

HL GLOBAL ENTERPRISES LIMITED

(Registration No. 196100131N)

Condensed interim financial statements
for the six months and full year ended
31 December 2022

HL GLOBAL ENTERPRISES LIMITED

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HL GLOBAL ENTERPRISES LIMITED
**Unaudited Financial Statement Announcement for the six months ("2H")
and 12 months ("FY") ended 31 December 2022**
A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group					
		2H 2022 \$'000	2H 2021 \$'000	Change %	FY 2022 \$'000	FY 2021 \$'000	Change %
Revenue	E4, F2.1	3,545	1,829	93.8	6,705	2,458	172.8
Cost of sales		(1,757)	(917)	91.6	(3,261)	(1,652)	97.4
Gross profit		1,788	912	96.1	3,444	806	327.3
Other income	E6, F2.1	593	387	53.2	868	846	2.6
Selling and marketing expenses	F2.1	(118)	(92)	28.3	(237)	(190)	24.7
Administrative expenses		(154)	(133)	15.8	(295)	(292)	1.0
Finance costs		(5)	(2)	150.0	(10)	(4)	150.0
Other expenses	F2.1	(1,457)	(1,306)	11.6	(2,805)	(2,637)	6.4
Share of results of associate and joint ventures (net of tax)		56	73	(23.3)	94	159	(40.9)
Profit/(loss) before tax		703	(161)	NM	1,059	(1,312)	NM
Income tax credit/(expense)	E9, F2.1	7	(24)	NM	(8)	(66)	(87.9)
Profit/(loss) for the period attributable to owners of the Company	E7	710	(185)	NM	1,051	(1,378)	NM
Other comprehensive (loss)/income Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences for foreign operations		(725)	20	NM	(1,149)	(250)	359.6
Other comprehensive (loss)/income for the period, net of tax		(725)	20	NM	(1,149)	(250)	359.6
Total comprehensive loss for the period attributable to owners of the Company		(15)	(165)	(90.9)	(98)	(1,628)	(94.0)

Earnings/(loss) per share for the period attributable to owners of the Company	Group			
	2H 2022 ¢	2H 2021 ¢	FY 2022 ¢	FY 2021 ¢
Based on weighted average number of ordinary shares in issue - note E14				
- Basic	0.76	(0.20)	1.12	(1.47)
(2H 2022, 2H 2021, FY 2022 and FY 2021: 93,915,337)				
- Diluted	0.76	(0.20)	1.12	(1.47)

NM: Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		31/12/2022 \$'000	31/12/2021 \$'000	31/12/2022 \$'000	31/12/2021 \$'000
Non-current assets					
Property, plant and equipment	E11	15,231	16,506	8	15
Investment property	E13	1,581	1,753	-	-
Subsidiaries		-	-	45,650	40,887
Associate		50	54	-	-
Joint ventures		864	846	-	-
Other receivables		85	84	28	22
Right-of-use assets		262	287	205	248
Deferred tax asset		192	182	-	-
		<u>18,265</u>	<u>19,712</u>	<u>45,891</u>	<u>41,172</u>
Current assets					
Inventories		109	88	-	-
Development properties	E12	3,240	3,429	-	-
Trade and other receivables	F2.2	801	463	421	190
Prepayment	F2.2	123	24	26	6
Cash and bank balances		56,338	55,084	36,355	37,062
		<u>60,611</u>	<u>59,088</u>	<u>36,802</u>	<u>37,258</u>
Total assets		<u>78,876</u>	<u>78,800</u>	<u>82,693</u>	<u>78,430</u>
Equity					
Share capital	E14	129,793	129,793	129,793	129,793
Equity capital contributed by parent		3,980	3,980	3,980	3,980
Reserves		(57,223)	(57,125)	(52,163)	(56,467)
Total equity attributable to owners of the Company		<u>76,550</u>	<u>76,648</u>	<u>81,610</u>	<u>77,306</u>
Non-current liabilities					
Lease liabilities	F2.2	133	168	109	159
		<u>133</u>	<u>168</u>	<u>109</u>	<u>159</u>
Current liabilities					
Trade and other payables	F2.2	2,046	1,852	864	865
Lease liabilities	F2.2	135	121	100	89
Current tax payable		12	11	10	11
		<u>2,193</u>	<u>1,984</u>	<u>974</u>	<u>965</u>
Total liabilities		<u>2,326</u>	<u>2,152</u>	<u>1,083</u>	<u>1,124</u>
Total equity and liabilities		<u>78,876</u>	<u>78,800</u>	<u>82,693</u>	<u>78,430</u>

C. Condensed interim statements of changes in equity

Group	Share capital	Equity capital contributed by parent	Special reserve	Premium paid on acquisition of non-controlling interests	Currency translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2022	129,793	3,980	8,529	(192)	67	(65,529)	76,648
Profit for the year	-	-	-	-	-	1,051	1,051
Other comprehensive loss, net of tax							
Foreign currency translation differences for foreign operations	-	-	-	-	(1,149)	-	(1,149)
Total comprehensive (loss)/income for the year, net of tax	-	-	-	-	(1,149)	1,051	(98)
At 31 December 2022	129,793	3,980	8,529	(192)	(1,082)	(64,478)	76,550

Group	Share capital	Equity capital contributed by parent	Special reserve	Premium paid on acquisition of non-controlling interests	Currency translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	129,793	3,980	8,529	(192)	317	(64,151)	78,276
Loss for the year	-	-	-	-	-	(1,378)	(1,378)
Other comprehensive loss, net of tax							
Foreign currency translation differences for foreign operations	-	-	-	-	(250)	-	(250)
Total comprehensive loss for the year, net of tax	-	-	-	-	(250)	(1,378)	(1,628)
At 31 December 2021	129,793	3,980	8,529	(192)	67	(65,529)	76,648

Company	Share capital	Equity capital contributed by parent	Special reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2022	129,793	3,980	12,471	(68,938)	77,306
Profit for the year, representing total comprehensive income for the year #	-	-	-	4,304	4,304
At 31 December 2022	129,793	3,980	12,471	(64,634)	81,610

Profit for the year included a write-back of impairment loss of \$4.8 million. The Company had assessed that impairment loss previously recognised for the subsidiary, LKN Development Pte Ltd and its subsidiaries (LKND Group) has decreased as the recoverable amount of the asset in LKND Group exceeded its carrying amount.

Company	Share capital	Equity capital contributed by parent	Special reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	129,793	3,980	12,471	(68,451)	77,793
Loss for the year, representing total comprehensive loss for the year	-	-	-	(487)	(487)
At 31 December 2021	129,793	3,980	12,471	(68,938)	77,306

D. Condensed interim consolidated statement of cash flows

	Group	
	FY 2022	FY 2021
	\$'000	\$'000
Operating activities		
Profit/(loss) before tax	1,059	(1,312)
Adjustments for:		
Bad debts recovered	-	(1)
Depreciation of investment property	71	74
Depreciation of property, plant and equipment	770	859
Depreciation of right-of-use assets	132	155
Gain on disposal of property, plant and equipment	(18)	-
Impairment loss on trade receivables	-	1
Interest expense related to lease liabilities	10	4
Interest income	(592)	(284)
Property, plant and equipment written off	-	34
Share of results of associate (net of tax)	1	1
Share of results of joint ventures (net of tax)	(95)	(160)
Unrealised currency exchange losses-net	183	46
Write-back of impairment on trade and other receivables	-	(8)
Operating cash flows before changes in working capital	1,521	(591)
Development properties	(5)	(42)
Inventories	(21)	(3)
Trade and other payables	194	13
Trade and other receivables and prepayment	(137)	153
Cash from/(used in) operating activities	1,552	(470)
Income tax paid	(31)	(136)
Interest expense related to lease liabilities	(10)	(4)
Interest received	286	244
Net cash from/(used in) operating activities	1,797	(366)
Investing activities		
(Placement of long term fixed deposits)/withdrawal of fixed deposits matured	(499)	667
Proceeds from disposal of property, plant and equipment	18	-
Purchase of property, plant and equipment	(115)	(898)
Net cash used in investing activities	(596)	(231)
Financing activity		
Repayment of principal portion of lease liabilities	(129)	(160)
Net cash used in financing activity	(129)	(160)
Net increase/(decrease) in cash and cash equivalents	1,072	(757)
Cash and cash equivalents at beginning of the year	5,179	6,016
Effect of exchange rate changes on balances held in foreign currencies	(317)	(80)
Cash and cash equivalents at end of the year	5,934	5,179
Fixed deposits with tenures more than 3 months	50,404	49,905
Cash and bank balances	56,338	55,084

E. Notes to the condensed interim consolidated financial statements

1 Corporate information

HL Global Enterprises Limited is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed consolidated financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group are investment holding, hospitality and restaurant and property development.

2 Basis of Preparation

The condensed financial statements for the six months ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements, which were prepared in accordance with SFRS(I).

The financial statements are presented in Singapore Dollar, which is the Company's functional currency and all values are rounded to the nearest thousand ("\$'000"), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The adoption of the new and amended standards has no material impact on the condensed interim consolidated financial statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3 Seasonal operations

The Group's business is normally affected significantly by seasonal factors.

4 Segment and revenue information

The Group has three reportable segments:

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

Performance is measured based on segment results before other income (including interest income), interest expense, share of results of associate and joint ventures and income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment.

Reportable segment	Investments and others	Hospitality and restaurant	Property development	Total
1 July 2022 to 31 December 2022	\$'000	\$'000	\$'000	\$'000
Revenue				
- external revenue	17	3,528	-	3,545
- inter-segment revenue	-	-	19	19
	17	3,528	19	3,564
Elimination				(19)
				<u>3,545</u>
Reportable segment results	(515)	814	(240)	59
Other income (excluding interest income)	82	81	3	166
Interest income	256	25	146	427
Interest expense related to lease liabilities	(4)	-	(1)	(5)
Share of results of associate and joint ventures	-	58	(2)	56
(Loss)/profit before tax	(181)	978	(94)	703
Income tax credit				7
Profit for the period				<u>710</u>

Other segment items

Capital expenditure				
- property, plant and equipment	-	58	6	64
Depreciation for the period	89	372	19	480

Reportable segment	Investments and others	Hospitality and restaurant	Property development	Total
1 July 2021 to 31 December 2021	\$'000	\$'000	\$'000	\$'000
Revenue				
- external revenue	12	1,817	-	1,829
- inter-segment revenue	-	-	13	13
	12	1,817	13	1,842
Elimination				(13)
				<u>1,829</u>
Reportable segment results	(448)	(52)	(119)	(619)
Other income (excluding interest income)	129	122	-	251
Interest income	81	4	51	136
Interest expense related to lease liabilities	(1)	-	(1)	(2)
Share of results of associate and joint ventures	-	76	(3)	73
(Loss)/profit before tax	(239)	150	(72)	(161)
Income tax expense				(24)
Loss for the period				<u>(185)</u>

Other segment items

Capital expenditure				
- property, plant and equipment	5	325	-	330
Depreciation for the period	92	465	10	567

Reportable segment	Investments and others	Hospitality and restaurant	Property development	Total
1 January 2022 to 31 December 2022	\$'000	\$'000	\$'000	\$'000
Revenue				
- external revenue	36	6,669	-	6,705
- inter-segment revenue	-	-	39	39
	<u>36</u>	<u>6,669</u>	<u>39</u>	<u>6,744</u>
Elimination				(39)
				<u>6,705</u>
Reportable segment results	(1,018)	1,549	(424)	107
Other income (excluding interest income)	150	122	4	276
Interest income	358	34	200	592
Interest expense related to lease liabilities	(9)	-	(1)	(10)
Share of results of associate and joint ventures	-	97	(3)	94
(Loss)/profit before tax	<u>(519)</u>	<u>1,802</u>	<u>(224)</u>	<u>1,059</u>
Income tax expense				(8)
Profit for the year				<u>1,051</u>
Other segment items				
Capital expenditure				
- property, plant and equipment	1	83	31	115
Depreciation for the year	<u>180</u>	<u>756</u>	<u>37</u>	<u>973</u>
Reportable segment assets	<u>38,522</u>	<u>18,950</u>	<u>20,490</u>	<u>77,962</u>
Investment in associate	-	-	50	50
Investment in joint ventures	-	858	6	864
Consolidated total assets	<u>38,522</u>	<u>19,808</u>	<u>20,546</u>	<u>78,876</u>
Consolidated total liabilities	<u>1,083</u>	<u>886</u>	<u>357</u>	<u>2,326</u>
Reportable segment	Investments and others	Hospitality and restaurant	Property development	Total
1 January 2021 to 31 December 2021	\$'000	\$'000	\$'000	\$'000
Revenue				
- external revenue	16	2,442	-	2,458
- inter-segment revenue	-	-	15	15
	<u>16</u>	<u>2,442</u>	<u>15</u>	<u>2,473</u>
Elimination				(15)
				<u>2,458</u>
Reportable segment results	(994)	(1,037)	(282)	(2,313)
Other income (excluding interest income)	272	273	17	562
Interest income	177	10	97	284
Interest expense related to lease liabilities	(2)	-	(2)	(4)
Share of results of associate and joint ventures	-	162	(3)	159
Loss before tax	<u>(547)</u>	<u>(592)</u>	<u>(173)</u>	<u>(1,312)</u>
Income tax expense				(66)
Loss for the year				<u>(1,378)</u>
Other segment items				
Capital expenditure				
- property, plant and equipment	5	892	1	898
Depreciation for the year	<u>186</u>	<u>880</u>	<u>17</u>	<u>1,083</u>
Reportable segment assets	<u>39,236</u>	<u>18,071</u>	<u>20,593</u>	<u>77,900</u>
Investment in associate	-	-	54	54
Investment in joint ventures	-	839	7	846
Consolidated total assets	<u>39,236</u>	<u>18,910</u>	<u>20,654</u>	<u>78,800</u>
Consolidated total liabilities	<u>1,124</u>	<u>657</u>	<u>371</u>	<u>2,152</u>

Geographical information

The Group's segment revenue is based on the geographical location of operations. Segment non-current assets (excluding deferred tax asset) are based on the geographical location of the assets.

Revenue

Malaysia

Revenue from hospitality and restaurant
Rental income from investment property

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	\$'000	\$'000	\$'000	\$'000
	3,528	1,817	6,669	2,442
	17	12	36	16
	<u>3,545</u>	<u>1,829</u>	<u>6,705</u>	<u>2,458</u>

Non-current assets

Malaysia

People's Republic of China

Singapore

	Group	
	FY 2022	FY 2021
	\$'000	\$'000
	16,974	18,406
	858	839
	241	285
	<u>18,073</u>	<u>19,530</u>

A breakdown of sales as follows:

Revenue reported for first half year
Operating profit/(loss) after tax reported for the first half year

Revenue reported for second half year
Operating profit/(loss) after tax reported for the second half year

	FY 2022	Group FY 2021	Change
	\$'000	\$'000	%
	3,160	629	402.4
	341	(1,193)	NM
	3,545	1,829	93.8
	<u>710</u>	<u>(185)</u>	<u>NM</u>

5 Fair value of assets and liabilities**Fair value hierarchy**

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

There have been no transfers between Level 1 to Level 3 fair value measurements during the financial years ended 31 December 2022 and 2021.

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

	Fair value \$'000	Valuation techniques	Unobservable techniques	Inter-relationship between key unobservable inputs and fair value measurement
Investment property:				
FY 2022	2,257	Market comparison and cost method	Comparable price: \$35 to \$85 per square foot	The estimated fair value increases with higher comparable price
FY 2021	2,398	Market comparison and cost method	Comparable price: \$35 to \$85 per square foot	The estimated fair value increases with higher comparable price

Assets and liabilities measured at fair value

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

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

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

6 Other income

	Note	Group			
		2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Interest income	F2.1	427	136	592	284
Government grants	F2.1	64	137	105	302
Licence fee	F2.1	79	116	145	230
Write-back of impairment on trade and other receivables		-	-	-	8
Sundry income*		23	(2)	26	22
		<u>593</u>	<u>387</u>	<u>868</u>	<u>846</u>

*negative amount mainly relates to the reclassification of rental rebate to depreciation of right-of-use assets.

7 Profit/(loss) for the period, net of tax

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

	Group			
	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Depreciation of property, plant and equipment	379	458	770	859
Depreciation of investment property	35	37	71	74
Depreciation of right-of-use assets*	66	72	132	150
Currency exchange losses/(gains) – net	118	(3)	194	48
Employee benefits expense:				
- directors' fees	96	99	192	195
- salaries and bonuses	1,070	761	1,923	1,608
- employer's contribution to defined contribution plans	117	101	221	215
- other short-term benefits	119	73	239	157
Gain on disposal of property, plant and equipment	(18)	-	(18)	-
Inventories recognised in cost of sales	813	216	897	374
Impairment loss on trade receivables	-	1	-	1
Audit fees to auditors of the Company	54	51	101	95
Write-back of impairment on trade receivables	-	-	-	(8)

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

8 Related party transactions**Compensation of key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entities within the Group, directly or indirectly, including any director (whether executive or otherwise) of that entities within the Group. Key management personnel compensation comprises remuneration of directors and other key personnel as follows:

	Group			
	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Directors' fees/short-term employee benefits	263	240	491	456
Employer's contribution to defined contribution plans	12	11	20	18
	<u>275</u>	<u>251</u>	<u>511</u>	<u>474</u>

Sale and purchase of goods and services

The following significant transactions took place at terms agreed between the Group and the related parties during the financial year:

	Group			
	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Expenses paid/payable to related companies:				
Rental	(18)	(17)	(34)	(37)
Secretarial/consultancy fees	(34)	(26)	(74)	(75)
Insurance and information technology services	(4)	(8)	(29)	(25)
Franchise and sales and marketing and reservation fees	(140)	(13)	(173)	(19)

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

Significant outstanding balances with related parties

Details of the outstanding balances with related parties are follows:

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

9 Income tax (credit)/expense

The major components of income tax (credit)/expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Consolidated income statement				
Current income tax				
- current income taxation	16	11	29	32
- (over)/under provision in respect of previous years	(2)	(2)	-	19
	14	9	29	51
Deferred income tax				
- origination of temporary differences	-	25	-	25
- recognition of previously unrecognised deferred tax assets	(21)	(10)	(21)	(10)
Income tax (credit)/expense recognised in profit or loss	(7)	24	8	66

Source of estimation uncertainty

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

10 Net asset value

	Group		Company	
	FY 2022 \$	FY 2021 \$	FY 2022 \$	FY 2021 \$
Net asset value per issued share, excluding Trust Shares	0.82	0.82	0.87	0.82

The net asset value per issued share, excluding Trust Shares is computed based on 93,915,337 issued ordinary shares as at 31 December 2022 and at 31 December 2021.

11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the value may not be recoverable. The recoverable amounts of the property, plant and equipment being the higher of the fair value less costs to sell and value-in use, were determined using fair value less costs to sell approach, and were estimated using comparison methods.

Management has carried out the impairment assessment to assess if there is any indication that the hotel and property assets may be impaired. If such indication exists, the recoverable amounts were estimated based on external valuations undertaken by the Group.

Group	Freehold land*	Buildings and improvements on freehold land	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
At 1 January 2021	2,865	14,787	1,764	3,085	70	720	23,291
Additions	-	-	88	654	-	156	898
Write-off	-	-	(106)	(13)	-	-	(119)
Transfer	-	-	547	136	-	(683)	-
Translation adjustments	(9)	(157)	(25)	(44)	(1)	(11)	(247)
At 31 December 2021 and 1 January 2022	2,856	14,630	2,268	3,818	69	182	23,823
Additions	-	-	11	38	39	27	115
Disposals, at cost	-	-	-	-	(16)	-	(16)
Transfer	-	-	150	-	-	(150)	-
Translation adjustments	(32)	(599)	(138)	(219)	(4)	(8)	(1,000)
At 31 December 2022	2,824	14,031	2,291	3,637	88	51	22,922
Accumulated depreciation and impairment loss							
At 1 January 2021	99	2,945	1,092	2,424	66	-	6,626
Depreciation for the year	-	448	119	291	1	-	859
Write-off	-	-	(79)	(6)	-	-	(85)
Translation adjustments	(2)	(30)	(15)	(34)	(2)	-	(83)
At 31 December 2021 and 1 January 2022	97	3,363	1,117	2,675	65	-	7,317
Depreciation for the year	-	434	104	230	2	-	770
Disposals	-	-	-	-	(16)	-	(16)
Translation adjustments	(5)	(142)	(68)	(161)	(4)	-	(380)
At 31 December 2022	92	3,655	1,153	2,744	47	-	7,691
Net carrying amount							
At 31 December 2021	2,759	11,267	1,151	1,143	4	182	16,506
At 31 December 2022	2,732	10,376	1,138	893	41	51	15,231

* Freehold land includes Lot 1049 Mukim Ulu Telom Cameron Highlands, Pahang Malaysia (land area of 7,803m²).

12 Development properties**Source of estimation uncertainty**

The Group estimates the net realisable values of the development properties by taking into consideration the development plans, recoverable amounts of these development properties as well as valuation of the estimated market value of the uncompleted development property in Melaka, Malaysia performed by an external independent professional valuer. As the estimated net realisable value is higher than the carrying amount of the said uncompleted development property, there is no provision for impairment required on this property which the work on the development has been suspended since 1998.

13 Investment property

The Group's investment property is an entertainment complex at Cameron Highlands, Malaysia. The shops at the entertainment complex are leased out to third parties. The Group has no restrictions on the realisability of its investment property.

	Group	
	FY 2022	FY 2021
	\$'000	\$'000
Cost		
At 1 January	2,123	2,155
Translation adjustments	(125)	(32)
At 31 December	1,998	2,123
Accumulated depreciation		
At 1 January	370	300
Depreciation charge for the year	71	74
Translation adjustments	(24)	(4)
At 31 December	417	370
Net carrying amount as at 31 December	1,581	1,753
At valuation (based on 31 December 2022 and 31 December 2021)	2,257	2,398

The Group is in the process of carrying out major refurbishment of the entertainment complex for conversion into additional hotel and function rooms. The relevant documents for the said conversion had been submitted to the Planning Department for their review, comments and approval.

Fair value of investment property

The Group engaged an independent professional qualified valuer to determine the fair value of investment property at the end of each financial year. The fair value of investment property is determined by the market comparison and cost methods. In valuing the investment property, due consideration is given to factors such as location and size of building, building infrastructure, market knowledge and historical comparable transactions to arrive at their opinion of value.

14 Share capital

During the year ended 31 December 2022, there was no change in the Company's issued ordinary Share capital.

	Group and Company	
	Number of shares	Share Capital \$'000
<u>Ordinary shares</u>		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022 (As per Accounting and Corporate Regulatory Authority's records)	96,334,254	133,773
Less: Trust Shares	(2,418,917)	(3,980)
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	93,915,337	129,793

The Company did not hold any treasury shares as at 31 December 2022 and 31 December 2021.

There were no sales, transfers, cancellation and/or use of treasury shares/subsidiary holdings during the twelve months ended 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

The ordinary shares issued includes 2,418,917 ordinary shares held as Trust Shares by Amicorp Trustees (Singapore) Limited as trustee of the Trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme").

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

15 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information Required by Listing Rule Appendix 7.2**1 Review**

The condensed consolidated statement of financial position of HL Global Enterprises Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period and full year then ended and certain explanatory notes have not been audited or reviewed.

2 Review of performance of the Group**2.1 Income statement****Revenue and gross profit**

The Group's revenue increased substantially in FY 2022 after interstate travelling had been permitted by the Malaysian Government since October 2021.

Other income

Compared to 2H 2021:

- i) The increase in interest income for 2H 2022 was due to higher interest rate.
- ii) The decrease in licence fee for 2H 2022 was due to lower revenue recorded by Hotel Equatorial Shanghai ("HES") attributable to the outbreak of Omicron variant. Licence fee is charged as a percentage of the revenue of HES.

Selling and marketing expenses

The increase was largely due to recruitment of new staffs and more sales and marketing activities after the Malaysia Government had removed interstate travel restriction.

	Group			
	2H 2022 \$'000	2H 2021 \$'000	FY 2022 \$'000	FY 2021 \$'000
Other expenses				
Depreciation of investment property, property, plant and equipment	414	495	841	933
Depreciation of right-of-use assets	66	72	132	150
Employee related costs/directors' fees*	699	574	1,314	1,196
Currency exchange loss/(gain)-net	118	(3)	194	48
Others	160	168	324	310
	1,457	1,306	2,805	2,637

*Employee related costs/directors' fees were lower than the employee benefit expenses disclosed in note E7 as the said note had taken into account the employee related costs which had been recorded in the cost of sales. Compared to 2H 2021, the increase in employee related costs was mainly due to recruitment of additional staffs for hotel operations and provision for employee bonus in FY 2022.

Income tax expense

The income tax expense consisted mainly of withholding tax on overseas income and tax on interest income.

2.2 Balance Sheet**Current assets****Trade and other receivables**

Compared to 31 December 2021, the increase in trade and other receivables was mainly due to higher interest receivables and the increase of revenue in the hospitality segment.

Prepayment

The increase in prepayment was mainly due to payment of insurance, deposit paid for purchasing of laundry equipment and advance payment of software for food and beverage department.

Non-current liabilities**Lease liabilities**

The decrease was due to reclassification of lease liabilities due within the next 12 months from non-current liabilities to current liabilities.

Current liabilities**Lease liabilities**

The movement for lease liabilities was largely due to payment of lease liabilities and the reclassification of lease liabilities due within the next 12 months from non-current liabilities to current liabilities.

Trade and other payables

The increase was partly due to the accrual of staff bonus as there was no bonus provided for FY 2021.

2.3 Results for 6 months ended 31 December ("2H") 2022 versus 2H 2021

After the Malaysian Government had lifted the ban on interstate travel since October 2021, the Group's hotel operations in Copthorne Hotel Cameron Highlands ("CHCH") have returned to normalcy. However, the landslide occurred in Genting Highlands in December 2022 had slowed down the tourism traffic in Cameron Highlands. Nevertheless, the Group's revenue increased by \$1.7 million to \$3.5 million in 2H 2022 compared to 2H 2021.

As a result, the Group's hospitality segment reported an operating profit of \$814,000 for 2H 2022. However, the property development segment incurred a higher loss of \$240,000 in 2H 2022 compared to the loss of \$119,000 in the same period a year ago. This was mainly due to exchange loss attributable to weakening of the Malaysian Ringgit against the Singapore Dollar arising from the translation of foreign currency asset. With corporate overhead costs of \$515,000 incurred in 2H 2022, the Group registered an operating profit of \$59,000 before the share of results of joint ventures and associate, other income and finance costs compared to an operating loss of \$619,000 in 2H 2021.

Other income comprised mainly interest income, licence fee and subsidies from the Singapore and Malaysian Governments arising from the COVID-19 pandemic. Higher interest rates contributed to the increase in interest income to \$427,000 in 2H 2022 from \$136,000 in 2H 2021. Licence fee reduced from \$116,000 to \$79,000 in 2H 2022 due to lower revenue recorded by Hotel Equatorial Shanghai. The share of result in Shanghai joint venture had also declined from \$76,000 to \$58,000 in 2H 2022 attributable to the lock down in Shanghai arising from the outbreak of Omicron variant.

The Group registered a net profit of \$710,000 for 2H 2022 compared to a net loss of \$185,000 for 2H 2021.

Results for 12 months ended 31 December ("FY") 2022 versus FY 2021

For the year under review, the Group's revenue increased by \$4.2 million to \$6.7 million, more than double of the revenue in FY 2021. The improvement was mainly contributed by CHCH after the Malaysian Government allowing residents to travel domestically across the country since October 2021.

Consequently, the Group's hospitality segment saw an operating profit of \$1.5 million in FY 2022 compared to an operating loss of \$1 million in FY 2021. The loss incurred by the property development segment and investment and others segment (consisting of investment property operations and corporate overhead costs) was \$0.4 million and \$1 million respectively. The overall Group's operating profit for FY 2022 was \$107,000 before the share of results of joint ventures and associate, other income and finance cost against an operating loss of \$2.3 million for FY 2021.

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

As a result of the above, the Group reported a net profit of \$1.1 million in FY 2022 compared to a net loss of \$1.4 million in FY 2021.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group's performance for the year under review is in line with its expectations as disclosed in the Company's announcement of its results for the half year ended 30 June 2022 which was released on 3 August 2022.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

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

The layout plan of the development of the 48-unit high-rise apartments has been approved by the Cameron Highlands District Council ("CHDC"). The Group is now proceeding to submit detailed building plan and other documents to various technical departments of CHDC for approval. The layout plan of the refurbishment of the old commercial complex into hotel and function rooms is still pending the approval from CHDC.

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

5 Dividend information

No dividend has been recommended for the year under review as the Company intends to conserve cash for operations and future investment opportunities.

6 Interested person transactions

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST ("Listing Manual").

7 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and the Chief Financial Officer in compliance with the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

8 Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, HL Global Enterprises Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director or substantial shareholder of the Company. The Company has not appointed a chief executive officer, and the overall management of the Group's operations and investments is currently undertaken by the Executive Committee which comprises Messrs Gan Khai Choon, Andrew Goh Kia Teck and Hoh Weng Ming, Directors of the Company.

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer

Singapore
21 February 2023