule. If the value of the services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the services transferred, a contract liability is recognised.

Sale of completed development properties

For sale of completed development properties, revenue is recognised at a point in time when control of the property is transferred to the customers. Control of the property is transferred upon signing of sale and purchase agreement with the customers.

Rental income

Lease payments from operating leases are recognised on a straight-line basis over the lease term. Finance income from finance leases is recognised based on a constant periodic rate of return over the lease term using the net investment method.

Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Associated companies and joint venture

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated companies and joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from associated companies and joint venture are adjusted against the carrying amount of the investment. When the Group's share of losses in the associated company and joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated companies or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; any amount in asset revaluation reserve relating to that asset is transferred to retained earnings directly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on freehold land. Leasehold improvements are depreciated evenly over the term of the lease.

Depreciation is calculated on a straight-line basis to write off the cost of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold improvements	10 to 30 years
Building and structure	25 years
Office premises	35 years
Computers	5 years
Furniture and fittings and office equipment	10 years
Machineries and equipment	10 to 20 years
Motor vehicles	3 to 10 years
Renovation	2 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

g) 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.

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.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Biological assets

Biological assets relate to cassava that have yet to be harvested.

Biological assets are measured at fair value less costs to sell. The key unobservable inputs to determine the fair value are unit selling price, harvest yield, planted areas, harvesting costs, contributory asset charges and discount rate.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

j) 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.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease 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.

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Leases (cont'd)

When a Group entity is the lessee (cont'd)

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). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the statements of financial position.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. 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 depreciation starts at the commencement date of the lease.

Depreciation for right-of-use assets are charged on the following bases:

Leasehold land and improvements	Over the lease period of 20 to 50 years
Office premises	Over the lease period of 3 years
Motor vehicles	Over the lease period of 3 to 5 years

The Group applies SFRS 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(l).

When a Group entity is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Leases (cont'd)

When a Group entity is the lessor (cont'd)

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

Initial direct cost incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

k) Discontinued operation

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

l) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade receivables, other receivables and deposits (excluding non-refundable deposits) and amounts due from subsidiaries. These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income from these financial assets is included in interest income using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in life insurances

The Group's investments in life insurances are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise 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 as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

n) Financial liabilities

Financial liabilities include trade payables, other payables and accruals, amounts due to subsidiaries, borrowings and lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n) Financial liabilities (cont'd)

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities other than FVTPL, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of financial liabilities at FVTPL are recognised in profit or loss. Net gains or losses on financial liabilities at FVTPL include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

o) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are measured at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

q) 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.

r) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans 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 (cont'd)

s) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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 currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment properties measured at fair value is presumed to be recovered entirely through sale.

t) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, 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 recognised in profit or loss using the effective interest method.

u) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

v) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency").

The Company's functional currency is Singapore Dollar ("SGD"). The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in SGD.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations, borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
(iii) All resulting exchange differences are recognised in the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

w) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

x) Government grants

Government grants are recognised at their fair value where 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 statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that is intended to compensate.

y) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

Performance obligation to joint venture

The Group set up a joint venture company ("JV company") with the Royal Group of Companies Ltd ("Royal Group") in Cambodia for the development of a mixed-use development project in 2019. The land for the mixed-use development project is currently owned by a third-party individual and held in escrow by an escrow agent. Pursuant to the joint venture agreement signed between the Group and the Royal Group, the Group is to contribute construction costs and expenses amounting to US$20,553,000, which is equivalent to the fair value of the land contributed by the Royal Group. Upon satisfaction of this condition, the ownership of the land would be released from escrow and transferred to the JV company. Management has assessed and concluded that the Group has the ability to meet the stipulated US$20,553,000 constructions costs and expenses, and that the JV company has control over the land.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Valuation of biological assets

The Group recognises the unharvested cassava as biological assets at fair value less costs to sell. The fair value less costs to sell of the biological assets is determined by an independent professional valuer. The valuation of the biological assets involved significant estimates used by the independent professional valuer. These estimates included, amongst others, unit selling price, harvest yield, planted areas, harvesting costs, contributory asset charges and discount rate. The inputs for the valuation and the valuation methodology adopted by the independent professional valuer in relation to the valuation of biological assets is disclosed in Note 19.

The carrying amount of the Group's biological assets as at 31 December 2022 is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment assessment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets

The Group assesses whether there are any indicators of impairment for its PPE and ROU assets at each reporting date. PPE and ROU assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The Group's PPE and ROU assets are mainly attributable to agriculture division in Cambodia. The net carrying values of the agriculture division's PPE and ROU assets as at 31 December 2022 amounted to $3,294,000 (2021: $7,633,000) and $61,941,000 (2021: $64,024,000) respectively.

During the financial year, the agriculture division incurred a net loss for the financial year. Management has determined that this event is an indicator that the Group's PPE and ROU assets relating to agriculture division may be impaired.

The recoverable amounts of the leasehold improvements, building and structure, major machineries and equipment, leasehold land and freehold land are determined on the basis of their fair values less cost of disposal. Management has engaged independent professional valuers to determine the fair values of these assets.

For valuation of leasehold improvements, building and structure, major machineries and equipment, the independent professional valuer adopted the depreciated replacement cost method and comparable method to determine the assets' fair values. The determination of the fair value involves significant assumptions and estimates which included, amongst others, condition and usage of these assets and the estimated cost and time for replacement. Comparable method has been applied to some assets by considering the selling prices of similar assets to determine their fair values. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

For valuation of leasehold land and freehold land, the independent professional valuer adopted the direct comparison method, by taking into consideration the selling prices of sales transactions of comparable properties and have made due adjustments for differences between these properties in terms of locations, size and other factors affecting their values. The significant unobservable input for the valuation of leasehold land and freehold land is average selling price per square meter ("sqm") which estimated to be $0.90/sqm and $0.98/sqm (2021: $0.92/sqm and $0.91/sqm) respectively. Any significant isolated increases/(decreases) in the significant unobservable input would result in a significantly higher/(lower) fair value measurement. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Based on the management's assessment, no impairment loss is required on the Group's ROU assets and impairment loss of $3,500,000 has been provided on the Group's leasehold improvements, building and structure and machineries and equipment for the financial year ended 31 December 2022. The net carrying values of the Group's PPE and ROU assets as at 31 December 2022 are disclosed in Notes 13 and 14 respectively.

Useful lives of property, plant and equipment ("PPE")

The Group reviews the estimated useful lives of PPE at the end of each reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge. The net carrying value of the Group's PPE as at 31 December 2022 is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiaries and joint venture

The Company and the Group assess whether there are any indicators of impairment in its investments in subsidiaries and joint venture ("investments") respectively, at each reporting date. Investments are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The determination of fair value less costs to sell involves estimation of the fair values of the underlying assets and liabilities of the subsidiary, less incremental costs for disposing the asset.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

Management has performed an impairment assessment for investments in subsidiaries and an impairment loss of $6,228,000 has been provided for HLH Agri International Pte. Ltd. ("HLHAI") during the financial year as the recoverable amount of HLHAI group is lower than the net carrying amount of the investment. The recoverable amount of HLHAI group is determined based on the estimation of the fair values of the underlying assets and liabilities of HLHAI group, less 5% of adjusted net assets as incremental costs for disposing the asset.

The carrying amounts of the Company's investments in subsidiaries and the Group's investment in joint venture are disclosed in Notes 15 and 7 respectively.

Income taxes

The Group has exposure to income and other taxes in numerous jurisdictions, including Singapore and Cambodia. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group establishes tax provisions, based on reasonable estimates, after assessing the potential tax impact in accordance with prevailing tax legislations in the various jurisdictions.

As the taxation system in Cambodia is relatively new and complex, with frequently changing legislation, it is subject to differing interpretations. Taxes are also subject to review and investigation by the taxation authority, who is enabled by law to impose severe fines, penalties and interest charges. These facts may create significant tax risks in Cambodia. Management believes that it has adequately provided for tax liabilities using reasonable estimates based on its best judgement and interpretation of the current tax legislation. Differences of interpretation may arise on a wide range of tax issues, including the above, depending on the conditions prevailing in the country.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payables and deferred tax liabilities as at 31 December 2022 are $55,000 (2021: $20,000) and $6,413,000 (2021: $8,803,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market and timing of revenue recognition:

	Primary geographical markets	Group 2022 $'000	Group 2021 $'000
Timing of revenue recognition			
Continuing operations			
Recognised at a point in time			
Sale of crops	Cambodia	**973**	1,443
Sale of completed development properties	Cambodia	**668**	15,284
		1,641	16,727
Discontinued operation			
Rental income from lease of resort (over time)	Singapore	**–**	611

5. OTHER INCOME

	Group 2022 $'000	Group 2021 $'000
Continuing operations		
Interest income – bank deposits	**551**	188
Foreign exchange gain	**585**	110
Forfeiture of deposits from property sales[a]	**91**	835
Rental income	**930**	611
Gain on disposal of property, plant and equipment	**37**	308
Gain on disposal of right-of-use assets	**92**	–
Government grants	**35**	48
Other sundry income	**79**	367
	2,400	2,467
Discontinued operation		
Interest income – bank deposits	**–**	1
Government grants	**–**	67
Other sundry income	**–**	10
	–	78

(a) PH One Development (Cambodia) Limited ("PH One"), a subsidiary of the Group has terminated the sale and purchase agreements ("SPA") entered between PH One and certain buyers of its development properties in its D'Seaview project in Sihanoukville, Cambodia. The termination by PH One resulted from the failure by the buyers to make the requisite payments for the purchase in accordance with the clauses in the SPA. As a result, PH One has forfeited the deposits made by the buyers amounting to $91,000 (2021: $835,000). The amount was recorded as other income in the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. FINANCE COSTS

	Group 2022 $'000	Group 2021 $'000
Continuing operations		
Interest expense – lease liabilities	**87**	5
Interest expense – bank loans	**130**	181
	217	186
Discontinued operation		
Interest expense – lease liabilities	**–**	1
Interest expense – bank loans	**–**	50
	–	51

7. INVESTMENT IN A JOINT VENTURE

	Group 2022 $'000	Group 2021 $'000
Unquoted equity shares at cost		
At 1 January	**12,221**	6,405
Additional investment	**7,602**	5,416
Share of post-acquisition profit	**695**	313
Share of other comprehensive (loss)/income	**(244)**	87
At 31 December	**20,274**	12,221

Name of joint venture	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest 2022 %**	**Proportion of ownership interest 2021 %**
Joint venture held by HLH Development Pte. Ltd.				
Royal Hong Lai Huat One Company Limited***(i)	Cambodia	Property development and real estate	**49**	49

*** Audited by another overseas firm of auditors.

(i) A director of the subsidiaries of the Company holds 1% interest in the joint venture, in trust for the Group, pursuant to deeds of trust agreement between the director and the companies in the Group. The above joint venture is accounted for using the equity method in these consolidated financial statements of the Group.

7. INVESTMENT IN A JOINT VENTURE (cont'd)

Summarised financial information of Royal Hong Lai Huat One Company Limited ("Royal") based on its FRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investment in the consolidated financial statements are as follows:

	Royal	
	2022	**2021**
	$'000	**$'000**
Revenue	**4,997**	3,928
Profit before tax	**1,389**	626
Profit for the financial year	**1,389**	626
Total comprehensive income for the financial year	**901**	800
The above profit for the year includes the following:		
Depreciation and amortisation	**602**	587
Non-current assets	**2,047**	1,289
Current assets	**53,485**	46,614
Non-current liabilities	**(410)**	(1,259)
Current liabilities	**(7,867)**	(7,963)
Net assets	**47,255**	38,681

The above amounts of assets and liabilities include the following:

	Royal	
	2022	**2021**
	$'000	**$'000**
Property, plant and equipment and right-of-use assets	**169**	749
Cash and cash equivalents	**3,180**	1,985
Trade and other receivables	**4,060**	1,086
Assets recognised for cost to obtain a contract	**630**	618
Development properties	**47,493**	43,465
Trade and other payables	**(3,696)**	(2,510)
Contract liabilities	**(4,528)**	(6,539)
Lease liabilities	**(53)**	(173)
	47,255	38,681

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Group	
	2022	**2021**
	$'000	**$'000**
Net assets of the joint venture	**47,255**	38,681
Less: advance capital injection by joint venture partner	**(6,707)**	(14,239)
	40,548	24,442
Proportion of the Group's ownership interest in the joint venture	**20,274**	12,221
Carrying amount of the Group's interest in the joint venture	**20,274**	12,221

Pursuant to the joint venture agreement, the Group is committed to contribute construction costs and expenses amounting to US$20,553,000, which is equivalent to the fair value of the land contributed by the joint venture partner. Upon satisfaction of this condition, the ownership of the land would be released from escrow and transferred to the joint venture. As at 31 December 2022, the Group has contributed US$15,553,000 (equivalent to $20,863,000) (2021: US$10,000,000 (equivalent to $13,617,000)) for the construction costs and expenses of the joint venture and remaining amount of commitment is US$5,000,000 (equivalent to $6,707,000) (2021: US$10,553,000 (equivalent to $14,175,000)) (Note 33).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. (LOSS)/PROFIT BEFORE TAX

	Group	
	2022	**2021**
	$'000	**$'000**
(Loss)/profit before tax is arrived at after charging/(crediting):		
Continuing operations		
Audit fees paid/payable to:		
– Auditors of the Company	**85**	87
– Other auditors*	**59**	57
Fees for non-audit services paid/payable to:		
– Auditors of the Company	**–**	–
– Other auditors*	**–**	–
Depreciation of property, plant and equipment	**1,285**	1,256
Depreciation of right-of-use assets	**1,930**	1,848
Fair value loss on biological assets	**3,360**	255
Gain on disposal of property, plant and equipment	**(37)**	(308)
Gain on disposal of right-of-use assets	**(92)**	–
Impairment loss on financial assets	**378**	–
Impairment loss on property, plant and equipment	**3,500**	–
Legal and professional fees	**430**	421
Loss/(gain) on change in fair value of financial assets at fair value through profit or loss	**100**	(3)
Property, plant and equipment written off	**–**	118
Rental of premises and office facilities (Note 23)	**9**	45
Staff costs, including directors' remuneration (Note 9)	**2,481**	3,046
Discontinued operation		
Audit fees paid/payable to:		
– Auditors of the Company	**–**	–
– Other auditors*	**–**	–
Depreciation of right-of-use assets	**–**	29
Loss on disposal of subsidiary	**–**	3,200

* Includes independent member firms of the Baker Tilly International network.

9. STAFF COSTS

	Group	
	2022	**2021**
	$'000	**$'000**
Salaries and bonuses	**1,326**	1,464
Central Provident Fund contribution	**71**	75
Other short-term benefits	**17**	82
	1,414	1,621
Directors' remuneration:		
Short-term employee benefits	**1,030**	1,382
Central provident fund contributions	**37**	43
	1,067	1,425
	2,481	3,046

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. INCOME TAX CREDIT

	Group	
	2022 $'000	2021 $'000
Continuing operations		
Current income tax	**64**	28
Deferred tax	**(2,404)**	(1,015)
	(2,340)	(987)
Under/(over) provision in respect of prior years:		
Current income tax	**26**	91
Deferred tax	**–**	(1,414)
	26	(1,323)
Taxation attributable to continuing operations	**(2,314)**	(2,310)
Taxation recognised in profit or loss	**(2,314)**	(2,310)

The income tax credit on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2022 $'000	2021 $'000
(Loss)/profit before tax from continuing operations	**(12,716)**	3,988
Loss before tax from discontinued operation	**–**	(2,820)
	(12,716)	1,168
Tax at domestic tax rate applicable to (loss)/profit in the countries where the Group operates	**(2,567)**	299
Singapore statutory stepped income exemption	**(9)**	(17)
Effect of results of equity-accounted investees presented net of tax	**(118)**	(53)
Income not subject to tax	**(188)**	(2,002)
Expenses not deductible for tax purposes	**893**	734
Utilisation of previously unrecognised tax losses	**–**	(3)
Current year losses for which no deferred tax asset is recognised	**–**	77
Expiry of unutilised tax losses	**301**	–
Under/(over) provision of current and deferred income tax in prior years, net	**26**	(1,323)
Others	**(652)**	(22)
	(2,314)	(2,310)

The income tax rate applicable to the Company and its subsidiaries in Singapore is 17% (2021: 17%). The Cambodia companies within the Group are subject to tax on profit at the rate of 20% (2021: 20%) of taxable income or minimum tax based on 1% of turnover, whichever is higher.

11. LOSS FROM DISCONTINUED OPERATION

As approved by the shareholders during the Extraordinary General Meeting held on 30 August 2021, the Group disposed its 100% equity interest in HLH Agri R&D Pte. Ltd. ("HLHARD") which was previously from the agriculture division in Singapore. Accordingly, HLHARD was classified as discontinued operation of the Group and its assets and liabilities were deconsolidated from the Group. The entire financial performance of HLHARD was presented in a single amount separately on the consolidated statement of comprehensive income of the Group as discontinued operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. LOSS FROM DISCONTINUED OPERATION (cont'd)

(i) The effect of the disposal of HLHARD on the cash flows of the Group is as follows:

	Group 2021 $'000
Investment property, representing net asset derecognised	8,000
Loss on disposal of a subsidiary	(3,200)
Cash consideration	4,800
Less: Cash and cash equivalents in HLHARD	–
Net cash inflow on disposal of a subsidiary	4,800

(ii) An analysis of the results of discontinued operation is as follows:

	Group 2021 $'000
Revenue	611
Other income	78
Administrative expenses	(258)
Finance costs	(51)
Loss on disposal of a subsidiary	(3,200)
Loss before tax	(2,820)
Income tax expense	–
Loss from discontinued operation, net of tax	(2,820)

(iii) The impact of the discontinued operation on the cash flows of the Group is as follows:

	Group 2021 $'000
Operating cash flows	1,500
Investing cash flows	–
Financing cash flows	(1,425)
Net increase in cash and cash equivalents	75

12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share based on the Group's (loss)/profit for the financial year attributable to the ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding.

	Continuing operations		Discontinued operation		Total	
	2022	2021	2022	2021	2022	2021
Group						
(Loss)/profit attributable to equity holders of the Company ($'000)	**(10,402)**	6,298	**–**	(2,820)	**(10,402)**	3,478
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**517,844**	446,227	**517,844**	446,227	**517,844**	446,227
Basic and diluted (loss)/earnings per share (cents per share)	**(2.01)**	1.41	**–**	(0.63)	**(2.01)**	0.78

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Building and structure $'000	Office premises $'000	Computers $'000	Furniture and fittings $'000	Machineries and equipment $'000	Motor vehicles $'000	Office equipment $'000	Renovation $'000	Freehold land $'000	Total $'000
Group											
2022											
Cost											
At 1 January 2022	2,061	2,841	850	146	97	16,646	1,145	135	186	1,630	25,737
Additions	142	–	–	9	1	–	414	2	12	–	580
Disposals	–	–	–	–	–	(621)	(54)	–	–	–	(675)
Currency translation differences	(11)	(17)	–	1	1	(100)	(3)	(5)	(1)	(9)	(144)
At 31 December 2022	**2,192**	**2,824**	**850**	**156**	**99**	**15,925**	**1,502**	**132**	**197**	**1,621**	**25,498**
Accumulated depreciation and impairment losses											
At 1 January 2022	734	977	12	105	44	12,351	600	84	135	–	15,042
Depreciation charge	99	225	24	13	8	686	192	11	27	–	1,285
Impairment losses	749	108	–	–	–	2,643	–	–	–	–	3,500
Disposals	–	–	–	–	–	(615)	(35)	–	–	–	(650)
Currency translation differences	(26)	(15)	–	5	(2)	(173)	(1)	(3)	–	–	(215)
At 31 December 2022	**1,556**	**1,295**	**36**	**123**	**50**	**14,892**	**756**	**92**	**162**	**–**	**18,962**
Representing											
Accumulated depreciation	807	1,187	36	123	50	12,249	756	92	162	–	15,462
Accumulated impairment losses	749	108	–	–	–	2,643	–	–	–	–	3,500
	1,556	1,295	36	123	50	14,892	756	92	162	–	18,962
Net carrying value											
31 December 2022	**636**	**1,529**	**814**	**33**	**49**	**1,033**	**746**	**40**	**35**	**1,621**	**6,536**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold improvements $'000	Building and structure $'000	Office premises $'000	Computers $'000	Furniture and fittings $'000	Machineries and equipment $'000	Motor vehicles $'000	Office equipment $'000	Renovation $'000	Freehold land $'000	Total $'000
Group											
2021											
Cost											
At 1 January 2021	1,825	2,773	–	136	69	17,194	934	111	186	1,597	24,825
Additions	227	9	850	9	27	27	14	31	43	–	1,237
Disposals	–	–	–	–	–	(780)	(39)	–	–	–	(819)
Written off	(29)	–	–	–	–	(154)	–	(8)	(44)	–	(235)
Reclassified from right-of-use assets upon full payment (Note 14)	–	–	–	–	–	–	216	–	–	–	216
Currency translation differences	38	59	–	1	1	359	20	1	1	33	513
At 31 December 2021	2,061	2,841	850	146	97	16,646	1,145	135	186	1,630	25,737
Accumulated depreciation											
At 1 January 2021	639	740	–	92	37	11,987	414	79	126	–	14,114
Depreciation charge	96	219	12	13	6	770	101	7	32	–	1,256
Disposals	–	–	–	–	–	(587)	(39)	–	–	–	(626)
Written off	(15)	–	–	–	–	(75)	–	(3)	(24)	–	(117)
Reclassified from right-of-use assets upon full payment (Note 14)	–	–	–	–	–	–	115	–	–	–	115
Currency translation differences	14	18	–	–	1	256	9	1	1	–	300
At 31 December 2021	734	977	12	105	44	12,351	600	84	135	–	15,042
Representing											
Accumulated depreciation	734	977	12	105	44	12,351	600	84	135	–	15,042
Net carrying value											
31 December 2021	1,327	1,864	838	41	53	4,295	545	51	51	1,630	10,695

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Office equipment $'000	Renovation $'000	Total $'000
Company						
2022						
Cost						
At 1 January 2022	82	48	101	38	127	396
Additions	8	–	400	–	–	408
At 31 December 2022	**90**	**48**	**501**	**38**	**127**	**804**
Accumulated depreciation						
At 1 January 2022	68	13	15	29	120	245
Depreciation charge	7	5	102	3	7	124
At 31 December 2022	**75**	**18**	**117**	**32**	**127**	**369**
Net carrying value						
At 31 December 2022	**15**	**30**	**384**	**6**	**–**	**435**
2021						
Cost						
At 1 January 2021	73	31	–	35	127	266
Additions	9	17	101	3	–	130
At 31 December 2021	82	48	101	38	127	396
Accumulated depreciation						
At 1 January 2021	62	10	–	27	97	196
Depreciation charge	6	3	15	2	23	49
At 31 December 2021	68	13	15	29	120	245
Net carrying value						
At 31 December 2021	14	35	86	9	7	151

14. RIGHT-OF-USE ASSETS

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

i) The Group leases office and motor vehicles from non-related parties. The leases have an average tenure of between three to five years.

ii) The Group also makes annual lease payments for a leasehold land and improvements.

iii) In addition, the Group leases certain office equipment and these leases are either short-term or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. RIGHT-OF-USE ASSETS (cont'd)

The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

The Group's leasing activities comprise the following: (cont'd)

	Leasehold land and improvements $'000	Office premises $'000	Motor vehicles $'000	Total $'000
Group				
2022				
Cost				
At 1 January 2022	72,188	–	708	72,896
Disposal	–	–	(222)	(222)
Currency translation differences	(422)	–	–	(422)
At 31 December 2022	**71,766**	**–**	**486**	**72,252**
Accumulated depreciation				
At 1 January 2022	8,163	–	217	8,380
Depreciation charge	1,757	–	173	1,930
Disposal	–	–	(174)	(174)
Currency translation differences	(95)	–	–	(95)
At 31 December 2022	**9,825**	**–**	**216**	**10,041**
Net carrying value				
At 31 December 2022	**61,941**	**–**	**270**	**62,211**
2021				
Cost				
At 1 January 2021	70,710	244	836	71,790
Additions	–	–	486	486
Reclassified to property, plant and equipment upon full payment (Note 13)	–	–	(216)	(216)
Written off	–	(244)	(398)	(642)
Currency translation differences	1,478	–	–	1,478
At 31 December 2021	72,188	–	708	72,896
Accumulated depreciation				
At 1 January 2021	6,314	199	603	7,116
Depreciation charge	1,705	45	127	1,877
Reclassified to property, plant and equipment upon full payment (Note 13)	–	–	(115)	(115)
Written off	–	(244)	(398)	(642)
Currency translation differences	144	–	–	144
At 31 December 2021	8,163	–	217	8,380
Net carrying value				
At 31 December 2021	64,025	–	491	64,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. RIGHT-OF-USE ASSETS (cont'd)

	Office premises $'000	Motor vehicles $'000	Total $'000
Company			
2022			
At 1 January 2022	–	222	222
Disposal	–	(222)	(222)
At 31 December 2022	–	–	–
Accumulated depreciation			
At 1 January 2022	–	163	163
Depreciation charge	–	11	11
Disposal	–	(174)	(174)
At 31 December 2022	–	–	–
Net carrying value			
At 31 December 2022	–	–	–
2021			
At 1 January 2021	244	222	466
Written off	(244)	–	(244)
At 31 December 2021	–	222	222
Accumulated depreciation			
At 1 January 2021	199	119	318
Depreciation charge	45	44	89
Written off	(244)	–	(244)
At 31 December 2021	–	163	163
Net carrying value			
At 31 December 2021	–	59	59

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 $'000	**2021 $'000**
Unquoted equity shares		
Gross investment	**100,129**	100,129
Impairment loss	**(6,228)**	–
Net carrying amount	**93,901**	100,129

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of subsidiaries held by the Company 2022	2021
Investment holding	Singapore	**3**	3
Investment holding, property investment	Cambodia	**3**	3
Agricultural research and experimentation, agriculture plantation, processing and distribution	Cambodia	**1**	1
Property development and real estate	Cambodia	**1**	1
Dormant	Singapore	**1**	1
		9	9

The subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2022 %	2021 %
Subsidiaries held by the Company				
Hong Lai Huat International Pte. Ltd.*	Singapore	Investment holding	**100**	100
HLH Agri International Pte. Ltd.*	Singapore	Investment holding	**100**	100
HLH Development Pte. Ltd.*	Singapore	Investment holding	**100**	100
Subsidiaries held by HLH Agri International Pte. Ltd.				
HLH Global Trading Pte. Ltd.*	Singapore	Dormant	**100**	100
HLHI (Cambodia) Company Limited**(i)	Cambodia	Investment holding, property investment	**49**	49
HLH Agriculture (Cambodia) Co. Ltd**	Cambodia	Agriculture plantation, processing and distribution	**100**	100
Subsidiary held by HLH Development Pte. Ltd.				
Agri-Oral Joint Cooperate Co., Ltd(i)@	Cambodia	Investment holding, property investment	**49**	49
Subsidiaries held by Hong Lai Huat International Pte. Ltd.				
Public Housing Development (Cambodia) Pte Ltd**(i)	Cambodia	Investment holding, property investment	**49**	49
PH One Development (Cambodia) Limited**(i)	Cambodia	Property development and real estate	**49**	49

* Audited by Baker Tilly TFW LLP.
** Audited by independent overseas member firms of Baker Tilly International.
@ Not required to be audited under the laws of the country of incorporation.
(i) A director of the subsidiaries of the Company holds the remaining 51% interest in these subsidiaries, in trust for the Group, pursuant to deeds of trust agreement between the director and the companies in the Group. Accordingly, 100% interests of these subsidiaries have been consolidated in the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current				
Other receivables				
Non-refundable deposits	**40**	40	**–**	–
Prepayments[a]	**6,955**	–	**–**	–
	6,995	40	**–**	–
Current				
Trade receivables				
Trade receivables from:				
– sale of development properties	**432**	4,079	**–**	–
– others	**6**	17	**–**	–
	438	4,096	**–**	–
Other receivables				
Other receivables and deposits	**1,180**	1,209	**3**	6
Less: allowance for impairment loss[b]	**(378)**	–	**–**	–
	802	1,209	**3**	6
Prepayments				
Prepayments	**467**	759	**96**	92
	1,707	6,064	**99**	98

(a) On 9 December 2021, the Group entered into a collaborative agreement with 2 individual third parties (i.e. Shareholder A and Shareholder B) to set up an associated company in Cambodia for the development of a mixed-use real estate. Pursuant to the signed agreement between the Group and 2 shareholders:

(1) Shareholder A will transfer the title of a piece of land to the associated company;
(2) Shareholder B will contribute US$5 million as working capital to the associated company and pay US$5 million to Shareholder A;
(3) The Group will pay US$5 million to Shareholder A.

During the financial year, the Group has paid US$5 million (equivalent to $6,955,000) to Shareholder A. As at 31 December 2022, the transfer of the land title from shareholder A to the associated company is still in progress, hence the amount paid is recorded as prepayments.

(b) An impairment loss of $378,000 (2021: $Nil) has been recognised on the other receivables during the financial year.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Financial assets measured at FVTPL				
Investments in life insurances, at fair value[a]				
– Life Insurance Policy I	**146**	146	**146**	146
– Life Insurance Policy II	**97**	97	**97**	97
	243	243	**243**	243
Current				
Financial assets measured at FVTPL				
Quoted equity instruments[b]	**–**	100	**–**	–
	243	343	**243**	243

(a) Life insurance policies

During the financial year ended 31 December 2020, the Group entered into two life insurance policies – Prulife Vantage Achiever Prime for two Executive Directors of the Group with a single premium amounting to $311,000. The total sum insured of Policy I and Policy II is $1,000,000 individually and will mature in 2101 and 2103 respectively. At the time of death of the insured, 100% of the insured amount plus the accumulated investment returns will be payable to the Group.

At the date of inception of the policies, the total surrender values of Policy I and Policy II amounted to $144,000 and $96,000 respectively. The difference between the premium paid and the surrender values was recognised as prepayments and amortised over the respective policies' years.

The fair values of the life insurances are based on the surrender values of the insurance policies as stated in the annual statements received from the insurance company at the end of the reporting period and are classified as Level 2 on the fair value hierarchy.

Movements of investments in life insurances are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Balance at the beginning of the financial year	**243**	240
Fair value gain	**–**	3
Balance at the end of the financial year	**243**	243

(b) Quoted equity instruments

Investments in quoted equity securities offers the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year and are classified as Level 1 on the fair value hierarchy.

Changes in the fair value of financial assets at fair value through profit or loss, amounting to a loss of $100,000 (2021: gain of $3,000) have been included in profit or loss for the year as part of "other expenses" (2021: "other income").

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18. DEVELOPMENT PROPERTIES

	Group 2022 $'000	Group 2021 $'000
Development properties under construction		
– Freehold land	**30,118**	30,295
– Development costs	**144**	142
	30,262	30,437
Completed development properties held for sale	**17,449**	17,775
	47,711	48,212

Description and location	% owned	Site area (square metre)	Gross floor area (square metre)	Stage of completion at the end of reporting period (expected year of completion)
Freehold land located at Toul Kork District	100% (2021: 100%)	11,817	11,817	NA (2021: NA)
D'Seaview, a mixed-use development property in Preah Sihanouk Province, Cambodia	100% (2021: 100%)	9,818	92,566	100% (2021: 100%)

Development properties are classified as current assets in accordance with SFRS(I) 1-1 *Presentation of Financial Statements* as it is expected to be realised in the normal operating cycle of the Group.

19. BIOLOGICAL ASSETS

	Group 2022 $'000	Group 2021 $'000
At 1 January	**5,070**	5,515
Additions to cassava	**338**	538
Loss on fair value of biological assets	**(3,360)**	(255)
Decrease due to harvest	**(610)**	(844)
Currency translation differences	**61**	116
At 31 December	**1,499**	5,070

Valuation of biological assets

The fair values of the Group's biological assets at 31 December 2022 and 31 December 2021 have been determined on the basis of valuations carried out at the respective year end dates by independent professional valuer having an appropriate recognised professional qualification and recent experience in the location and category of the assets being valued. The fair value measurement of biological assets is categorised as Level 3 in the fair value hierarchy.

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19. BIOLOGICAL ASSETS (cont'd)

Valuation of biological assets (cont'd)

Fair value as at 31 December 2022	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
$1,499,000 (2021: $5,070,000)	Income approach	Selling prices less harvesting costs: $88 (2021: $87) Harvest yield: 12.73 tons/hectare (2021: 25.00 tons/hectare) Planted area: 2,534 hectares (2021: 2,973 hectares) Contributory asset charges: $1,059,000 (2021: $966,000) Discount rate: 16.35% (2021: 12.24%)	The estimated fair value increases with higher selling prices, harvest yield and planted area. The estimated fair value decreases with higher contributory asset charges and discount rate.

20. INVENTORIES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Raw materials	**12**	1	**–**	–
Consumables	**69**	81	**–**	–
Machineries and spare parts	**12**	6	**–**	–
Finished goods	**17**	8	**–**	–
	110	96	**–**	–

In 2022, raw materials, consumables, machineries and spare parts and changes in finished goods included as cost of sales amounted to $735,000 (2021: $1,300,000).

21. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2022 $'000	2021 $'000
Due from (non-trade)	**67,000**	58,524
Due to (non-trade)	**20,699**	10,236

The amounts due from/to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

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22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at banks and on hand	**4,897**	11,636	**540**	1,804
Short-term fixed deposits with financial institutions	**6,738**	14,436	**–**	–
Cash and cash equivalents	**11,635**	26,072	**540**	1,804

23. LEASE LIABILITIES

Carrying amount of lease liabilities

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current	**110**	135	**–**	25
Non-current	**835**	897	**–**	16
	945	1,032	**–**	41

	Group	
	2022 $'000	2021 $'000
Lease expense not included in the measurement of lease liabilities		
Lease expense – short-term leases (Note 8)	**9**	45
Interest expense on lease liabilities (Note 6)	**87**	6

During the financial year, total cash flow for leases amounted to $214,000 (2021: $214,000).

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	Group	
	2022 $'000	2021 $'000
Balance at 1 January	**1,032**	935
Changes from financing cash flows:		
– Repayments	**(118)**	(163)
– Interest paid	**(87)**	(6)
Non-cash changes:		
– Interest expenses	**87**	6
– New leases	**–**	240
– Currency translation differences	**31**	20
Balance at 31 December	**945**	1,032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. DEFERRED TAX LIABILITIES

	Group				
	Accelerated tax depreciation $'000	Fair value gains/(losses) on biological assets $'000	Tax losses $'000	Others $'000	Total $'000
At 1 January 2021	10,485	518	–	17	11,020
Credited to profit or loss for the financial year	(643)	(18)	(1,768)	–	(2,429)
Currency translation differences	214	12	(14)	–	212
At 31 December 2021	10,056	512	(1,782)	17	8,803
Credited to profit or loss for the financial year	(1,060)	(620)	(724)	–	(2,404)
Currency translation differences	(30)	13	31	–	14
At 31 December 2022	**8,966**	**(95)**	**(2,475)**	**17**	**6,413**

The use of these tax losses is subject to the agreement of tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The unutilised tax losses do not expire under current tax legislation, except for the unutilised tax losses arising from a Cambodia subsidiary which are available for carry forward up to 5 years from the year of loss and will expire in the following years:

	Group	
	2022 $'000	2021 $'000
Financial year		
2022	**–**	1,504
2023	**2,004**	1,947
2024	**1,599**	1,553
2025	**2,129**	2,068
2026	**1,818**	1,765
2027	**5,168**	–
	12,718	8,837

The Group has unutilised tax losses of approximately $16,895,000 (2021: $17,347,000) that are available for offset against future taxable profits of the Group for which deferred tax assets amounting to approximately $2,872,000 (2021: $2,949,000) are not recognised due to uncertainty of the recoverability.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and joint venture for which deferred tax liabilities have not been recognised is $5,532,000 (2021: $5,909,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

	Company Others $'000
At 1 January 2021, 31 December 2021 and 31 December 2022	**17**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. BORROWINGS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current				
Bank Loan 1[(a)]	**340**	566	**340**	566
Bank Loan 2[(b)]	**–**	332	**–**	332
Bank Loan 3[(c)]	**529**	912	**529**	912
Bank Loan 4[(d)]	**833**	1,353	**833**	1,353
	1,702	3,163	**1,702**	3,163
Current				
Bank Loan 1[(a)]	**211**	191	**211**	191
Bank Loan 2[(b)]	**311**	892	**311**	892
Bank Loan 3[(c)]	**340**	287	**340**	287
Bank Loan 4[(d)]	**506**	476	**506**	476
Bank overdraft[(e)]	**1,529**	–	**–**	–
	2,897	1,846	**1,368**	1,846
	4,599	5,009	**3,070**	5,009

(a) Bank Loan 1

Bank Loan 1 is denominated in SGD and bears interest at 3.00% (2021: 3.00%) per annum. It is repayable in 60 equal instalments and will be fully repaid in June 2025 in accordance with the terms of the loan agreement.

(b) Bank Loan 2

Bank Loan 2 is denominated in USD and bears interest at 2.00% (2021: 2.00%) per annum. It is repayable in 36 equal instalments and will be fully repaid in April 2023 in accordance with the terms of the loan agreement.

This loan is secured by corporate guarantees provided by certain of the Company's subsidiaries.

(c) Bank Loan 3

Bank Loan 3 is denominated in SGD and bears interest at 3.00% (2021: 3.00%) per annum. It is repayable in 60 equal instalments and will be fully repaid in June 2025 in accordance with the terms of the loan agreement.

This loan is secured by a corporate guarantee provided by one of the Company's subsidiaries.

(d) Bank Loan 4

Bank Loan 4 is denominated in SGD and bears interest at 3.00% (2021: 3.00%) per annum. It is repayable in 60 equal instalments and will be fully repaid in July 2025 in accordance with the terms of the loan agreement.

This loan is secured by corporate guarantees provided by certain of the Company's subsidiaries.

(e) Bank overdraft

Bank overdraft is denominated in USD and bears interest at 10% (2021: Nil) per annum. The bank overdraft is secured by the development properties, a limited corporate guarantee of US$15 million from the Company and a limited personal guarantee of US$15 million from a director.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. BORROWINGS (cont'd)

Reconciliation of movements of bank loans to cash flows arising from financing activities:

	Group	
	2022 $'000	2021 $'000
Balance at 1 January	**5,009**	7,997
Changes from financing cash flows:		
– Repayments	**(1,935)**	(2,943)
– Interest paid	**(130)**	(231)
Non-cash changes:		
– Interest expenses	**130**	231
– Currency translation differences	**(4)**	(45)
Balance at 31 December	**3,070**	5,009

26. TRADE PAYABLES

These amounts are non-interest bearing and normally settled on 60-days' terms.

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Other payables	**5,377**	4,030	**7**	6
Amounts due to a joint venture	**–**	11	**–**	–
Deposits received	**2,016**	2,097	**–**	–
Accrued operating expenses	**387**	571	**258**	345
	7,780	6,709	**265**	351

Other payables are unsecured, non-interest bearing and are repayable on demand in cash.

Amounts due to a joint venture are unsecured, non-interest bearing and are repayable on demand in cash.

28. CONTRACT LIABILITIES

Contract liabilities relate to advance consideration received from customers from the Group's property development project. Contract liabilities were recognised as revenue when the control of the property is transferred to the customers.

The following table provides information about contract liabilities from contracts with customers in respect of the Group's property development project:

	31.12.2022 $'000	31.12.2021 $'000	1.1.2021 $'000
Group			
Trade receivables from sale of development properties	**432**	4,079	6,118
Contract liabilities	**581**	610	797

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of issued shares ’000	Issued share capital $’000	Number of issued shares ’000	Issued share capital $’000
At 1 January	**517,844**	**121,023**	221,933	94,602
Rights issue	**–**	**–**	295,911	26,929
Rights issue expenses	**–**	**–**	–	(508)
At 31 December	**517,844**	**121,023**	517,844	121,023

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

On 26 March 2021, the Company issued 4 rights shares for every 3 existing ordinary shares held by the shareholders in the issued and paid-up capital of the Company at $0.091 per rights share. The Company raised gross proceeds of $26,929,000 from the rights issue, with controlling shareholder subscribing $14,152,000 (i.e. 155,512,000 rights shares) into the rights issue which was settled via set off against the loan owing to the controlling shareholder.

30. OTHER RESERVES

	Group		Company	
	2022 $’000	2021 $’000	2022 $’000	2021 $’000
Capital reserve	**414**	414	**(459)**	(459)
Asset revaluation reserve	**–**	–	**–**	–
Foreign currency translation reserve	**(5,605)**	(4,702)	**–**	–
	(5,191)	(4,288)	**(459)**	(459)

Capital reserve

Capital reserve of the Group and the Company relates to adjustment on share capital issued in relation to the settlement of certain debts of the Group and the Company and net reserve on consolidation taken directly to shareholders’ interests in accordance with the Group’s accounting policy. The balance is not available for distribution as dividends in any form.

Asset revaluation reserve

The asset revaluation reserve represents revaluation of land and buildings, net of deferred tax liabilities, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income. The revaluation surplus has been transferred to retained earnings upon disposal of the assets.

Foreign currency translation reserve

The foreign currency translation reserve represents 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 and the translation of monetary items that form part of the Group’s net investment in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. DIVIDENDS

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Ordinary dividend paid		
Final exempt dividend of 0.2 cents per share paid in respect of the previous financial year ended 31 December 2021	**1,036**	–

No dividends were declared for the financial year ended 31 December 2022.

32. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

	Group	
	2022	**2021**
	$'000	**$'000**
Staff costs[(i)]	**412**	386

(i) Staff costs of $412,000 (2021: $386,000) were paid to individuals who are close family members of directors. These individuals are occupying managerial positions of the Company and its subsidiaries.

(b) Key management personnel compensation is analysed as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Comprise amounts paid to:		
– Directors of the Company	**1,189**	1,425
– Other key management personnel	**124**	120
	1,313	1,545

33. COMMITMENTS

The Group as joint venture partner

During the financial year ended 31 December 2019, the Group set up a joint venture company ("JV company") with the Royal Group of Companies Ltd ("Royal Group") in Cambodia for a mixed-use development project. Pursuant to the joint venture agreement signed between the Group and the Royal Group, the Group is committed to contribute construction costs and expenses amounting to US$20,553,000. As at 31 December 2022, the Group has contributed US$15,553,000 (equivalent to $20,863,000) (2021: US$10,000,000 (equivalent to $13,617,000)) for the construction costs and expenses of the joint venture and remaining amount of commitment is US$5,000,000 (equivalent to $6,707,000) (2021: US$10,553,000 (equivalent to $14,175,000)) (Note 7).

34. CONTINGENT LIABILITIES

The Company has undertaken to provide financial support to certain subsidiaries for deficiencies in their shareholders' funds and to extend adequate funding to meet their operational needs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	**12,875**	31,377	**67,543**	60,334
Financial assets at fair value through profit or loss	**243**	343	**243**	243
Financial liabilities				
Financial liabilities at amortised cost	**14,031**	13,714	**24,034**	15,637

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Foreign currency risk

The Group has currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly United States dollars ("USD").

Currently, the Group does not hedge against the foreign currency exposure as the cash flows from purchases partially offset the cash flows from sales transactions and the time between the date of settlement and the date of collections are relatively short. The Group's net investments in Cambodia are not hedged as currency positions in USD are considered to be long-term in nature. The remaining exposure is not considered by management to be significant.

In order to minimise foreign currency risk, the Group has implemented policies and guidelines to facilitate the management of the foreign exchange risk. Whenever practicable, the Group will endeavour to match the currency of sales and purchases to minimise the net exposure and also to minimise excess foreign currency held by utilising bank facilities to bridge the short-term foreign currency needs due to the short-term gap between receivables and payables. The choice of invoicing currency will be made such that the Group's total currency exposure is minimised. It is not the Group's policy to take speculative positions in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	Group		Company	
	2022 USD $'000	2021 USD $'000	2022 USD $'000	2021 USD $'000
Amounts due from subsidiaries	**40,711**	40,349	**–**	–
Cash and cash equivalents	**379**	3,194	**280**	366
Amount due to joint venture	**–**	(11)	**–**	–
Amounts due to subsidiaries	**(15,749)**	(2,644)	**(15,749)**	(2,644)
Borrowings	**(311)**	(1,224)	**(311)**	(1,224)
Net financial assets/ (liabilities) denominated in foreign currencies	**25,030**	39,664	**(15,780)**	(3,502)

The following table demonstrates the sensitivity to a reasonably possible change in USD against SGD, with all other variables held constant, of the Group and the Company's profit after tax:

	Group Increase/(decrease) in profit after tax		Company Increase/(decrease) in profit after tax	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
USD/SGD				
– Strengthened 5% (2021: 5%)	**1,039**	1,646	**(655)**	(145)
– Weakened 5% (2021: 5%)	**(1,039)**	(1,646)	**655**	145

Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from borrowings and interest-bearing deposits placed with various financial institutions. Borrowings at variable rates expose the Group and the Company to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The sensitivity analysis for interest rate risk for those financial assets and financial liabilities at variable interest rates is not disclosed as the effect on the profit or loss is considered not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

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 exposure to credit risk arises primarily from trade and other receivables. For other financial assets including investment securities and cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy that guidelines are in place to ensure that the credit sales are only made to customers with appropriate credit standing.

The credit risk on liquid funds is limited because the counterparties are reputable financial institutions.

At the end of the reporting period, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. The Company has no significant concentration of credit risk except for the amounts due from subsidiaries as disclosed in Note 21.

Before taking into account any collateral held, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

For sales of development properties, the Group is contractually entitled to forfeit the deposit paid from the customers if the payment is overdue and repossess the sold property for resale. The credit loss risk in respect of trade receivables is mitigated by these financial safeguards.

As at 31 December 2022, the Group obtained completed development properties with carrying amount of $220,000 (2021: $1,258,000) by taking possession of collateral held as security. Repossessed completed development properties are presented within "Development Properties") and will be sold as soon as practicable.

The Group determines concentrations of credit risk by monitoring the country sector profile of the Group's trade receivables as at the end of the reporting period is as follows:

	2022		2021	
	$'000	**%**	$'000	%
By geographical area				
Cambodia	**438**	**100**	4,096	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers information developed internally or obtained from external sources indicating that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting an event of default for internal credit risk management purposes as historical experience indicates that such receivables are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no significant change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

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35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits, amounts due from subsidiaries and cash and cash equivalents.

Credit quality of financial assets

The table below details the credit quality of the Group's and the Company's financial assets at amortised cost:

2022 Group	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Trade receivables	Lifetime ECL	**438**	**–**	**438**
Other receivables and deposits	12-month ECL	**1,180**	**(378)**	**802**
Cash and cash equivalents	N.A. Exposure Limited	**11,635**	**–**	**11,635**
Company				
Other receivables and deposits	12-month ECL	**3**	**–**	**3**
Amounts due from subsidiaries	12-month ECL	**67,000**	**–**	**67,000**
Cash and cash equivalents	N.A. Exposure Limited	**540**	**–**	**540**
2021 **Group**				
Trade receivables	Lifetime ECL	4,096	–	4,096
Other receivables and deposits	12-month ECL	1,209	–	1,209
Cash and cash equivalents	N.A. Exposure Limited	26,072	–	26,072
Company				
Other receivables and deposits	12-month ECL	6	–	6
Amounts due from subsidiaries	12-month ECL	58,524	–	58,524
Cash and cash equivalents	N.A. Exposure Limited	1,804	–	1,804

The credit loss exposure for the Group and the Company's financial assets at amortised cost have been assessed to be insignificant and accordingly, no credit loss allowances are required as at 31 December 2022 and 31 December 2021 except for impairment loss of $378,000 provided on other receivables during the financial year.

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35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company maintain sufficient cash and bank balances and internally generated cash flows to finance its activities.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Within one year $'000	Within two to five years $'000	More than five years $'000	Total $'000
Group				
2022				
Trade payables	**707**	**–**	**–**	**707**
Other payables and accruals	**5,764**	**–**	**–**	**5,764**
Borrowings	**3,116**	**1,744**	**–**	**4,860**
Lease liabilities	**122**	**404**	**2,679**	**3,205**
	9,709	**2,148**	**2,679**	**14,536**
2021				
Trade payables	964	–	–	964
Other payables and accruals	4,612	–	–	4,612
Borrowings	2,061	3,180	–	5,241
Lease liabilities	148	473	2,565	3,186
	7,785	3,653	2,565	14,003

	Within one year $'000	Within two to five years $'000	More than five years $'000	Total $'000
Company				
2022				
Other payables and accruals	**265**	**–**	**–**	**265**
Amounts due to subsidiaries	**20,699**	**–**	**–**	**20,699**
Borrowings	**1,434**	**1,744**	**–**	**3,178**
	22,398	**1,744**	**–**	**24,142**
2021				
Other payables and accruals	351	–	–	351
Amounts due to subsidiaries	10,236	–	–	10,236
Borrowings	2,061	3,180	–	5,241
Lease liabilities	26	16	–	42
	12,674	3,196	–	15,870

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36. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
(c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value measurements of assets and liabilities that are measured at fair value

Fair values have been determined for measurement purposes based on the following methods:

Biological assets

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 19.

Financial assets at fair value through profit or loss

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 17.

There were no transfers between Levels 1 and 2 of the fair value hierarchy in the period.

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

The carrying amounts of trade receivables, other receivables and deposits, cash and cash equivalents, borrowings, trade payables, other payables and accruals, and amounts due from/to subsidiaries approximate their respective fair values due to their relatively short-term nature of these financial instruments and where the effect of discounting is immaterial.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders and issue new shares. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The gearing ratio is calculated as borrowings and lease liabilities divided by total capital which include equity attributable to the equity holders of the Company. The Group's policy is to maintain gearing ratio below 60%.

	Group	
	2022 $'000	**2021 $'000**
Borrowings	**4,599**	5,009
Lease liabilities	**945**	1,032
	5,544	6,041
Equity attributable to the equity holders of the Company, representing total capital of the Company	**137,843**	150,184
Gearing ratio	**4%**	4%

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38. SEGMENT INFORMATION

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purposes the Group is organised into the following major strategic operating segments: agriculture division, property development and real estate division, and others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the type of products and services are as follows:

(i) *Agriculture Division*

The Agriculture Division carries on the business of agricultural development, cultivation, branding and merchandising, and distribution of cassava, and includes the co-operation agreements with third parties to operate the agriculture land, and the agriculture-related resort business.

(ii) *Property Development and Real Estate Division*

The Property Development and Real Estate Division is carrying on the business of investment and prime development of commercial and residential properties.

(iii) *Others*

Others segment comprises:

(a) the Company who is engaged in the business of investment holding generating income from management services provided to related companies and dividend; and

(b) other subsidiaries whose scope of activities and financial results are not material enough to be reported under a separately reportable segment or which are currently dormant.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (cont'd)

Profit or loss from operations and reconciliations

	Continuing operations						
	Agriculture division $'000	**Property development and real estate division $'000**	**Others $'000**	**Total $'000**	**Discontinued operation (Note 11) $'000**	**Elimination $'000**	**Total $'000**
2022							
Continuing operations							
Revenue							
External sales	973	668	–	1,641	–	–	1,641
Inter-segment sales	50	–	2,173	2,223	–	(2,223)	–
Total revenue	1,023	668	2,173	3,864	–	(2,223)	1,641
Segment (loss)/profit	(8,822)	(512)	78	(9,256)	–	(1,146)	(10,402)
Depreciation of property, plant and equipment and right-of-use assets	(2,859)	(221)	(135)	(3,215)	–	–	(3,215)
Fair value loss on biological assets	(3,360)	–	–	(3,360)	–	–	(3,360)
Finance costs	(71)	(16)	(130)	(217)	–	–	(217)
Income tax credit/(expense)	2,405	(65)	(26)	2,314	–	–	2,314
Gain/(loss) on disposal of property, plant and equipment	39	(2)	–	37	–	–	37
Gain on disposal of right-of-use assets	–	–	92	92	–	–	92
Impairment loss on financial assets	(378)	–	–	(378)	–	–	(378)
Impairment loss on property, plant and equipment	(3,500)	–	–	(3,500)	–	–	(3,500)
Interest income	48	502	1	551	–	–	551
Share of profit of a joint venture	–	695	–	695	–	–	695
Segment assets	69,865	87,739	1,319	158,923	–	–	158,923
Segment assets includes:							
Additions to non-current assets	159	15	406	580	–	–	580
Investment in a joint venture	–	20,274	–	20,274	–	–	20,274
Segment liabilities	7,288	10,440	3,352	21,080	–	–	21,080

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (cont'd)

Profit or loss from operations and reconciliations (cont'd)

	Continuing operations						
	Agriculture division $'000	Property development and real estate division $'000	Others $'000	Total $'000	Discontinued operation (Note 11) $'000	Elimination $'000	Total $'000
2021							
Continuing operations							
Revenue							
External sales	1,443	15,284	–	16,727	611	–	17,338
Inter-segment sales	15	–	2,800	2,815	–	(2,815)	–
Total revenue	1,458	15,284	2,800	19,542	611	(2,815)	17,338
Segment (loss)/profit	(3,361)	7,226	135	4,000	(2,820)	2,298	3,478
Depreciation of property, plant and equipment and right-of-use assets	(2,850)	(118)	(136)	(3,104)	(29)	–	(3,133)
Fair value loss on biological assets	(255)	–	–	(255)	–	–	(255)
Finance costs	–	–	(186)	(186)	(51)	–	(237)
Income tax credit/(expense)	2,378	(32)	(36)	2,310	–	–	2,310
Gain on disposal of property, plant and equipment	48	260	–	308	–	–	308
Loss on disposal of subsidiary	–	–	–	–	(3,200)	–	(3,200)
Interest income	–	181	7	188	1	–	189
Share of profit of a joint venture	–	313	–	313	–	–	313
Segment assets	84,200	86,775	2,356	173,331	–	–	173,331
Segment assets includes:							
Additions to property, plant and equipment and right-of-use assets	1,210	489	24	1,723	–	–	1,723
Investment in a joint venture	–	12,221	–	12,221	–	–	12,221
Segment liabilities	9,878	7,851	5,418	23,147	–	–	23,147

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Continuing operations				
Singapore	**–**	–	**1,580**	1,553
Cambodia	**1,641**	16,727	**94,398**	85,881
	1,641	16,727	**95,978**	87,434
Discontinued operation				
Singapore	**–**	611	**–**	–

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding non-refundable deposit and financial assets at fair value through profit and loss.

Information about major customer

Revenue is derived from 3 (2021: 2) external customers who individually contributed 10% or more of the Group's revenue and are attributable to property development and real estate division.

	Group	
	2022	**2021**
	$'000	**$'000**
Customer A	**–**	9,495
Customer B	**–**	6,439
Customer C	**265**	–
Customer D	**222**	–
Customer E	**311**	–
	798	15,934

39. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors dated 5 April 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2023

ISSUED AND FULLY PAID-UP CAPITAL	–	$121,022,617
NUMBER OF SHARES ISSUED	–	517,844,114
CLASS OF SHARES	–	ORDINARY SHARES
VOTING RIGHTS	–	ONE VOTE PER SHARE

The Company does not hold any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	605	9.87	25,865	0.00
100 – 1,000	1,026	16.74	551,900	0.11
1,001 – 10,000	2,789	45.49	12,197,056	2.36
10,001 – 1,000,000	1,674	27.31	120,319,162	23.23
1,000,001 & above	36	0.59	384,750,131	74.30
TOTAL	6,130	100.00	517,844,114	100.00

TWENTY LARGEST SHAREHOLDERS

TOP TWENTY SHAREHOLDERS		NO. OF SHARES	%
1	ONG BEE HUAT	207,802,465	40.13
2	ONG JIA MING	20,599,765	3.98
3	PHILLIP SECURITIES PTE LTD	18,240,577	3.52
4	ONG KIAN HENG	16,931,177	3.27
5	WONG WEN-YOUNG	13,841,850	2.67
6	NG CHUEN GUAN (HUANG JUNYUAN)	12,485,000	2.41
7	LAU YEN ENG	10,410,833	2.01
8	DBS NOMINEES PTE LTD	9,728,111	1.88
9	KOH TIAK CHYE	7,766,787	1.50
10	ABN AMRO CLEARING BANK N.V.	7,378,054	1.42
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,344,799	1.03
12	ANG POON BENG	4,000,285	0.77
13	HSU HUNG-CHUN	4,000,000	0.77
14	TOH TIAM HOCK	3,731,688	0.72
15	JIB SPECIALIST CONSULTANTS PTE LTD	3,099,900	0.60
16	TEO HO PIN	3,000,000	0.60
17	GOH GUAN SIONG (WU YUANXIANG)	2,988,336	0.58
18	IFAST FINANCIAL PTE LTD	2,884,457	0.55
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,448,295	0.47
20	SOH CHIAP HOI	2,310,033	0.44
		358,992,412	69.32

STATISTICS OF SHAREHOLDINGS
AS AT 21 MARCH 2023

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 21 March 2023)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
DATO' DR. ONG BEE HUAT, JOHNNY[(1)]	207,802,465	40.13	10,410,833[(1)]	2.01

Note:

(1) Dato' Dr. Ong Bee Huat, deemed interest comprised 10,410,833 shares held by his spouse.

COMPLIANCE WITH RULE 723 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 21 March 2023, approximately 51.08% of the ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

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GROUP LIMITED
SGX MAINBOARD (CTO.SI)
逢來發集團有限公司

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